A STUDY OF MANAGEMENT FUNCTIONS IN SELECTED ORGANISATIONS IN TOURISM INDUSTRY IN INDIA

THESIS SUBMITTED FOR THE DEGREE OF Doctor of Philosophy IN BUSINESS ADMINISTRATION

BY

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PREFACE

Soon after graduating from the Department of Business Administration, Aligarh Muslim University, Aligarh, I got an offer from a private limited company with its corporate office in New Delhi, where, during my stay of two and a half years I observed that whatever I studied in the department was not of much use to me so far as translating my thoughts and knowledge into action was concerned. Soon I started realizing the fact that tourism is an industry which if fast growing one because of increase in the standard of living, in leisure hours and so on. Therefore if one is to ensure that tourism grows in an orderly manner, one cannot afford to ignore its managerial aspect.

I started thinking on those lines and after joining the academics, took up the challenge to bridge the existing research gap in this regard. The study of tourism industry could be narrowed down to specific areas such as hotels, travel agencies, tour operators and so on. I decided to start with tour operators involved in Inbound Tourism and took specific aspect related to the application of management functions therein. Therefore the emphasis in the text has been placed on the application of management functions in the Inbound Tourism.

The text has been divided into 9 chapters and chapter
one has three sections, each of which discusses the concept of service, tourism as a service and historical development of tourism up to the regulatory framework of the industry and government policy implications.

Chapter 2 and 3 deals with the survey of literature, terms and definitions used in the research and need for research, objectives and research design.

Chapter 4, 5, 6, and 7 focus on the application of management functions in four companies selected as sample to study. Each chapter, in the form of a case study, discusses the brief profile of the company followed by the application of management functions.

The summary of major findings based on Chapter 4, 5, 6 and 7 has been given in Chapter 8.

The text of the last chapter has again two sections. The first one gives the conclusion, recommendations and proposes a suitable management structure for an Inbound Tour Operator. The second section deals with the applicability of research, future directions for research and, of course the important one, limitation of the study. However, I would like to make it clear that this work is only an attempt to understand the application of management functions in the organisations with the help of a model and, as such, the methodology and the process adopted for the study carry more weightage than the conclusions drawn.

(II)
ACKNOWLEDGEMENTS

Since the inception of idea of working on this project till writing the last page I have been receiving help from various corners. The credit of translating my thoughts into systematic research proposal goes to Dr. Azher Kazmi, Reader in Department of Business Administration, Aligarh Muslim University, Aligarh, who has helped and encouraged me in all respect. He has been a constant help to me and I acknowledge the same. Professor N. Hasan, my teacher, present Chairman, Department of Business Administration, Dean, Faculty of Commerce is acknowledged for his constant encouragements in all respects. I also feel indebted to my other teachers - colleagues in the departments - namely M/s. S.M. Ozair, Kaleem M. Khan, M. Khalid Azam, Shamim Ahmed and Ms. Zeeshah.

Since the text has been finalised at Indian Institute of Management, Ahmedabad when I am here to attend to a long programme (F.D.P.), it bears the imprint of the valuable advice of Prof. K.R.S. Murthy, whom I am indebted.

In terms of assistance received from the industry, I am specially thankful to Mr. Yusuf Humain, Managing Director of Odyssey International (P) Ltd., New Delhi - my former employer, Mr. S.K. Dahiya, Managing Director, Ess Dee Travel Express, Mr. Anand Avinash, Deputy Managing Director, Sitaa
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And in the last I wish to acknowledge my deep sense of thanks to Professors WHOM I CANNOT NAME - THOSE WHO WILL GO THROUGH THE PRESENT TEXT FOR EVALUATION.

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ABSTRACT

There exists a lot of data in support of the fact that the content of service in a purchase packet is growing and also the contribution of services in overall economy is growing. Tourism is such part of service industry which is growing and has a lot of potential. This industry can be studied from many dimensions like hotel, restaurant, development of tourist resorts, travel agency management and so on. The present study focuses its attention on a small segment of travel agency — Inbound tour operators' organisation. The study of organisation has further been narrowed down to the specific aspect of the organisation—application of general management functions, with a view to manage the organisation in a better way.

Since the survey of literature showed that there exists not much — practically none, literature highlighting this aspect, therefore the present study is an exploratory one and no specific or general hypothesis have been used. The methodology adopted for the study is based on a model developed by Farmer and Richman (given as appendix, in the last chapter). Based on the model, a tentative check was prepared.

The form of research is case studies and the companies selected are from out of the recognised Tour Operators by the
The data has been collected mainly from primary sources through indepth interviews from the top executives of the selected four companies, which was recorded to facilitate the recall and to save their time. Each interview is about one hour duration. Also secondary data like company’s records etc. has been used. The focus of the content is on finding out the application of general management function in the organisation, the summary of the findings is as follows:

All the four companies studied, plan their activities on short-term as well as on long run which is of about one year and five years respectively. The companies, out of necessity, preprogramme each of their activities, the plans are flexible, employees actively participate in planning, the rate of innovation is very high in the trade and there exists a possibility of receiving a distorted information for planning.

Organisationally, they are organised at top level and decentralised at operational level. 100 per cent division of labour is exercised and organisations believe in informal workings. The personnel is recruited mostly by word of mouth, only oral communication is used and it is very
difficult to get the desired personnel. Important finding is that organisations find it pleasure to deal with personnel. The management is very much participative and motivates people by monetary and non-monetary incentives both. There is no frustration, absenteeism or friction among the employees. The organisations were found lagging behind in exercising control over any of their activities.

In the last part, various suggestions have been given as to what could be a suitable management structure for an Inbound Tour Operator organisations and the suggestion part emphasises much on control aspect, wherein control through a few accounting techniques has been suggested. Formats and illustrations have been given to facilitate the user.

The research is limited to a small segment of industry and only one aspect of management has been studied. The aspect as to how do the employees feel about various things has not been covered. Therefore the findings cannot be generalised and these are yet to be tested with larger sample size and with other important variable. However, it has definitely opened a newer areas to update the present one and to make the management more effective. In future, research may be undertaken on the application of functional areas of management.
CHAPTER ONE

(i) Concept of Service

(ii) Tourism as a Service

(iii) Historical Development of Tourism

(a) History of Travel and Tourism

(b) History of Travel and Tourism in India

(c) Statistical Analysis of the tourists arrival in India and globally.

(d) Tourism and Indian Economy

(e) Tourism and its dimensions

(f) History of Travel Agency in India

(g) Regulatory Framework of Travel Agencies and Government policy implications
CHAPTER ONE: SERVICES DEFINED

One often assumes that services cannot only personal services, like auto repairing, hair cutting, dentists services, legal work consultancy and so on. To distinguish the services from manufacturing industries, it has been defined in a number of ways but no single classification is accepted universally. According to US Government’s Standard Industrial Classification (SIC), the classification is based on type of activity they are engaged in for the purpose of facilitating the collection, tabulation presentation and analysis of data. Their definition of a service establishment is:

"Establishments primarily engaged in providing a wide variety of services for individuals, business and Government establishments, and other organisations. Hotels and other lodging places, establishments providing personal, business, repair, and amusement services, health, legal and engineering and other professional services, educational institutions, membership organisations and other miscellaneous services are included".

The above definition covers a variety of services provided by people in the economy, but somehow different services can be assumed by different persons in “Personal
Services and miscellaneous services" although it clearly leaves out manufacturing industries.

In the words of Sir Beveridge "Services refer to social efforts (which includes Government) to fight "Five giant evils" want-disease-ignorance, squalor and illness in the society".

It highlights these services also that concerns civil administration, personal services, hospital services etc. The services provided by non-profit making organisations or by various societies are also included in the above definition.

"Services can be defined as a human effort which provides succour to the needy. It may be food to a hungry person, water to a thirsty person, medical services to an ailing and education to a student, loan to a farmer, transport to a commuter, communication aid to two persons who want to share a thought, pleasures or pain".

Here the author has tried to include three activities of people which help others in a society either voluntarily or for a gain. Extending a helping hand for any reason, according to Beveridge, based on above definition, can be called a service. However there are other dimensions of extending a helping hand, like guiding, volunteering etc.
Services can also be defined according to Yakeshel Hasen Field and others "an action(s) of organisation(s) that maintains and improves the well being and functioning of people".

Here the authors have emphasized the well being of people. Again it may be on a commercial basis or voluntarily. If we look at the activities of manufacturing organisations or industries, they too, improve the general well-being of society. Conversion of any raw material into finished goods increases its utility and naturally resources of a nation are utilised properly, which is the well-being of society in general. However the hidden meaning behind the definition may be because of another characteristics that the authors have given along with the above definition. According to them the input of a service industry and the output of this industry are humanbeings. In their own words "Their (the service industry’s) of input of raw material are humanbeings with specific attributes and their production output are persons processed or changed in a pre-determined manner".

There is no tangible or visible raw material in service industries unlike that of a manufacturing one, except for humanbeings. The output that comes out, is again in the form of humanbeing, whose attributes were determined prior to rendering them services, changed or processed. The change may be their satisfaction or in some other form which is the
result of input and the process of conversion. As one would judge the quality of a product on the basis of tangible factors. One may also look at the processed humanbeing. Considering the common situation of making a withdrawal from bank one observes that input as a humanbeing is bank employee(s) dealing with withdrawal of money; the process is the way he clears the cheque; gives his client the amount of withdrawal (service) and output can be seen in the form of satisfied or dissatisfied client, whose request has been processed and he is a changed person. The sequence can be illustrated with the help of a diagram as shown in Figure I.1. (HB refers to human beings)

ILLUSTRATION

Input client "A"

Client "B" passes on request for withdrawal to HB "A"

INPUT

Processing client "A" towards satisfaction of HB "B"

"A" processes the request of HB "B"

Output client "B" changed as a result of process of "A"

HB "B" satisfied or dissatisfied from the process of "A"

Figure I.1

Services Processing in a Bank
**Services Versus Goods or Products:**

Another approach to understanding services is to compare them with goods or products. Thus in relation to goods and products, goods may be defined as the "articles of trade merchandise or wares". Alternatively something which can be physically touched, verified, and is treated or exchanged with or without making a profit on such exchange while the service may be defined as the organised system of apparatus, appliances, and/or employees for supplying some accommodation and activities required by public. Thus it is clear that goods are like food, clothes, books, etc. that can be carried home, they are stored in a place and tangible, while on the other hand hotel's business, haircut, auto repair, legal work are all services. These services cannot be stored at any place and one has to hire someone else to perform the services. They are not taken home but consumed in the process of production. Similarly one only carries home effect of hire of service. The effect of service may be enjoyment, entertainment or recreation or a clean house, or a relief from legal problem or from an ailment.

Thus we can finally differentiate between the definitions of goods and services on the basis of:

a) Tangible physical objects  

b) Transferability and  

c) Existence, which can be summarised as follows:
<table>
<thead>
<tr>
<th>Basis of Differences</th>
<th>Goods</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibility</td>
<td>These are tangible physical objects, can be created and transferred.</td>
<td>They are intangible and non-physical in nature.</td>
</tr>
<tr>
<td>Transferability</td>
<td>People take goods home from the place they are stored at and consume them at home in most of the cases.</td>
<td>Service are not taken home, but the effect of services. It is consumed during the process of its creation itself.</td>
</tr>
<tr>
<td>Existence</td>
<td>Goods can be stored and it has existence over a long period of time. Usually goods are perishable.</td>
<td>Services can't be stored; they don't have any existence and perishable in nature.</td>
</tr>
</tbody>
</table>

But here it is maintained that even if one buys goods or a product which is tangible, he buys services also along with this. For example if one buys a computer, should it be regarded as good or a product? If one goes deeper, one observes that the prices which one has paid for computer to seller, are more than its cost to manufacturer. Higher prices that one pays to the seller is definitely for something. It may be because of convenience of location, information, and so on. If one observes all kinds of purchases, one finds that there exists some element of services along with goods.

On the other hand all services rendered involve purchases of goods, either directly or indirectly. For
example services of car rental company are based upon its purchase of a car. Therefore it can be said that whenever one buys a goods he buys some services along with the goods and when he buys services, he indirectly buys goods also.

Television set are usually considered as goods or product specifically as a consumer durable. It can be called a physical object which is carried home and used over time. but does one consume it? In fact by buying a television set one is only buying the services of a broadcasting company. In fact the television set acts as a medium to receive the communication from transmitters. Without the services of broadcasting company, the set is first a receptacle having some electronic components. It is a broadcasting service which makes it useful as a product. This illustration amply proves that service dominates the elements of goods.

A study conducted in America in 1970 revealed that Americans purchased $2983 million worth television sets and television tations sold $ 3035 million worth of advertising. Here too services dominate goods by 32%. A part of this, to run a television set, to maintain it, we need services. It was revealed that 63% of people’s expenditure on television was for services.

Similarly when one takes meals at expensive restaurant, he does not pay only for eatables but also for many such things as environment, aroma provided by food
items, services of waiters, surroundings of fellow dinners etc. It is difficult if not impossible to find out how much weight does each of the above factors get. It calls for an evaluation of the relative importance of goods and service content in restaurant so that due attention could be paid to obtain components of products and services in the overall package. A comparison of various goods and services package has been drawn by Sassar which is adapted in Figure 1.2, on next page.

On the basis of goods-service classification as shown in Figure 1.2 one may say that if goods content decreases by 50% in a purchase, it becomes a service and vice-versa.

Characteristics of Services:

Unlike that of goods or products, services have some distinct characteristics which call for separate attention in respect of delivery system, organisation and all other areas of management. The important characteristics of services are:

(1) Intangibility:

One cannot physically touch the services unlike that of goods. According to Carman & Unal a Buyer of products normally has an opportunity to see, touch, hear, smell, or taste them before he buys". But in case of services, the buyer has no opportunity to see, touch or smell before he
### Fig 1.2

**A Comparison of Various Goods and Services Packages**

<table>
<thead>
<tr>
<th>GOODS</th>
<th>(%)</th>
<th>SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>75</td>
<td>50</td>
</tr>
<tr>
<td>50</td>
<td>75</td>
<td>25</td>
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<tr>
<td>100</td>
<td>25</td>
<td></td>
</tr>
</tbody>
</table>

- Self-service groceries
- Automobile
- Installed carpeting
- Fast food restaurant meal
- Auto maintenance
- Hospital care
- Haircut
- Consulting services
- Motel services

uses. They are even more difficult to describe except illustrating them in promotional material. Services carry with them a combination of intangible perceptions. For example, an airline sells the seat from "X" destination to "Y" and it is a matter of consumers' perception of the services than launching it, smelling or tasting etc.

(2) Perishability:

Like labour, services are also perishable. Once a labourer stops working, he cannot store the services that he was rendering to. Similarly services cannot be inventoried. Examples of perishability of services may be given as a seat of an airline, room of a hotel and an hour of a lawyer's day. In service organisations there is no store for services; in fact these are consumed during the process of manufacturing and hence leave no chance to set off shortage of demand with high demand. There is no difference between stages of production too.

(3) Heterogenity:

It is very difficult to sell the same type of services to many consumers even if they pay the same price. Firm will be selling the same services but consumers will rate it different because of difference in perception of individuals at both levels (i.e. giver and receivers). For example, a flight attendant services on many flights -- some passengers appreciate his services while some don't on the same flight. Sometimes his services are appreciated by majority of
passengers on one flight but not on the other. There is always some difference between two services he renders while this is not the case with a product. If one buy a book from a book-seller, leaving services content aside in overall purchase, physical object i.e. book remain the same even if one buys 10 copies provided edition etc. does not change.

The heterogeneity factor of services makes it difficult to establish standard for the output of a service firm. Hence, on this basis at least, there is no question of performance appraisal or control with variance analysis. It, too, is not possible to establish standards for each service and match it with actuals because it cannot be measured objectively.

(4) Inseparability

Yet another characteristic of the services is that it is not separable from the seller. In other words it can be said that services and service provider are almost the same. (7) One can easily understand it in the words of Donald Cowel that "goods are produced, sold and then consumed whereas the services are sold and then produced and consumed'. It can be seen in the following figure, given on next page.
Another characteristic of the services is that of ownership. After the sale has taken place goods are transferred in the name of buyer and he becomes owner which is not the case of services. The buyer has only the access to the services. He simply uses them. For example, a customer can use a hotel room or swimming pool but the ownership rests with hotel.

In the words of Kotler "A service is any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product". In the above definition, Kotler has made clear about the ownership
of services. It always rests with the owner.

(9) However, Stanton has made the issue of ownership more clear by giving the following definition.

"Services are those separately identifiable, essentially intangible activities which provide want-satisfaction, and that are not necessarily tied to use sale of a product or another service. To produce a service may or may not require the use of tangible goods. However, when such use is required there is not transfer of title (Permanent ownership) to these tangible goods."

In using this definition, in the words of Donald Cowell, Stanton makes clear that activities like medical care, entertainment and repair services are included but credit delivery and other services which exist only when there is a sale of a product or another service are excluded. He also recognizes that the consumer may take temporary possession or make temporary use of any goods that may be required in the production of a service (e.g. a hotel room). Also by suggesting that service organizations are those who do not have as their principle aim the production of tangible products which buyer will possess permanently.

(10) In the words of Batesan

"A service cannot be touched.

Precise Standardisation is difficult."
- There is no ownership transfer.
- A service cannot be patented.
- Production and consumption are inseparable.
- There are no inventories of service.
- Middleman roles are different."

The above definition, pointwise explains the characteristics of services and these hold good in tourism also as explained in the later part of this chapter.

(6) Simultaneity:

This is another unique characteristics of service that it cannot be delivered to the customers. Since services do not move through channels of distribution, therefore either customer are brought to services or service providers go to the customers. In this way services have got only limited geographical area. In the words of Carman and Uhl "Producers of services generally have small size operations than do producers of products, largely because the producer must travel to get the services or vice-versa. When the producers travel to the buyer time is taken away from the production of services and the cost of those services is increased. It also costs time and money from buyers to travel to producers of services. These economies of time and travel provide incentive to locate more service centres closer to prospective customers which results in smaller service centre".
There are numerous examples that illustrate the above problems. An airline cannot bring an aeroplane to the customer, (even if it can, the service of flying has to be outside the domain of the customer); hotels' rooms cannot be brought to the customers, legal services or medical services are possible to provide to the customers at home but here too, the provider of services is brought to the customers along with services.

(7) Judgement of Service Quality:

As the quality of product is measured in terms of its specific performance characteristics, the quality of service requires other measurements which are hard to be quantified. It can be measured in terms of services level. A firm sells atmosphere, convenience, consistent quality, pleasant interpersonal relations, status, anxiety, moral and so on. One can quantify the food being served in a restaurant i.e. 200 ml. soup with a definite proportion of its ingredients, but the way a bearer serves it or over all environment, which apart from many other factors are a proof that total purchase cannot be quantified. Therefore one must determine the level at which he is satisfied. Satisfaction of customers may be the criteria for judging the quality of service.

Having given the various ways a service may be defined, the discussion now follows to prove the fact that tourism is an activity that very much fits in the definition.
of services. This part has been elaborated in Section II of
the present chapter that follows.

SECTION II: TOURISM AS A SERVICE

In this part efforts have been made to prove that the
tourism business qualifies for all definitions and
characteristics of services described in first part of this
chapter.

Overall process that involves tourism business, is
service. There is nothing which is tangible, can be
physically touched, verified and which is not perishable
also. In first part of the discussion on services,
characteristics of services have been explained and tourism
business fits in them very well. While defining services in
first part if one looks at tourism business and definition of
service, it too fits in the definition of services.

According to standard industrial classification
"Establishments engaged in providing services for
individuals, business and government establishments, and
other organisations -- hotels and other lodging places,
establishment providing personal, business repair and
amusement services, health, legal, engineering and other
professional services educational institutions, membership
organisations and other miscellaneous services are
(12) included."
Looking at the definition, one observes that companies engaged in tourism business provide a wide variety of services like air ticketing, hotel booking, arranging transports and guides, selling package tours and arranging visa etc., to individuals and government. Example of providing services to government can be traced back when government of U.K. also hired the services of Thomas Cook, first Travel Agent and Tour operator of the world, to transport its 1800 men to Khartoom present capital of Sudan, one of African countries, to release its general of army who was captured by Africans. Tourism companies provide services to businessman also which is self-explanatory. They provide health services also by creating good atmosphere leisure and so on.

Business of tourism companies also qualify the definition of services given by Sir Beverige. According to Sir Beverige "Services refer to Social efforts (including government) to fight five giant evils "want disease ignorance, squalor and illness in the society".

Here too, one finds that tourism services also fight against these evils if one calls them evil. Want of movement, or knowing people comes under cultural tourism, fighting against disease comes under tourism for health purposes. For example, people go out for change of environment or for consulting specialist in the field of science of spiritualism and so on. Ignorance is also removed
from services provided by tourism organisations. One comes to know more and more when he goes out of his own world. However squalor seems out of scope of discussions but to give a passing reference one can say that there are hotels and other organisations advertising tourism through such attractions. Fifth element covered under this definition is that of illness which for tourism purpose can be taken as disease. In this way one observes that tourism occupies right place under this definition also.

Looking at the service offered by tourism organisations in the light of definition given by Prof. Rao, A.V.S. one finds that it very much fits in here also. The gist of Prof. Rao's definition (detailed earlier) is that the service is a human effort which helps a needy person either free of charge or commercially. Tourism services is no doubt helps one who needs to know many thing before leaving home. For example legal requirements, if he is leaving for abroad, airline's rout, most economical fare and rout, suitable places of stay depending on purpose of visit, important spots to be seen are some of the queries which he gets clarified from tourism organisations, usually against a price. This is an ample evidence that providing help to a needy, is service offered by travel organisations also.

According to Yakeshel Hasenfield and others services have been defined as "an action(s) of organisation(s) that maintains and improves the well-being and functioning of
people". Tourism organisations' efforts are also directed towards maintaining and improving the well-being of the persons who travel for any reasons whatsoever. These organisations improve the well-being of travellers in many ways. For example, a traveller travelling through an agent is far more secure than the otherwise traveller in respect of all services he avails. Because most of the providers of services get bulk business from agent and they cannot afford to mishandle this client at any time because of the fear of losing next business from the same agent. An individual traveller does not affect the business as much as does the agents'. There are many advantages of the same nature and will be discussed at greater length in coming chapters.

While explaining the definition of services, Yakeshel Hasenfield and others have explained another important characteristic of services which means that unlike that of manufacturing organisations where input is in the form of raw materials and the output is in the form of finished goods, in service organisations input and output are human beings only. The difference between human being as input and human being as output is of the changed behaviour of human being after availing of some services or the satisfaction that one gets which is reflected in human being as output. This definition too fits in very well in the services offered by travel and tourism organisations. As in the case of tourism services also, there seems no tangible raw material which is processed. It is the only guidance which is given and
facilities that are arranged in the form of air-tickets, hotel booking arrangement of local transportation and finalisation of all these services through an organised system. After availing these services human being gets satisfaction which is the output. The same has been explained in Exhibit 1 at page number 4 of this chapter.

Comparison of Tourism Services with Goods

Another approach towards understanding the services offered by tourism organisations is to compare them with goods or products. Goods have been defined as "the article of trade, merchandise or wares". While the services have been defined as "the organised system of apparatus appliances and/or employees for supplying some accommodation and activities required by public".

Travel aids provided by professional tourism organisations cannot be physically touched but they can simply be felt. They are in the form of an organised system of apparatus and appliances which make the provision of service possible timely and effectively. A tourism organisation has a network of telephones, telex, and other communication devices linked internationally to facilitate travel. These organisations also have contacts throughout the world with leading subservice providers. They also employee people to arrange for all needs of travel through above mentioned organised systems.
Goods are usually stored in a place and the services cannot be stored. It is true with services provided by tourism organisations also that their experties cannot be stored. They are very much perishable. If one is not hiring them, they get useless for the day.

Goods are usually taken home and consumed while the services are not. Travel services are also consumed during the process of production. One cannot carry accommodation home or bring a tourist spot to the place of his/her stay. He/She has to go to the place and then avail of this facility. Final result will be in the form of satisfaction, enjoyment relief from ailment and so on.

When the services cannot be stored they cannot be transferred too. To avail of any airlines services to go to a particular country, one has to use the carrier and cannot make the other go to that country.

Comparing services and goods and emphasizing the tourism as a service one can say that all that tourism deals with, is based on purchase of goods. For example, one cannot avail the services of staying at a place other than his home, say a hotel, or cannot travel without car, plane and like. But here too, stay in a hotel carries something more than merely proportionate payment by guest towards its fixed and variable costs. This may be towards feeling of social likings, sense of being a status man, informal talks with high class fellow stayers and so on. Therefore it can be
said that there lies an element of service in tourism also even if there is an involvement of goods.

On the basis of existence also, one finds that the services offered by tourism organisation's do not at all exist. They are generated as and when demanded. Only the physical part of that helps providing services exists. For example, if a tourist needs a transfer from the airport to a hotel, he get the services of a travel agent who arranges a tourist car for him, books a suitable accommodation for him and arranges for the transfer. All this did not exist. Only car and hotel had existence and they had to, but the arrangement existed nowhere. It was done as the client needed.

Having discussed the meaning of service and having proved that tourism comes under the purview of services, the historical development of tourism has been discussed which is given in part III of the present chapter that follows.

SECTION III: HISTORICAL DEVELOPMENT OF TOURISM

Before looking at the emergence of Tourism Industry in India, looking at the history of travel, would be proper. In the history of the world, there has never been a migration of people from one country to the other on such a large scale as it is taking place today. According to World Tourism Organisation, the number of international tourist arrivals
exceeded 287 million in 1982. The residents of one of the most advanced countries of the world, U.S.A., spent more than US $300 billion on a domestic and international travelling which was more than the spending of their country on defence.

Out of many reasons for the rapid growth of this industry in the world, rapid changes in the automobile industry is important. Fast expansion of air crafts fleets, improved communication system, world wide availability of rental cars and accommodations are a few reasons to name.

Although there had been travellers in the part also. People believed that man prefers to stay at one place and not to wonder here and there unless it becomes necessary. For example Aryans left central Asia due to the change in climatic conditions. The travel is directly related to the trade because with the invention of money people started trading and for trading they went from one place to the other. It is also supported by the civilisation of Mohen-jo-daro and Harappa where the wheel and money was already in existence.

There was yet another reason for travelling, that was religion. About 4000 years ago, Egypt was the popular centre of learning. The king of Babylone, Shulgi, protected the roads, rest houses and gardens for travellers.

In India, during those days also, travelling facilities were of high order as supported by historians.
When Alexander the Great reached India, he found well maintained roads, rest houses, police stations and wells for water. Records of the history show that the Emissions of Ashoka the Great travelled to Sri Lanka, East and West of Asia to preach the religion. Chinese travellers also gave an account of travel facilities in India. In 480 Alexander established democratic government in Esphesus (now in Turkey) and around 0.70 million tourists visited there to enjoy to acrobats, jugglers and magicians.

Some European travellers also visited India between 12th to 14th century. The Francisco Frair John of Monte Corrino visited India on his return from China. The expeditions of these great travellers led to more and more travel by other people also who came to know of the travelling facilities like well maintained royal long highway of 1920 kilometer, with a width of 17 meter. Ibne-Batuta, the famous traveller, covered more than 14000 kilometer of his journey in India, out of his total journey of about 17000 kilometers. Looking at various motives of travellers, one observes that there were basically three reasons for travelling in olden days. Travel of pleasure, for religion and for exploring the world. These have been detailed below.

**Travel for Pleasure:**

The credit of travelling for pleasure for the first time goes to Romans. They had a very good communication system and security also which are essential for travelling,
specially for pleasure. Romans also published travel literature which enabled them to calculate distance, time and route. It is believed that they used to travel 100 miles in a day by horse relays, to see monuments and famous pyramids of Egypt. Olympic games were also a reason for their travelling from their place of residence to Olympia.

In Rome, medieval baths, known as "Spas" were also famous - Romans used to take baths in sea for getting rid of some disease. Later on these baths turned into a fashion and people started visiting these places as tourists. By the year 1865, these baths became very famous and many major seaside and resorts were developed in Britain, France and few countries of Central Europe.

The setback of tourism in fifth century can be associated with the fall of Roman Empire. Due to fall of Roman Empire, the pleasure trips stopped. People did not travel any more for pleasure in the absence of incentive to travel and other hardships.

Travel for Religion:

Another reason for travel in those days was of religious quest. Many people travelled to preach the religion, like the travel of emissaries of Ashoka the great and Faheiyan and so on. This kind of tourism was developed in middle ages, when large number of pilgrims travelled to the main shrines in Europe. The adoption of Christianity also led
to widespread travel to Holy lands, Hinduism, Buddhism, and Islam, all these religions contributed a lot in travel for religion because of their strong believe in the religious rituals.

**Travel of Exploring the World:**

Another important reason for travelling was the intention of people to explore the world to see what all lies on the other side of the world. The example of Vasco-de-Gama and Christopher Columbus are the best to substantiate the claim that people did travel to see the World. The people of economically strong countries visited other countries to show their feelings of dominance and their way of life to the people of comparatively less developed countries. Thus the Romans visited Greece and the Eastern Mediterranean to show their way of life to the people of Greece.

**Brief Statistical Analysis of Tourists:**

Tourism industry has been experiencing ever increasing trend in the arrivals of international tourists. In spite of the fact that much has not been done on our part to increase the number of repeat visitors but a still a look at the tourists arrival in India and the trend will be in order to establish the importance of this growing industry.
<table>
<thead>
<tr>
<th>Year</th>
<th>No. of tourists arrivals in India</th>
<th>No. of tourists arrival globally</th>
<th>India's share in %</th>
<th>% Change-over per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>884,731</td>
<td>292,298</td>
<td>0.45</td>
<td>-</td>
</tr>
<tr>
<td>1984</td>
<td>835,503</td>
<td>312,298</td>
<td>0.38</td>
<td>(5.6)</td>
</tr>
<tr>
<td>1985</td>
<td>836,908</td>
<td>325,000</td>
<td>0.39</td>
<td>0.2</td>
</tr>
<tr>
<td>1986</td>
<td>1,080,050</td>
<td>NA</td>
<td>-</td>
<td>29.1</td>
</tr>
<tr>
<td>1987</td>
<td>1,163,774</td>
<td>NA</td>
<td>-</td>
<td>7.8</td>
</tr>
</tbody>
</table>

Source: Tourists Statistics, Department of Tourism, Government of India, 1985. (compiled.)

From the above table it can be observed that in spite of an increasing trend in the arrivals of tourists to India, her share is less than 2% which is negligible looking at the treasure that India has to offer to the tourists ranging from architecture to beach and everything.

The growth is also not very satisfactory except for the year 1986 where in the growth is more than 29%. For rest of the years its just satisfactory.

A survey was conducted by the Department of Tourism in 1982-83 which revealed the following interesting facts regarding the arrival of tourists to India, as reported in the handbook on tourists statistics, published by the Department of Tourism, Government of India, 1985.
(1) 9% of the tourists visited to India, were of Indian origin.

(2) Out of the total tourists visited during 1982-83, 37% were professionals, 3%. Educationists and Scientists 19% businessman, 14% official, 11% students, 4% housewives, and 7% others.

(3) Out of total, 43% visited for pleasure 25% for business, 11% to see relatives and friends, 4% to study, 3% on pilgrimage and 14% for other purpose.

(4) 51% visited on their own, 23% were influenced by those who had already visited India, only 1% were influenced by the Government agencies, abroad, 2% by travel agents, 2% by film shows and 21% by other factors.

(5) Length of stay: on an average the length of stay was 26 days.

(6) Expenditure: Average expenditure by a tourist was Rs.8,019 and per day expenditure was between Rupees 100 to 1000 excluding air fare.

Above facts are the major findings of the survey. Another profile of the tourists coming to India can be presented in the following summerised form:

(1) Maximum number of tourists visit in the month of December and minimum in the month of May.

(2) Maximum number of tourists fall in the age group of 25-34 years and minimum 15-24 years.

(3) Male tourists are usually 73% and female 27%.

(4) Maximum tourists stay here for a period of 30 days and
minimum 7 days.

(5) 96% of the tourists arrive by air and 4% by other means of transportation.

<table>
<thead>
<tr>
<th>Year</th>
<th>F.E. in crores Rs.</th>
<th>% change</th>
<th>Global Receipts in US $ billion</th>
<th>India’s Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>189.60</td>
<td>-</td>
<td>NA</td>
<td>-</td>
</tr>
<tr>
<td>1977</td>
<td>285.00</td>
<td>50.3</td>
<td>NA</td>
<td>-</td>
</tr>
<tr>
<td>1978</td>
<td>530.60</td>
<td>86.2</td>
<td>NA</td>
<td>-</td>
</tr>
<tr>
<td>1979</td>
<td>565.30</td>
<td>06.5</td>
<td>NA</td>
<td>-</td>
</tr>
<tr>
<td>1980</td>
<td>920.00</td>
<td>62.7</td>
<td>101.410</td>
<td>1.53</td>
</tr>
<tr>
<td>1981</td>
<td>1166.30</td>
<td>26.8</td>
<td>103.006</td>
<td>1.24</td>
</tr>
<tr>
<td>1982</td>
<td>1063.90</td>
<td>(8.8)</td>
<td>97.386</td>
<td>1.22</td>
</tr>
<tr>
<td>1983</td>
<td>1130.60</td>
<td>06.3</td>
<td>100.800</td>
<td>1.20</td>
</tr>
<tr>
<td>1984</td>
<td>1225.00</td>
<td>08.3</td>
<td>105.000</td>
<td>1.23</td>
</tr>
<tr>
<td>1985</td>
<td>1300.00</td>
<td>06.1</td>
<td>115.000</td>
<td>1.19</td>
</tr>
<tr>
<td>1986</td>
<td>1464.00</td>
<td>12.6</td>
<td>123.000</td>
<td>1.14</td>
</tr>
<tr>
<td>1987</td>
<td>1784.00</td>
<td>21.8</td>
<td>109.000</td>
<td>1.29</td>
</tr>
</tbody>
</table>

Source: Handbook of Tourists Statistics, Department of Tourism, Government of India, 1985. (compiled)

From the above table one can observe that India’s share in the foreign exchange earning is also not satisfactory but it is at least better than her share in the arrival of tourists. It is interesting to note that India’s
share of foreign exchange earning is more than her share in 
tourists arrival. It leads to a conclusion that we charge 
more from tourists because ours is not a very expensive 
country.

Tourism and its Dimensions:

Tourism, which has generated a revenue at 
international level worth more than 100 billion US dollars, a 
figure equal to 6% of international trade has many 
dimensions. They can be grouped under the following 
headings.

Cultural Dimension:

Tourism has unsettling effects. It can result in 
certain amount of cultural pollution but if it is directed 
properly adverse effects can be minimised. But the plus 
point of cultural dimension is that because of the cultural 
attraction of few tourists places in India like Khajuraho, 
Konarak etc., we shall be able to maintain these beautiful 
monuments. It will also improve our monumental heritage.

In the same way, the performance of arts and festivals 
abroad, have a tremendous impact on development of tourism 
and world community. Instead of taking negative aspects of 
culture deterioration, let us try and keep good show of our 
cultural heritage through tourism and try to send this 
message round the world.

Ecological Dimensions:
Tourism is also directly related to ecology. Because of too much deforestation in Himalayan region to facilitate tourism, our ecology has suffered. This is also affecting wild life. Instead of making wild life disappeared, it can be converted into a beautiful tourist resort specially for wild life. It should be linked with tourism and tourism viewing can help to channelise this resource.

**Economic Dimension:**

On economic front, it has many advantages and no disadvantages at all. It provides employment directly and indirectly. One tourist, according to rough estimates provides employment to 3 people directly and 9 indirectly. If the tourism is developed, hotels do well, travel agents do well, the airlines do well, the transporter, in turn automobile industry and handicrafts etc. do well and all get the advantage of it. It can easily be illustrated in the following way. When a tourist plans to visit and actually visits, it results in the following activities:

(1) Foreign travel agent gets business.
(2) Airline gets business.
(3) Indian travel agent gets business.
(4) Banks are contacted for foreign currency requirements.
(5) Hotels are booked.
(6) Communication system comes in force.
(7) Transport are hired.
(8) Guides are hired.
Handicraft and other items are sold.

Cultural programmes like sound and light shows are organised.

Miscellaneous activities take place.

In this way it generates much revenue and employment as well. The country does not have to send out the foreign exchange. According to the experts in the Department of Tourism, Government of India, tourism is the second largest source of foreign exchange earnings so far as the gross receipts are concerned and the first one is Gem and Jewellery. But when it comes to the net receipt, tourism stands first. Only 7% of its receipts are spent on this industry in foreign exchange while in Gem and Jewellery, it is 70%.

Another important aspect of the industry is that it requires no raw material, labour or overhead to produce a product and sell it to a tourist. Basically everything is available and only infrastructure is needed to earn from him or her. This is the second largest industry after oil with a multiplier effect of 1:3.5.

Tourism and National Development:

Apart from economic development tourism also plays an important role in the national development. Tourism interacts with several nation building activities. The national objectives of several nations can be more easily attained if tourism is developed on healthy lines. It can
also serve as an effective instrument for national integration. No other activity has such a great potential for breaking barriers of caste, creed, motivating linguistic groups to communicate with one another and promoting inter-regional understanding. Improvements in tourists facilities also help expand opportunities for common citizens. The impressions that a tourist carries from one place to the other, can build the national as a family and many nations of the world as one family.

**Travel Agency - Through Ages:**

Since the focus of research is on 'Travel Agency' therefore a few words about it are in order. The history of travel agency is not very old. It goes back to June 1841 when Thomas Cook, a name known to every one in the trade, walked 15 miles to attend to a meeting at Leicester there he conceived an idea to hire a train to take the fellow members of the meeting, too. Although it was not a commercial activity but soon he realised the potential in this activity and started an agency in 1845 and became the first travel agent. He, for the first time used coupons for hotel which is a common practice now in the trade and known as exchange order or voucher or a service voucher etc. He progressed so fast that even British Government hired his services to transport its 1800 people to Nile river (in Khartoom). His group of traveller visited Kashmir Valley for the first time in 1872. Since then it passed through various stages and now
it has grown to such an extent that it has over one thousand offices in more than 100 countries around the world. Such is the history of travel agency.

**Travel Agency in India:**

Looking at the travel agency business in India, one observes that it is relatively new. Travel agency business is organised form started only after independence when a few travel agents in India set up an apex body called Travel Agents Association of India (TAAI) at Bombay. Today travel agency business in India is in two sectors—organised and unorganised. The organised sectors are those which are recognised by the Department of Tourism, Government of India and also by TAAI. The unorganised sectors are also there. Put together both are said to employ over 10,000 people and the turnover is said to be over 600 crores. The travel agency in India are subjected to certain regulations imposed by the Department of Tourism, Ministry of Tourism, Government of India and also Reserve Bank of India in respect of foreign exchange transactions, through Foreign Exchange Regulation Act (FERA).

**Regulatory framework and Government’s policy implications:**

In 1949, the nucleus of a tourist traffic branch hand been constituted in the Ministry of transport. Thereafter in 1950-51 four Regional Tourist offices were opened. It was Pandit Jawaharlal Nehru to whom the credit of creating a separate department of tourism goes. Thereafter many
departments were set up in various states, and finally a separate Ministry of Tourism and Civil Aviation was launched on 30th March 1967. Then the Civil Aviation was also separated from the Tourism and at present Tourism is managed by an independent Minister of Tourism.

National Development Council also recognised it as an Industry in July 1984 and the plan outlay for tourism in central sector which stood at Rupees 5 crores in 1983, was raised to Rs.23 crores in 1984. The regulatory framework of the industry can be illustrated in the following figures.

Figure 1.4

<table>
<thead>
<tr>
<th>MINISTRY FOR TOURISM</th>
</tr>
</thead>
<tbody>
<tr>
<td>CENTRE</td>
</tr>
<tr>
<td>STATE</td>
</tr>
<tr>
<td>DEPARTMENT OF TOURISM</td>
</tr>
<tr>
<td>STATE GOVERNMENT'S TOURIST OFFICES</td>
</tr>
<tr>
<td>HOTELS</td>
</tr>
<tr>
<td>TOUR OPERATORS</td>
</tr>
</tbody>
</table>

| INBOUND TOURISM | OUTBOUND TOURISM |

Figure illustrates the way, this industry is regulated. On top, there is Government of India since it is state subject and there is control at central level also.
Government of India controls the tourism business through a separate department that is Department of Tourism which has two wings. One look after the hotel and the other one to Travel Agents and Transporter. A Travel Agent may also carry on a business of a tour operator, ticketing agent and cargo agent also. A tour operator may specialise himself in inbound tourism or outbound tourism or both. The present study focuses its attention on those tour operators organisations who specialise in inbound tourism.

Legislative Aspect:

(17)
Pran Nath Seth in his article covers the details related to the legislation of this industry. He says that the demand to frame regulations for this trade is very old. In 1959, a draft on regulation of Travel Agencies and Hotels was submitted to Pandit Nehru, who turned that down saying that there were enough regulation already existing then to regulate that trade too. But because of this introduction, government started the system of giving recognition to travel agencies and to tour operators handling inbound tourism, accreditation to guides trained by the Department of Tourism and the right to escort a foreign tourist on fixed rate. All these regulations have prevailed and worked for about 25 years, without the sanctity of central or state rule.

But today the industry has expanded to such an extent that few travel agents have now multiplied into few hundreds
and a few lakh foreign tourists into 1.2 million, the need for central or state legislation has become a must.

Keeping in view the above, the Ministry of Tourism asked the Indian Institute of Tourism and Travel Management to hold a workshop with all segment of travel industry with a view to proceed for necessary legislation for this industry and to recommend the areas where the legislation was necessary. Among the areas identified were - Travel Agencies, Accommodation Environment, States and Transport. The drafting was entrusted to the specialists in each field. First workshop was held in 1987 and the second one in early 1988, and the drafts were submitted.

Today tourism has been accorded the status of an industry. The announcement of Finance Minister in Lok Sabha (18) in recent session (1988) reads as follows.

"I also propose to take certain measures for encouragement of tourism which is a major Foreign Exchange earner for the country and the tourism industry also provides employment in substantial numbers. It is proposed that the benefit of Section 80 HHC, hitherto available for the merchandise exports, will also be extended to hotels and tour operators. This scheme will be operated broadly on the same lines as prevailing schemes for exporters with one modification in order to ensure that tax benefit is substantially re-invested in tourism related activities like hotels, travel agencies, tour operators, tourist equipment etc. Fifty per cent of the income attributable to the foreign exchange earnings of hotels etc. will be allowed as a deduction straightaway. For the remaining 50 per cent, the benefit of tax exemption will be available to the extent income is taken to a reserve for re-investment in tourism industry. It is also proposed that the benefit of Section 80 CC in respect of investment in new equity will also be available for new capital issues of hotel industry and other specified tourism related activities, the details will be announced separately.

It is also proposed to increase the rate of interest
subsidy for one, two and three star hotels to three per cent from the present rate of one per cent.

Necessary legislation to give effect to various new measures announced by me will be introduced shortly".

Views of Experts on the Announcement:

With the announcement of the Finance Minister regarding the recognition of tourism as industry, different representatives in India have different opinion. Some have welcomed the announcement and some have expressed somewhat hopeless view.

Mr. Inder Sharma, Chairman of Sita World Travel (India) Private Ltd., one of the top travel agencies in India has expressed his happiness, specially on the extension of Section 80 HHC. He said it will encourage fresh investment in tourism infrastructure. For hotel industry Mr. Surendra Paul, Chairman, Park Hotel, Mr. Bhushan Kachru, Vice-President, Sales, I.T.D.C. and Mr. Shashan Warty, General Manager, Taj Palace also hailed government’s recognition of hotels as an export industry. They are of the opinion that now more funds will be available with industry for re-investment and the benefits of Section 80 CC will help bringing new capital into tourism and create resources for future development. Same are the views of many other representatives of the tourism industry.

There are other representatives on the other hand who have a different opinion but there number is very small. In their opinion, when there are more laws, there will be more
enforcement officers and more problems. They also maintain that at present a hotel has to deal with some 20 different agencies and local government bodies and after the present announcement it will increase further.

However, majority of them have welcomed the announcement and the announcement will certainly boost the tourism business.
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References to Chapter One


18. Ibid, pg.22.
CHAPTER TWO

I. Survey of Literature

II. Terms and Definitions used in Tourism Literature

III. How Does an Inbound Tourism’s Organization Function?
CHAPTER TWO

SURVEY OF LITERATURE

For the purpose of proposed research study, a thorough study of all possible academic and non-academic work in the field has been done, which can be classified in the following headings:

a) Doctoral thesis
b) Text and reference books
c) Dissertations and reports
d) Articles appeared in academic journals
e) Articles appeared in non-academic journals
f) Articles appeared in the news papers

In search of Doctoral Thesis submitted on the subject, the publications of 'Association of Indian Universities' (AIU) were checked in the library of 'Indian Council for Social Science Research' (ICSSR) which publishes the details of doctoral thesis submitted with various universities in social science and science in its alternative issues. For the purpose of text books and reference books the catalogues of various libraries in Delhi and at Aligarh were seen and a list of books considered to be useful for the research was made and books were obtained accordingly. A list of these books has been given at the end as bibliography. For the consultation of dissertations, Indian Dissertation Abstracts up to 1986 were scanned. For studying the articles, published in academic and non-academic journals, the documentation
centre of the Indian Institute of Public Administration (IIPA), New Delhi was visited and references were noted from the Institute. Documentation centres of various libraries such as Library of Planning Commission, New Delhi, Library of the Indian Institute of Travel and Tourism Management, New Delhi, Library of Food Craft Institute at Aligarh Muslim University, Aligarh were visited and notes were taken there.

In the process of surveying the literature, it has been observed that no doctoral thesis has been submitted on Tourism Industry covering its management aspect. There was one study on tourism in Jammu and Kashmir in the form of doctoral thesis by Dr. Zafaruddin, submitted with the Aligarh Muslim University, Aligarh in the Department of Commerce in 1980. Otherwise one finds no records of work done in the field of Tourism with special reference to the emphasis on management practices followed in travel agencies. The same case is there with the dissertations. Taking the management aspect into consideration, no academic work has so far been done in Tourism and Travel industry.

Coming to the articles published in non-academic journals one observes that most the articles concentrate on the slow growth of tourism in India and hardly any of these realise the lack of better management practices in the industry. Articles published in academic journals of national and international repute also emphasise on the cost-benefit analysis of tourism, development of new tourists resorts and on pattern of growth of the industry.
Articles and notes appearing in the news papers also do not highlight any aspect of management being practised in the agencies involved in the trade. These articles are mostly informative and statistical in nature and give an account of trend in the arrival of tourists in India and few projection for future.

Now, all these work so far produced in any of the above forms are classified into the following headings for the purpose of this chapter:

a) Articles related to projections of arrival of tourists
b) Articles related to creation of new destinations
c) Articles on causes of slow growth of tourism in India and on promotional means
d) Articles on importance of industry
e) Case studies of government tourism organisations
f) Articles based on profile of tourists arriving in India
g) Articles on ill effects of tourism

Survey of the Articles on Projections of Tourist Arrivals in India:

Misra S.K. (Oct. 1982) in his article 'The Chief Executive Speaks: Public Sector in Tourism' writes that by the end of 1990, India will receive 3.5 millions tourists and accordingly centre and state tourists offices, government and private agencies involved in tourism should be prepared to

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accommodate them. He also advocates the existence of India Tourism Development Corporation (ITDC) and says that ITDC was established 15 years ago till now it has contributed Rs. 80 millions to the exchequer and earned foreign exchange worth 950 million rupees. The article of Mr. Misra suffers from the limitation of statistical data in support of his projection of 3.5 million tourists arrival in India by 1990. There has been no analysis of any kind to project this trend. Moreover, ITDC is the only government sector corporation in the trade and enjoys full protection of government therefore a contribution of 950 million rupees in 15 years for such corporation is not a surprise.

Ajit S. Gopal (Oct. 1979) in his article writes about the average length of stay of tourists visiting different places. He says that in India a tourist stays for the longest period than in any other country. In Iran average stay is of 4 days, in Bangladesh it is 9 days, in Pakistan it is 10 days, in Sri Lanka it is 13 days while in India it is 27 days. He also gives an account of foreign exchange earned from this source in different years and shows the rank of this source for India among various other sources of foreign exchange earnings. He writes that it ranked 13th in the list of foreign exchange earning sources in 1975 and it became 10th in 1978, and hoped for further improvement in the coming years. He also discussed some concessions being given to various tourists by Indian Airlines. The hope of Mr. Gopal did materialize when in 1983-84 tourism stood first in the
list of foreign exchange sources of India, Total earnings from this source were worth 1200 crores rupees.

Ummat R.C. (Dec. 1979) in his article projects that by the end of century, this industry will become the biggest industry of the world. He gives arguments and following calculations:

a) World population will increase from 4000 millions to 6400 millions.

b) Global Gross National Product (GNP) may increase at 4.8% to US $ 109,00,000.

c) Per capita income will touch US $ 1,700.

d) Average working life of man will also be reduced to 40,000 hours from present 70,000 per annum.

e) Available leisure hours will increase by 40%.

Therefore the author concludes that it would become the biggest industry of the world by the end of this century.

**Articles on Creating New Destinations for Tourists:**

Charles E. Gearing, Willson W. Smart and Turgut Var (Dec. 1973) have given a detailed description of creating new destination for tourists in their article. The article can be summarised as follows:

For a developing country, trying to increase the purchasing power of its community, the establishment of a tourism industry is an important strategy. In the above referred paper, the authors have developed a decision structure whereby investment allocation division for tourists
projects may be made. The decision structure consists of a procedure of quantifying the concepts of tourists attractiveness. A mathematical model, representing the allocation problems and finally a procedure for the solution of that model has been given.

In order to appraise the project, the expected benefits from the project are to be measured in terms of money. Those factors which form the important ingredients, have been listed. The cost of making them is also given. These factors have been categorised in the following headings:

<table>
<thead>
<tr>
<th>Group heading</th>
<th>Category Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Factor</td>
<td>1) Climate</td>
</tr>
<tr>
<td></td>
<td>Sun shine, temperature, and winds etc.</td>
</tr>
<tr>
<td></td>
<td>2) Natural beauty</td>
</tr>
<tr>
<td></td>
<td>General topography, flora and fauna, proximity to lakes, rivers and sea waters etc.</td>
</tr>
<tr>
<td>Social Factors</td>
<td>1) Artistic and architectural factors</td>
</tr>
<tr>
<td></td>
<td>Local architecture, mosque monuments, and museums etc.</td>
</tr>
<tr>
<td></td>
<td>2) Festivals</td>
</tr>
<tr>
<td></td>
<td>Music, Dance and Sports</td>
</tr>
<tr>
<td></td>
<td>3) Distinctive</td>
</tr>
<tr>
<td></td>
<td>Unorganised folk dances, local cuisine etc.</td>
</tr>
<tr>
<td></td>
<td>4) Fair and exhibitions</td>
</tr>
<tr>
<td></td>
<td>Fairs etc.</td>
</tr>
<tr>
<td></td>
<td>5) Attitude towards tourists</td>
</tr>
<tr>
<td></td>
<td>Local congeniality</td>
</tr>
<tr>
<td>Historical Factors</td>
<td>1) Ancient ruins</td>
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<tr>
<td></td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>2) Religious significance</td>
</tr>
</tbody>
</table>
3) Historical significance

Recreational Factors
1) Sports Hunting, fishing, boating, and swimming
2) Educational Archeological and ethnographic museums
3) Health and rests
4) Night time recreation Discotheques, theatres and cinema etc.
5) Shopping

Infrastructure Factors
1) Fooding and lodging Water cleanliness, safety, communication, motels and hotels, village resorts and highway roads.

All the above factors have been ranked in order of priority. The priority is based on the interviews of 26 experts who were considered well qualified to give opinions. The interview and the results have been given in journal of Travel Research. However, the rankings of the factors considered in the analysis is given below:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Natural beauty</td>
</tr>
<tr>
<td>2</td>
<td>Infrastructure</td>
</tr>
<tr>
<td>3</td>
<td>Food and lodging</td>
</tr>
<tr>
<td>4</td>
<td>Climate</td>
</tr>
<tr>
<td>5</td>
<td>Historical prominence</td>
</tr>
<tr>
<td>6</td>
<td>Ancient ruins</td>
</tr>
<tr>
<td>7</td>
<td>Attitude towards tourists</td>
</tr>
<tr>
<td>8</td>
<td>Religious significance</td>
</tr>
<tr>
<td>9</td>
<td>Artistic and architectural factors</td>
</tr>
<tr>
<td>10</td>
<td>Sports facilities</td>
</tr>
<tr>
<td>11</td>
<td>Night time recreation</td>
</tr>
<tr>
<td>12</td>
<td>Shopping facilities</td>
</tr>
<tr>
<td>13</td>
<td>Resting and tranquility</td>
</tr>
<tr>
<td>14</td>
<td>Folk festivals</td>
</tr>
</tbody>
</table>
A critical look at the article reveals that the ranking of factors, these days finds no place in tourism. Because, at present tourism has been classified well in different kinds like tourism for pleasure, for religion, for educational advancement, for shopping, for natural beauty, for games, and for sports and so on. Therefore, the tourist who comes for shopping will rank the shopping accommodation or night time recreation. Hence, the priority of factors affecting the choice of a destination very much depends on the kind of tourist one attracts.

Because of the above cited reasons only, organisations have started specialising themselves in special kind of tourism rather than attracting all types of tourists. One can often find special departments in travel agencies dealing with wild life tours, hiking and mountaineering tours and so on. It is more like that one, who goes to Nepal for wild life tour, will stay at 'Tiger Tops' (A hut type accommodation, constructed in the middle of dense forests where from one can see wild animal in their routine life) even if it is an expensive place to stay and less comfortable as compared to other five star hotels like 'Shangrila' which is less expensive and safe as well. Therefore, the factor of accommodation ranks first to those who visits for wild life and the same case will be there with different other kinds of tourism.
In another article on creation of a tourist destination, Aggrawal Govind R., (March 1982) writes about the application of marketing concepts to tourism. He first gives brief statistics of foreign exchange earned by Nepal from this industry then gives the objectives of developing tourism in Nepal, and also gives a brief account of tourists arrival in Nepal. Aggrawal starts his article by calling tourist a consumer, while approaching to the application of marketing concepts to tourism industry. Being a consumer, he/she should be segmented into adventurist, businessman, pilgrim and leisure seeker. After segmenting a tourist into above heads, marketing strategy should be applied. Here he suggests the use of 4Ps i.e. Product, Price, Promotion, and Place.

**Product:**

The product to be offered to him/her may be natural beauty mountains, lakes, cultural heritage, honest and simple way of life of people, surplus craftsmanship of artisans and wild life.

**Price:**

All the above should be reasonably priced.

**Promotion:**

To promote all these products suitable measures can be taken, like advertisement with photographs, films etc.
Place:

By place, means to make accommodation available, transports' availability and availability of other associated services.

The article leaves the descriptive part of segmentation. Like one segments the market and supplies the product on the basis of needs and wants of a particular market, similarly, after classifying a tourist in different categories one should describe the ways and means to serve them in different segments.

Work related to Causes of Slow Growth of Tourism and Suggestions to Improve the Situation:

Much has been written on the causes of slow growth of tourism industry in India and a number of suggestions have also been given to improve the present position. Most of the authors blame the government's bureaucratic attitude and red tapeism for slow growth of tourism. Some of them feel that there is something wrong at the planning level. Following paras will give the details of work done on these lines.

The (5)

Sarojit Datta (Sep. 1980) in his article writes about some problems faced by tourists in North East region, like accessibility to the forests, non-availability of transport and accommodation, political conditions of north-east region etc. He also emphasises that this region is yet to be exploited because it offers many attraction for tourists. The
important one is wild life. He leaves this for the academicians to decide whether the trade or service approach would be appropriate for the development of this industry. He seems in dilemma while pointing to the problems, faced by the tourists when he says that local people believe that heavy traffic will pollute the environment and spotting animals.

(6) A correspondent of capital (Sep. 1980) gives another account of problems faced by tourism industry. He mentions that the growth rate has declined from 19.9% in 1977 to 16.8% in 1978 and by 2.2% in 1979. The reason for this decline is the policies of government. Government levied 15% tax on gross receipts, of hotels which has kept private investors away from investment in hotels. However, it was applicable to hotels charging more than or equal to Rs.75 per person per day as room rent.

(7) Another special correspondent of capital (Sep. 1982) points out the way government functions, which results in many problems to all concerned. He refers to the event when Mr. J.B. Patnaik relinquished the ministry of tourism and became the Chief Minister of Orissa. There was a chaos in the ministry. It upset everything. He further emphasised that substantial amount of funds are spent on this industry but results are not visible. According to him, the basic problems are:

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a) Lack of professionalisation in ITDC as they are headed by I.A.S. Officers with no experience in tourism.

b) Faulty schemes of governments is another reason for the slow growth of Tourism. He refers to government's scheme of opening Janta Hotels at Cannaught Place and Janpath, where many five star hotels already exist. In this scheme government had an intention to spend Rs.5000 crores in 10 years with an expectation of the receipt of foreign exchange worth Rs.5000 crores and 3.5 million tourists by 1990. This scheme did not take off. This is the way government creates problems which results in slow growth of this industry.

(8)

In another article Ram Laxman concludes that Indian charge more from tourists than other developing countries. He takes into account the number of tourists visited and foreign exchange receipts. According to the author, cancellation of the reservations by tourists went up in the year 1977, 1978 and 1979 because of the fact that government levied more taxes on food served by the hotels. India's share in foreign exchange is only 0.5 to 0.7% which is a proof of an over charging. A part from the above analysis he also gives the statistical information on the importance of industry.
Anil Chakraborthy, (Sep. 1980) in his article highlights the advantages of conducted tour organised by travel agents and also points out the difficulties faced by the tourists in such tours. According to the author, the business in India was started by the Supti Charan Kindu in 1933. There tours were cheap and provided a chance to see the places to low budgeted tourists also, but there were certain problems faced by the tourists, like it did not take into account the individual interests and same time delay caused by one member of the group has to be borne by all.

Ummat R.C. (Dec. 1979) in his long article examines the reasons for declining the tourists volume. After giving statistical data he examines the reasons for slow growth and suggests measure to overcome those problems. According to author, the causes for slow growth of tourism can be summarised as follows:

a) In 1950 government made some efforts which yielded good results. The results were not fully confined to the efforts made by the government but a rise in the income level of other countries and more and more leisure time were some other reasons. The government thereafter left it there.

b) It has not been awarded the status of an industry under ninth schedule of Income Tax Act.

c) Some concessions were also withdrawn by the government, for example 5 years tax holiday given
to newly established unit was not there. 25% development rebate was withdrawn. The 50% weightage that the government used to give on sales promotion on all foreign units was also withdrawn.

d) Government has developed some new places of tourists interest but they are not adequate. Out of 10 national wild life parks only 3 are developed.

e) In the own words of author, "even after 30 years we do not have clear cut programme, do we want quality or quantity? Do we want tourists as the customers or wish to impose our way of life on them? We like pleasure, but we wish to project puritanic image, we do not wish to believe that the majority of the tourists who come from an affluent society are used to standards of comforts that we regard as luxury. We should have to think of the preferences of tourists not to imagine what they are".

After giving various reasons for the slow growth of tourism industry in India, the author suggests means to improve the same and concludes that all the concessions that the government used to give should be restored.
In another article by Mr. Chib, S.N. (Sep. 1980), various reasons for slow growth of this industry in India have been discussed. The author puts all responsibility on the shoulders of government. He emphasises that public sector tourism corporation are white elephants. He gives an example of bureaucratic attitude of government. In 1973 Prof. Robar submitted a report to government on the request of Department of Tourism and recommended the set up of an institute of tourism management. In five year project report was sent from Department of Tourism to Planning Commission, and from Planning Commission to Ministry of Finance and so on. In the mean time Phillipines set up an institute within 3 years at Manila University.

In another example showing the slackness on the part of government, the author says that in 1979 government announced a target to receive 3.5 million tourist by 1990 and to earn foreign exchange worth 5000 crores. It was 28.5% increase in receipt and 15.5% in arrival. It was nothing but a political gimmick because such a high growth rate was too difficult to achieve.

Further to accommodate 3.5 million tourists we needed to construct 45000 more hotels, to rebuild our airports, to import thousands of cars and to improve our communication system. There was nothing done in this regards.

The author also emphasises to promote tourism to Budh Gaya-Rajgir and Nalanda, where we can sell Budhist market but
due to the lack of support facilities, it became difficult. There is not even 2 star hotel in these places. The government should pay its attention on marketing aspect of trade and should not depend only on tour operators, according to the article. The author also suggests the government to pay its attention on all kinds of tourism and not only on cultural tourism. He also complains about the step treatment being given by the government to this industry. In 1978-79 government gave concessions to various industries in customs and excise to the extent of 131 crores rupees while tourism industry did not get any concession and it contributed a seizable amount to the exchequer.

Ummat R.C. (Dec. 1980) in his another article discusses some important places of tourist attraction in India. Then he examines the trend in the volume of tourists traffic to India. He gives the highlights of the conference held in the first week of December 1980 in Delhi wherein following suggestions were given:

- The government should withdraw 15% levy imposed on hotels.
- Concessional plots should be made available for the construction of hotels.
- Loans should be provided for such projects at subsidized rates.
- The tariff of electricity and water should be changed from commercial to domestic.
The government should follow a policy of liberalisation in granting licences and permits etc.

Garg, R.B.L. (Sep. 1981) writes in his article about the problems faced by Indian Tourism Industry. He first examines the trend of tourists arrival in India and gives an analysis of per cent change in the volume over previous year. The short falls according to author, are untapped resources, non-availability of suitable accommodation, customs procedure, poor image of the country, dearth of recreational facilities, poor transport and communication system, lack of night entertainment such as casino in Nepal, Security and safety. The author also believes that by end of 2000 A.D. tourism will become the largest industry. This is supported with the data published by U.N.O. related to expected short working hours and longer paid holidays etc.

In Tourism special (1982) volume of 'Capital' the writer emphasises on the need of consumer's satisfaction in the industry. He says that India occupies 2.3% of world's area and has around 15% of world's population but its share in tourists arrivals globally is only 0.3%. He writes with reference to the speech delivered by President of International Air Transport Association, who emphasised on consumer's satisfaction. In the words of President, "let's not forget the fact that ultimate future of the industry rightly depends on consumers satisfaction. We exist to serve
them. Unless we jointly shape our product to conform as closely as realistically as we can with their perceived requirements, we can not do much”.

(15) A correspondent of ‘Capital’ suggests the econometric model to be developed for tourism. He emphasises that the psychology of the tourists should be studied and model should be developed to satisfy him. He refers to the article of Prof. Gupta, wherein he identifies several stages buying process such as perceived needs (all forms of suggestions like education, information and advertisement etc) pre-purchase activities like collecting materials, brochure, talking to friends, purchase decision and post purchase decision. These stages should be studied by travel agents and used. One can also use the technique of getting a questionnaire filled in by the tourists to determine their likings and dislikings.

Some news items also appeared in ‘National dailies’ giving the causes of slow growth of this industry in India. Safety and security were on top among them. In fact a newspaper reported it in the form of a news item. The Times of India once wrote that 10 women were kidnapped on their way to Rajgir and Rajasthan and their fellow male were looted of Rs.2,00,000 at Bastibigha in Bihar according to reports received from U.N.I.

Articles Emphasising the Importance of Industry:

In many articles, the importance of tourism industry
has been emphasised. A summary of them is given here. Ram Laxman (Sep. 1980) in his article discussed the importance of this industry. He writes that it is the second largest industry in the world today i.e. next to oil. It is a multibillion dollar industry which received US $ 70 billion annually involving 300 million people in a year 1980 alone. Its multiplier effect is 1 : 3.5 which means that direct receipt of US $ 70 billion will result in multiplied economic activities of US $ 245 billion. Further, the author says that only one hotel room creates 3 direct and 9 indirect jobs.

In quarterly economic report of Indian Institute of Public Opinion, the contribution of Tourism Industry in India's economy has been emphasised. In the article entitled, "The Contribution of Tourists in Indian Economy", the writer examines the multiplier effect of spending of a tourist. It takes the basis of Keynesian consumption multiplier (average propensity to consume and save). The article concludes that tourist multiplier will in any case be more than two. If we take 10% to 12% personal savings and 25% to 30% economy savings, it will be equal to 1-12 divided by 25+0.12 = 2.39. The article concludes by saying that there lies a good future of industry.

In another article "An input-output model for tourist sector" in the similar report the author has emphasised on the employment prospects in this industry. He says that we
should project the economic image of this industry in the form of a matrix. The sources of income from one industry goes to the payment towards other industries. Thus, the flow of income from inside an economy are best presented in terms of interdependence and aggregates both horizontally and vertically, in a matrix form. It was first introduced by Leontief (1952). The quantification of services from one industry (Tourism) to other industries (hotels, airlines, transportations) will enable the projections.

Further, the effect of tourism employment multiplier has also been studied, taking intermediate out and gross value added into consideration. In 1978-79 G.V.A. was worth 679.52 crores and intermediate output 1126.48 crores. Assuming employment proportionate to income its multiplier would be equal to 1.6 (1126.52 divided by 679.52). In addition to this total employment would be 2.08 million and total would came out to 3.4 million which supports the authors conclusion of offering high employment potential by this industry.

**Articles based on case studies of govt. tourism organisations**

In some cases, the literature presents the operational statistics of a tourism organisation and its future plans. Literature on Tourism planning and development in foreign country is also found in same books. A summary of the same work is presented here.
Wilson P. (Sep. 1980) gives an account of working of India Tourism Development Corporation. (ITDC) Established in 1966, ITDC is India's largest accommodation chain in 38 locations (now fortytwo) throughout the country. Its beach facilities are rated among 300 best hotels of the world. It planned to build middle class tourist economic hotels that would add 1250 beds to its present rooms. The hotel will charge Rs.10 and 15 for a single and double room (it refers to the economy class hotel of ITDC, Ashok Yatri Niwas). It also has largest transport fleet with 240 vehicles, out of which 129 are DLZs (imported cars used for tourists). ITDC offers a nice entertainment in the form of sound and light shows at Delhi, Srinagar and Ahmedabad. Its dance programmes also offer unique Indian culture. It has been awarded many national and international awards.

Seth, P.N. (1985) gives a detailed discussion in his book on Tourism Development and Planning in Sri Lanka. The author explains the way in which good planning has helped Sri Lanka in tapping this important source of foreign exchange earning. Sri Lanka received only 2000 tourists in 1965. After the government hired the services of Sri S.N. Chib, the number of tourists arrival just doubled in 1967 and it reached upto 3,71,000 in 1980. In 1967 Sri Lanka had only 770 rooms to offer to tourist and, it has grown at such a faster rate that in 1984 it had 10,856 rooms to offer.

Mr. S.N. Chip proposed Sri Lankan Government to change their approach of tourism - marketing and planning, from
cultural tourism to beach tourism. He suggested the formation of a tourist board and that was created by an Act of Parliament. Loans were given to private investors at generous terms. The development suggested by Mr. Chib was a balanced one which in no way affected the ecological balance adversely. New tourist resort with beautiful beach facilities was developed. Bentota was 40 miles away from Colombo, but developed in such a way that the turnover of tourist establishments here exceeded 40 million rupees in 1984. The real planning and development of tourist resort resulted in over all boom in the economy. According to Cylon Tourist Board, ninety per cent visitors go there for a pleasure trip and per capita income from tourism is around Rs.175 per person while in India it is only Rs.2 per person.

'Tourism in Asia' with this title Seth, Prem Nath has given a brief account of tourism activities in Asia. He refers to a study conducted to tourism to East Asia which revealed the following:

- International tourists arrivals to East Asia have grown at a faster rate than the world average.
- Asian Countries account for almost two-third of the regions international tourism.
- Three fourth of the tourism arrivals originate within the region and Japan supplies one fifth of all International arrivals in the region.
Arrivals from Europe registered the highest growth rate over three years (1980–82) and constituted one fifth of arrivals.

Holiday travel accounts for two-third of travel.

Agewise distribution shows that 20 to 50 years old predominate and ratio of male and female is 2:1.

Hotel occupancy in East Asia is above the world’s average.

Domestic tourism is more than International tourism in East Asia.

In 1977, the Government of India conducted a foreign tourist survey through the Administrative Staff College of Hyderabad. The survey team took a sample of 10,000 tourists and revealed the following:

- Pleasure trips accounts for 61% of total tourists visited.
- Over 50% of tourists to India were found educated and professionals.
- The people visited belonged to more affluent group, the annual income of whom was more than US $ 10000.
- Age-wise distribution showed that large number of visitors more in the age group of 21 to 50 followed by 17 to 30 years of age group.
- More than 60% tourists travelled to India were single.
- About 39% tourists were repeat visitors to India.
In another survey conducted by Indian Statistical Institute of Calcutta revealed some other facts regarding tourism to India.

- 9% of all foreign visitors to India were of Indian ethnic origin.
- 37% of the visitors were professionals.
- Japan provided with 38% business visitors and west Asia 32%.
- 51% of them came here out of their own curiosity, 28% were influenced by those travelled to India before and rest due to other factors.
- Average stay of individual travellers was 25 days, with package it was 14 days.
- Average expenditure per tourists was Rs.8000.
- 72% visitors liked Indian friendliness while 82% were satisfied with Indian tour.
- 31% complained poor sanitation, 31% tiresome formalities, 18% complained of unethical traders, rest with miscellaneous difficulties.
- On image of India, following were highlights:
  a) US travellers are moderately familiar with India.
  b) India's image over other Asia Pacific destination is comparatively low.
  c) India has not been effective in communicating its sunny weather, good shopping cheap travel and so on.
d) Her rating in hotels is also below average.

e) It is not too good for children and night life.

f) It is also not considered as a safe place.

g) It is regarded as a country with interesting culture.

**Operational Terms and Definitions used in the Research:**

Different words carry different and specific meanings in a subject. Therefore, the words that carry specific meaning in the present context have been explained below. These terms have been arranged alphabetically to facilitate the reference for readers:

1) **Bed Nights:**

In tourism terminology bed night means the duration of stay of a tourist in a commercial accommodation. In order to determine the volume of business, and to negotiate the rates with hotels, the travel agents and tour operators talk in terms of bed nights. If ten tourists stay in a hotel for 5 days, the agent is said to have purchased 50 bed nights of the hotel.

2) **Excursionists:**

A person who stays for less than 24 hours in the country visited or a temporary visitor who does not spend at least one night in the country visited is called an excursionist. They include cruise passengers, day visitors.
and crews. But an excursionist is included for the purpose of estimating the arrivals of tourists in a country.

(3) **File Handling:**

In an operations department of a tour operator, there are basically two important tasks related to entertaining the tourists. One is to escort him/her and the other is to make all entries related to his/her movement. The later one is known as file handling.

(4) **F.I.T.**

The acronym stands for Foreign Independent Traveller. (Gen. Y Chuck and others "The Travel Industry" 1st Ed., the Avi Publishing Co. Inc., West Post, p.44) or Foreign Independent Traveller. In common usage, the tourists who do not arrive in a group or whose number is normally between 10-15 are also known as foreign individuals traveller. Their requirement of services also differs from the requirements of general tour.

(5) **G.I.T.**

It stands for Group inclusive tour. The tourists who arrive in number of more than 15 are known as GITs. The agents offers them special rates for sharing the same transport and a double or a triple room in a hotel.

(6) **Foreign Travel Agent:**

Foreign travel agents, in this context refers to those
travel agents who promote tourism to India from countries other than India. They sell tour to people of their country and Indian agents sells their services to those tours.

(7) **Inbound Tourism:**

The travel agencies perform various functions like providing consultancy, ticketing and cargo handling etc. It includes tour operators also. The tour operator may handle a tour arriving in India on behalf of his foreign agent or send a tour to a foreign country through an agent there. Those tour operators who provide services exclusively to the tourists arrived in India are said to have been involved in inbound tourism.

(8) **Incentive Tours:**

The employers offers free trips to their employees as incentive in lieu of cash incentive. The tourists travelling on such tours can be said to have taken an incentive tour. The tour operators also plan incentive tour for these categories of people.

(9) **Operations Department:**

In the present context Operations Department of a tour operator, is that department of his organisation which performs the functions related to the arrival transfers of tourists, arrangement of his air, rail air, hotel seats, making his stay comfortable and so on. In other words whatever services are provided to a tourist by the travel
agent after his arrival and up to his departure, are the activities of a department of tour operator, known as Operations Department.

(11) **Station Handling:**

The tour operator arranges to assists the tourists at the time of their arrival in a city or country and also at the time of their departure from a country or a city, and generally maintains special staff for this purpose and has a separate section, known as station handling section and the activity is known as station handling.

(12) **Tour Operators:**

A tour operator is a person who delivers the services, specified in a given, advertised tour package. In the present context, a tour operator is a person who provides tourism related services like arrangement of hotel's seat, airline's seat, fixation of transport and guides for the inbound tourists and so on.

There are basically two kinds of services a tour operator provides. They are known inbound and outbound tourism, and these have been explained at serial nos. 7 and 10 respectively.

(13) **Tourism:**

Tourism may be explained as an activity which results from the travel and stay of a person(s) who are non-residents
and they do not lead to a permanent residence and also they are not connected with any earning activity. There are various words used to describe it like travel industry, tourism industry or visitor's industry and one is as good as the other. It is the world 'Tourist' that has been examined in detail because the tourism is directly connection with the 'tourist' which shall be explained below.

(14) **Tourist**:

The committee of statistical experts of League of Nations adopted the following definition of international tourists.

"Any person visiting on country, other than that in which he usually resides for a period of at least 24 hours such as:

- Persons travelling for pleasure, for family reasons or for health;
- Persons travelling to meeting or in a representative capacity of any kind;
- Persons travelling for business reasons;
- Persons arriving in the course of a sea cruise, even when they do not stay less than 24 hours;

The committee specifically excluded from the definition:

- Persons arriving with or without a contract of work, to take up any occupation or engage in any business activity in the country;"
- Other persons coming to establish a residence in the country;
- Students and young persons in the boarding establishments or school;
- Residence in a frontier zone and persons domiciled in one country and working in an adjoining country;
- Travellers passing through a country and without stopping, even if the journey takes more than 24 hours;

World tourism organisation has published a Technical Handbook on statistics of International Tourists and explained the concept of tourist, that can be illustrated in a figure-2.1 given on the next page. (source and reference is given in the figure)

(15) **Transfer:**

In the present context 'transfer' means bringing a tourists along with the representative of an agency to hotel from an airport and vice-versa.

(16) **Travel Agencies:**

Any commercial establishment that deals in travel and tourism can be called as travel agency. Dealing in travel and tourism, means that the establishment must assist the person intending to travel in respect of the travel formalities like arranging a passport, visa, foreign currency
NOTES:
(1) Visitors who spend at least one night in the country visited.
(2) Foreign air or ship crews docked or in lay over and who used the accommodation establishments of the country visited.
(3) Visitors who do not spend at least one night in the country visited although they may visit the country during one day or more and return to their ship or train to sleep.
(4) Normally included in excursionists. Separate classification of these visitors is nevertheless preferable.
(5) Visitors who come and leave the same day.
(6) Crews who are not residents of the country visited and who stay in the country for the day.
(7) When they travel from their country of origin to the duty station and vice-versa.
(8) Who do not leave the transit area of the airport or the port. In certain countries, transit may involve a stay of one day or more.
In this case, they should be included in the visitor statistics.
(9) Main purpose of visit as defined by the Rome Conference (1963).

World Tourism Organization classification of traders.

and other requirements for him. The establishment also must guide him in selecting the best tour programme (itinerary).

In India travel agencies are subjected to various regulations of central and state government.

(17) **Travel Agent**

Travel agent is a person who carries on the following professions:

a) Provides consultancy in travel
b) Arranges for legal requirements of travel
c) Arranges for accommodation and transportation
d) Arrange or guides on any information required for travelling

The travel agent generally procures the travel services from the supplier such as airlines companies, car rental companies, hotels and so on. He brings together the supplier and buyer of tourism services.

**Travel Agency - How Does it Function?**

For understanding the application of management functions, in an organisation, the study of the functioning of the organisation has been of much use. The detailed procedure involved in the functioning of a travel agency, involved in inbound tourism is given below in chronological order:

1. The foreign travel agent sends an enquiry about
the tour that the persons of his country wish to take.

2. The enquiry along with the suggested (proposed) itinerary is answered to the foreign travel agent by India tour operator. Also the cost of tour is sent to the foreign tour operator.

3. Foreign tour operator, if agrees to the price of tour and proposed programme, confirms the arrival of tour or some bargaining takes place between the two agents on programme and cost, and finally the confirmation is received along with cheque of advance.

4. The Indian tour operator, on the receipt of confirmation, passes on the request with the airline for seats, hotel for accommodation, transporters for fixing up the transport at various dates and timings as per the tour programmes.

5. On the exact date and mode of arrival, Indian agent sends his representative at the arrival place who transfers them to the hotel, which has already been booked in the name of this tour.

Here the travel agents provides the tourists, usually to a formal tour leader with a set of exchange orders/service vouchers. This set of exchange orders contains the details of the services to be provided to this tour at various places throughout the country or outside which have already been
decided between the two agents. The tourists are not required to make any payment for the services that they avail but they leave that exchange order is lieu of payment at every place they visit.

The provider of service - hotel, transporter or any one, honours that voucher because of a contract which has already been signed between the agent (Indian tour operator) and the provider of services.

(6) The group finally goes back after specified number of days and the different hotels, transporters and guides send in their bill to the agent for providing services alongwith that exchange order. The payment is made by the agent to these sub-agents and in the meantime he also receives final payment towards the cost of the tour from foreign travel agents.

To carry out all the above activities, the agency organises its office in various sections which have been discussed in detail in each of the four case studies, given in chapter four.
REFERENCES TO CHAPTER TWO


24. Ibid, p.68.

CHAPTER THREE

I. Need for Research

II. Objectives of Research

1) Broad Objectives
2) Specific Objectives

III. Research Design

1) Sampling Procedures
2) Methodology of Data Collection
3) Methodology of Data Analysis
4) Methodology of Data Presentation
5) Methodology of Recommendations & Conclusions
CHAPTER THREE

I. NEED FOR RESEARCH

Available literature so far studied discussed in Chapter-II, clearly indicates that much work has been done on various techniques of tourism development, development of tourists resorts, places of interests and other means of promoting tourism have been discussed in great detail. But the aspects of managing a high volume of tourists arrival which is already here has not attracted the attention of management scientists, while it is generally agreed that increasing tourists’ volume in itself results in savings of costs, increase in efficiency, better services and the like. The question of how to manage an agency, involved in tourists business as a services oriented organisation has not yet been explored. Issues like the structure of organisation and other aspects as to how should a travel agency (only those tour operators’ parts of travel agencies, who deal in inbound tourism) plan, organise, direct, motivate and control its various activities, need to be explored.

II. OBJECTIVES OF RESEARCH

The objectives of the research can be discussed under two headings:

1) Broad Objectives

2) Specific Objectives
**Broad Objectives:**

The broad objectives for which the research has been undertaken is to investigate the applications of management principles in those tourism organisations which specialise in inbound tourism. The justification of selecting tourism industry and emphasis on inbound tourism is a matter of interest and insight in the trade because prior to joining the academics, the researcher was associated with a travel agency, specialised in inbound tourism, at middle level managerial position, where it has observed that the organisation was not following the scientific method of managing the operations.

Therefore, it has been thought to investigate the application of general management functions and to evolve a suitable management structure for that part of industry.

**Specific Objectives:**

Specific objectives of the research can be discussed under the following headings:

1. To investigate the planning procedure
2. To investigate the organising procedure
3. To investigate the staffing procedure
4. To investigate the directing, motivating and leadership procedure
5. To investigate the controlling procedure

Further details of these functions are given below:
Planning:

It was decided to investigate that -

a) In what form the organisation expresses its goals?

b) What types of plans the organisation utilises?

c) What is the time horizon of the plans and planning?

d) To what extent the operations are spelled out in programmes?

e) Are the plans flexible?

f) What methods, techniques, and tools are used usually in planning and decision making?

g) To what extent employees participate in planning? If yes, are they effective also?

h) Is there a possibility of receiving a distorted information for planning purposes?

i) To what extent the organisation apply scientific methods of dealing with causation and futurity problems?

j) What is the rate of innovation in enterprises in a given period of time and its attitude towards risk?

k) Does the organisation find it at ease to introduce a change in organisation or difficult one?

At Organising Level:

The objectives were to investigate that:

a) What is the size of organisation and of its subunits?

b) To what extent is the organisation centralised or decentralised?

c) To what extent division of labour is exercised, or specialisation is used in the organisation?

d) What is the number of departments and grouping of activities?

e) What is the degree of span of control?
f) To what extent the organisation uses generalist and specialist staff?

g) To what extent the organisation uses functional authority?

h) Is there any friction over the use of authority and responsibility relationship? What is the degree if there is any?

i) Does the organisation make use of committee and group for decision making?

j) To what extent the organisation is informal?

k) To what extent organisational structure is flexible with regard to adopting changing conditions?

At Staffing Level:

The objectives were to investigate that:

a) What methods are used in recruiting the personnel?

b) What criteria is used in selecting and promoting the personnel?

c) What techniques are used in appraising the personnel?

d) In what manner is job described?

e) What are the levels of compensations?

f) To what extent time is given in training the personnel?

g) To what extent informally an individual is trained?

h) What are the policies and procedures of lay off and dismissal of personnel?

i) Does the organisation feel it easy or difficult in dealing with personnel?

j) Is it easy or difficult to obtain and maintain the personnel with desired skills and abilities?
At Directing, Motivating and Leadership Level:

The objectives were to investigate that:

a) To what extent is the management authoritative or participative?

b) What techniques are used to motivate the personnel?

c) What kind of supervisory techniques are used?

d) What kind of communication techniques are used in directing and motivating the personnel?

e) To what degree and extent the communication is ineffective among all types of personnel?

f) Does the organisation find it at ease or difficult in motivating personnel to perform efficiently and effectively irrespective or monetary and non-monetary incentives?

g) To what extent individuals and group identify their interest with that of the organisation?

h) To what extent there is cooperation and trust among the employees or distrust and conflict?

i) What is the degree of frustration, absenteeism and turnover among personnel?

j) To what extent do the employees waste time and what is the extent of loss due to restrictive work practices and unproductive bargaining, conflicts etc.?

At Controlling Level:

The objectives were to investigate that:

a) What types of strategic performance and control standards are used in different areas in the organisation, i.e.,

Production
Marketing
Finance
Personnel

b) What is the nature and structure of information feedback system used for control purposes?
c) What time period is usually given for corrective measures and its procedures?

d) What is the degree of looseness or tightness of control over the personnel?

e) To what extent is the control system effective to conform to the plans?

III. RESEARCH DESIGN

In this part, an attempt has been made to explain the research design. The procedure of sample selection, methodology of data collection, analysis, presentation and conclusion has been discussed.

Nature of Research:

Research is exploratory in nature and it aims at discovering general nature of problems in functions of management and variables related with it. It was proposed to proceed with a tentative check list and the strategy is to follow each clue or idea that seems profitable.

Sampling Procedure:

The population for the sample is approved travel agencies of the Department of Tourism, Government of India and sampling is an stratified one. The basis of drawing the sample is guidelines provided by the Department of Tourism. D.O.T. has laid down four categories of travel agencies for the purpose of conferring awards on them for their contribution in economy through foreign exchange earnings.
There are four such categories and two awards in each category. The amount of foreign exchange earned by a travel agency determines its category to compete with other agencies in the same category. For example, agencies earning less than or equal to foreign exchange worth less than 50 lacs rupees and more than 25 lacs rupees will be placed in IV category and one, which earn the maximum amount upto 50 lacs of rupees will be given the first award. If firm's earning exceeds Rs.50 lacs, it will have, then, to compete in next category. Various categories announced by the Government of India are given below in table-3.1.

**Table-3.1**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of Foreign Exchange earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>IV</td>
<td>More than 25 lacs &lt; 50 lacs</td>
</tr>
<tr>
<td>III</td>
<td>More than 75 lacs &lt; 1 crore</td>
</tr>
<tr>
<td>II</td>
<td>More than 2 crores &lt; 5 crores</td>
</tr>
<tr>
<td>I</td>
<td>More than 5 crores and above</td>
</tr>
</tbody>
</table>

One travel agency in each of the above categories hereafter referred as largest, large, small and smallest for the recipient of first, second, third and fourth awards respectively which has won the first award of Department of Tourism in a particular year from 1985 to 1987 has been taken as sample and general management practices applied there in each of the agencies has been investigated. Imaginary names have been given to the firms as per the conditions of the
firms not to disclose their identity. Similarly the time period of receiving the award has also been disguised for secrecy purposes.

**Justification of the Sample Size and Sampling Procedure:**

There are more than 1000 recognized travel agencies in Delhi alone. The detailed study of top four representative agencies of the capital will cover each type of organisation i.e. of small, medium and large. A study of management practices in all these organisations will lead the researcher to propose and suggest a suitable management structure for a travel agency.

**Scope of the Travel Agency:**

A travel agency (explained in detail, while explaining the terms and concepts used in the trade) carries may kind of business, like providing consultancy for travelling, information for travelling, arranging and the travel formalities of the person and so on. It may also work as a tour operator. A tour operator may specialize in inbound tourism or outbound tourism or in both.

Since the problems, of an agent specialising in inbound tourism will be different with that of the one who specialises in outbound tourism, therefore to carry on the study only those agencies have been included in the sample which specialise in inbound tourism only. Wherever an agency comes under the category of travel agent and deals in
ticketing, inbound and outbound tourism and everything, only that part of the agency has been investigated which is related to inbound tourism only.

**Methodology of Data Collection:**

The data has been collected from both sources i.e. primary and secondary. For the collection of data from primary sources, a semi-structured checklist has been prepared which is based on the adopted model suggested by Farmer & Richmen (Farmer R.N. and Richman B.M., "Comparative Management Economic Progress Homeward III, Richard, Irwin Inc. 1965, p.1, given in Appendix) and the selected questions have been asked from responsible managerial staff of the organisation.

The purpose of conducting interviews was manifold. The main intention was to explain the top management about the study, its importance and criticality of their participation and thus arouse interest in them to seek their commitment individually. Another purpose was to ensure the accuracy. The information could have been sought through questionnaires but it was purposely avoided because of the fact that most of the people at top management level have no time and they might have passed the questionnaire on to middle level executives who could not give a right answer to the information, thought necessary for the analysis. Moreover, the individual fills in a questionnaire usually with an indifferent attitude, in a hurried manner. Another
important reason was to see if some aspects have been remained uncovered. Although it can not be claimed that all the aspects have been covered but still personal meetings have refined the study to a large extent.

Apart from notes and other written information, audio cassette recorder has also been used to reproduce the personal discussions. Indepth interview technique has been used here for collecting primary data. Company’s documents, financial and various other reports published by Department of Tourism, State Tourist Organisation, Travel Agents association of India, and World Tourism Organisation (WTO) have been used for collecting secondary data.

**Methodology of Data Analysis:**

The data collected from the above referred sources has been compared with the model, taken as the basis of research. Each of the tests as far as possible, in each functions has been checked on the basis of model and deviations have been noted and highlighted. This has been done of the data collected from primary sources. From the data collected from secondary sources other statistical analysis has been done and company’s reports and financial statements have been analysed to observe the application of management information systems.

**Methodology of Data Presentation:**

The data analysed on the basis of above mentioned
methods, has been presented in descriptive form. In presentation, the practice of management principles followed in the organisation, at various levels has been presented, that has followed by the presentation of consolidated results of all case studies.

Each common question put before the top management of selected organisations, from the check list has been analysed in the light of investigations made. The commonness of the practices followed or the deviations have been explained giving the possible reasons and other justification and, before proceeding on the next investigation, the suggestions wherever necessary, have been given.

At the end a suitable management structure has been proposed for a travel agency involved in inbound tourism. Particular emphasis has been given to controlling function of management. To make the work more useful, formats have also been used and illustrations in respect of various analysis necessary for the control purposes have been given. This part has been followed by annexures, references and notes.
CHAPTER FOUR

ABC (INDIA) PRIVATE LIMITED

a) A Profile of the Company

b) Brief Account of Business done

c) Discussion on the Investigations and Observations made
CHAPTER FOUR

M/S ABC (INDIA) PRIVATE LIMITED

A PROFILE OF THE COMPANY

The Beginning:

New York, 1933, A bicycle tour arranged by Mr. 'X' set the pace for a small company called, 'ABC'. Offering inexpensive and attractive tours, the Company soon became popularly known by its acronym. ABC then was ready to launch itself into the orbit of World Travel.

In India:

After a resounding success in the USA, ABC looked beyond the Atlantic Europe and Asia were exciting territories. Offices were set up in various parts of the world and ABC soon became a global entity. In 1956, ABC came to India. Mr. 'X' the present, Chairman and Managing Director fresh from the training, he had received in New York, set up the first office in New Delhi.

Early Years of Growth:

What began with a staff of just three, including late 'Y', soon made remarkable progress. Expanding rapidly to meet the increasing demand of a rising clientele, branch offices in various parts of India became inevitable. Foreseeing a policy of Indianisation, ABC in 1963 was converted into an Indian Private Limited Company.
With the joining of Mr. 'Z' present Managing Director, in 1966, ABC was well on its way to unprecedented success. Tremendous increase in foreign traffic, particularly from Europe, and a high rise in domestic travel were the hallmarks of this period. All achieved through combined efforts and team work.

Till today ABC continues to project this dynamism. A dynamism that is more than evident in the commitment and dedication of the experienced management that includes, Director (Travel), Vice-President, Marketing (Travel), and Manager, India (Cargo).

1970 - A Landmark:

For ABC the year 1970 had a special significance. It bought over the foreign equity and became a totally Indian owned Company. From then on there has been no looking back.

ABC - The Complete Travel Organisation:

Service backed by experience, network and reputation are the most important essentials behind ABC strength. A staff of 600 committed and trained travel personnel offer quick and personalised service at 14 offices situated throughout India. Plus an overseas network of marketing offices, and an excellent rapport with International Airlines, Hotels and Tour Operators, have made ABC what it is today - one of India's leading travel agencies. Direct telex links with all its Indian and overseas associates also help
ABC maintain a rapid flow of two way communication which is very essential in the travel industry.

Membership of International Organisation:

Due to its excellent performance and invaluable contribution to the Indian travel trade, ABC has achieved international standing, and is a member of the following international organisations:

- ASTA - American Society of Travel Agents, Inc.
- AFTLA - Australian Federation of Travel Agents Limited
- COTAL - Confederation de Organizaciones Tourísticas de la América Latina
- IATA - International Air Transport Association
- ICCA - International Congress and Convention Association
- PATA - Pacific Area Travel Association
- UFTA - Universal Federation of Travel Agents
- USTOA - United States Tour Operators Association
- TAAI - Travel Agents Association of India
- WTO - World Tourism Organisation
- WATA - World Association of Travel Agencies
- IATO - Indian Association of Tour Operators
- JATA - Japan Association of Travel Agents

Leaders in Travel and Tourism:

Growth in all spheres has been the highlights of ABC’s progress. Between 1974 to 1985 the company’s turnover increased from Rs.81 million to Rs.346.5 million. That was a
spectacular increase of 390%; while the foreign exchange earned between 1974 to 1985 increased from Rs.22.5 million to Rs.100 million - an impressive increase of 344%.

Tourism award for foreign exchange earnings, instituted by the Government of India, has been won by ABC since its inception. For the year 1985, ABC won the prestigious Golden Award for the highest foreign exchange earnings among Indian travel agencies. It has been won by ABC five times earlier also. ABC is of course recognized by the Department of Tourism as a Travel Agent and Tour Operator.

ABC and International Tourism:

As a foremost tour operator ABC offers a host of travel services to the foreign tourist visiting India. Attractive and carefully planned tours of the Indian subcontinent - for both groups and individuals - are prepared and executed meticulously. They include all facilities - best choice of hotel accommodation, excellent cuisine, well informed guides and escrots, and air and surface transportation.

Incentive and Special Interest Tours:

Travel as an incentive has increasingly become an important marketing tool. Realising its tremendous potential in attracting visitors to India, ABC arranges incentive tours to the exotic and luxurious spots that India has to offer.
From a ceremonial welcome with colourful rituals, caparisoned elephants and camels, classical and folk dance programmes to traditional Indian banquets in fairy-tale palaces and fun-filled cocktail parties in paush hotels. All are looked after to the minutest detail.

ABC also offers special tours for bird watching, golf, wildlife, trekking, archaeology, architecture, for students and the youth, and that is just to name a few.

Conferences and Conventions:

As a member of the International Convention and Conference Association (ICCA), ABC is well equipped to offer services for conferences and conventions. They include the selection of a suitable and convenient site, reservation of hotels, transport and pre and post conference tours.

LMN Pvt. Ltd. - the sister concern:

As a professional Congress Organiser, LMN (P) Ltd. (set up in 1970), offers along with ABC total package of conference services. These include coordination with organisers, assistance with preparatory work, progress reports, budgeting, ladies programmes, despatching agenda and brochures, printing of stationery and conference material. They also provide public relations with the press and television through press conferences or press handouts. Services such as setting up of information counters, arranging hostesses and translators, catering, flower
arrangements and audio-visual equipments are also offered. Post conference facilities include winding up of the conference secretariat, despatch of documents and final accounting.

LMN Pvt. Ltd. also markets pre-planned tours under the brand name of 'XYZ'. Exclusive to ABC these tours operate daily from Delhi, Bombay, Calcutta, Madras, Kathmandu and Colombo.

**ABC and the Domestic Traveller:**

The importance of a wide network becomes evident when ABC takes charge of complete travel requirements quickly and efficiently. As an agent of Indian Airlines it makes air reservations with them, issues their tickets, delivers them right at the door step with confirmation of hotel bookings and car hire. Plus fabulous holiday tours to places of historical interest, architectural and natural beauty like Kashmir, Darjeeling, Kathmandu and Goa, giving every aspect of travel the care and attention it deserves.

**ABC and the International Traveller:**

For the globetrotter, it is ABC's experience that counts. Passports, Visas, P-forms, Reserve Bank clearance - one can trust ABC to handle every travel formality for him. And the best choice in hotels, airlines and airfares. Being an IATA (International Air Transport Association) approved agent, ABC arranges air tickets of all International airlines.
operating from India. ABC is an official agent of INTOU and thus makes all arrangements for visits to USSR. As a member of World Association of Travel Agencies (WATA), ABC also has a world wide network of correspondennts.

**Orbit Trade Fair Tours:**

In order to cover all the important international trade fairs, ABC has specially designed tours that combine both business and pleasure. Years of experience has given ABC a definite edge over others in this field. Each tour is carefully planned and geared to meet all requirements.

**ABC and the Exporter:**

For exporters, ABC offers air cargo facilities - customs clearance, advice on the best air cargo routes, favourable freight rates to fixing insurance covers and of course expeditious and safe air-freighting.

**XYZ - the Magazine of India:**

Published quarterly, XYZ has a specific purpose of serving the national interest by promoting the image of India both at home and abroad. It covers the rich and diverse culture of India through the eyes of well known writers and photographers. Enhancing the excitement of travel in this country.

Since 1976, XYZ has been regularly winning awards for excellence in printing and production and has kept the high standard of its quality.
International Fellowship Foundation of India:

Founded in 1970, International Fellowship Foundation of India is funded by ABC. It is a non-political trust devoted to the promotion of education in the field of Tourism and Travel and aims to bring about cultural awareness and International goodwill. In furtherance of its aims and objectives it organises the memorial lectures on the well known personalities, then in the trade. Brief results of the business done by the company have been given in annexure-1 at the end of this chapter.

DISCUSSION

In the present part of the chapter the findings based on the literature of the company studied, investigations made and the interviews taken from the top management have been discussed. For the simplicity of the discussion, it has been arranged according to the functions. Thereafter, the explanation as to why a particular function or its subfunction is practised in such a way has been given wherever it has been possible.

The salient points that emerge from this study on the application of general management functions can be discussed as follows:

Planning Function:

The company expresses its organisational objectives in the form of promotion of travel and tourism as a commercial
activity and to earn a fair and reasonable profit on the capital investment and the work efforts of the Directors and shareholders. It has projections for organisational growth on investment and on profit on yearly basis as well as on long term basis, and the plans run from 2 to 5 years from hence. The operations are all preprogrammed and company does not do anything at all which is not preprogrammed so far as the inbound tourism is concerned. But it varies in other sections of the company and the plans are flexible to the extent that if the set targets seems to be difficult to attain due to changing conditions, they are amended and revised in consonance with the changed conditions. No specific techniques are used in planning and decision making (it was felt during the course of interview that the interviewed had some reservations on this question though he did not express it). The employees, only upto managerial level, participate in planning and they are very effective also. Once they become a part of planning, they are held responsible for attaining the targets set while planning. There exists a possibility of receiving a distorted information for planning purposes but the management does not take these information into consideration for planning purposes, hence this possibility and its effects are not there. For example, the Government of India is expecting around two million tourists arrival in 1990 but the present company is not going to invest in any way to attract its share of tourists accordingly.
No specific methods are used in dealing with causation and futurity problems in the present company. The management is of the opinion that it leaves nothing for chance and there is a moderate rate of innovation in the organisation and realistic attitude towards risk. A very high degree of risk is avoided by the company. To do any innovation, it requires changes and whenever the company wishes to introduce a change, first of all it considers the relative merits and demerits of the change and discusses it among all types of personnel and then the efforts are made to make the staff understand that the change is beneficial for the company and staff also and they accept the change. It is made to feel to them that they are accepting the change voluntarily and it is not being forced upon them from the top. In this way the planning and related aspect of planning function are done in the company. The matter related to as to why is it done in such a way, shall be discussed after all the functions have been discussed.

Organising Function:

The size of the organisation is very large in the sense that it is one of the largest travel agencies in India with its Head Office at Delhi. It has 15 branches all over India and 7 marketing offices overseas. The organisation is headed by the Chairman-cum-Managing Director. It has another working directors and employees over 600. In terms of turnover it had a turnover exceeding Rs.400 million in
1987-88, which can also give an idea about the size of organisation and its organising function.

The organisation is centralized at the top and decentralised at the bottom level. The demarcation line of top and bottom depends from office to office and there is 100 per cent division of labour in the organisation. However, to understand the organising function it is better to list the total number of department in the organisation and then one can have a fair idea about organising. Total number of departments are nine and within each such department the activities are grouped as under:

1) Tours Department
2) Conference Department
3) Cargo Department
4) Out-bound Tours Department
5) International Travel Department
6) Passport and Visa Department
7) Domestic Travel Department
8) Rail Department
9) Accounts Department

The inbound tourism department* is further classified on the basis of kinds of tourism and groups its activities accordingly, which is as follows:

*Detailed grouping of activities of other departments has not been given here because the emphasis is there on inbound tourism only.
a) Transfer Staff  
b) Staff handling trekking and mountaineering  
c) Staff handling incentive tours  
d) Staff handling ships and Cruises  
e) Staff handling special interest tours  
f) Staff handling Buddhist tours  

All the above departments specialise in their respective field of tourism and share the common infrastructure. Regarding the span of control, it depends on the volume of work. At present there are 5 to 6 persons under one assistant manager and one deputy manager has 6-7 assistant managers under him. Out of necessity, the organisation uses only specialists not generalists. They are of the opinion that the trade can not do well with generalists only. The organisation does not use functional authority also. In the organisation there is no any friction over the use of authority and responsibility relationship. The organisation treats both as the two sides of a coin, and the organisation also does not make use of any committee a groups for decision making because it delays the decision according to management. Moreover, decision making is a management activity and only in exceptional circumstance, committee or group are used for taking a decision. One observes that the structure of the organisation is very flexible and the organisation is always prepared to change the structure according to the changed circumstances.
Staffing Function:

The investigation on staffing functions revealed that the company has a personnel department which initiates the activity for recruiting the staff. As per the job requirement, the applications are scrutinized first by the Manager - Administration who also initially interviews the applicants/candidates. After the initial interview if the applicant is considered suitable for the job, the application is sent to the Department's Head and the candidate is interviewed again. If it is middle level vacancy it is filled in at that stage but if it is of higher level managerial position, the final interview will be held before the Directors, Managing Director/Chairman-cum-Managing Director who specially looks at some important factors. The factors necessary for the selection are personal educational qualifications, work experience, personality aptitude and initiative etc. Promotions depend on various factors like work experience, ability to get along with fellow colleagues, juniors and seniors in the organization, initiative and ability to handle complicated situations independently besides other factors. In fact promotion takes place only after appraising the performance and for appraisal of personnel there are annual evaluation reports given by Supervisor/Managerial staff. These reports are given on the basis of certain set factors for evaluation of the staff. Although there are no water tight job descriptions but the staff is assigned the jobs as per their qualifications
ability and organisational requirements. Regarding the compensation part of staffing function, besides the regular salary, there are other levels of compensation and staff benefits like provident fund, medical, uniforms, house rent, birthday gifts and other facilities/allowances like conveyance and LTC to some staff.

Training is also given to the staff as per their specific requirements for the job and as to whether they are fresh in the job or they already have job experience in the travel profession. It also depends on the time and the year when they are hired. For example, if they are hired during lean period there is longer duration of training and if they are hired during busy season, with brief initial training they are put on the job with the other experience senior colleagues under whose charge they work. The training given to the employees is actually on the job training. Regarding the layoff and dismissal, the procedures are as per rules of the company and law of the land. The rules of the company have not been disclosed. The management feels that handling of personnel is interesting and challenging job. One has to deal with them with tact and maturity, experience and knowledge of labour law. Regarding the dismissal, the staff can be dismissed only as per rules, and regulations of the company, law of the land - as per due process of law and not arbitrarily at will. Personnel with desired qualifications and ability, are retained by maintaining their morals high.
with good working conditions and attractive salary and perks etc.

**Directing, Motivation and Leadership Function:**

The literature studied and the investigations made have revealed that management is both, authoritative and participative. It tends more towards participative styles and to motivate the personnel, the management feels that good salary with perks, attractive working conditions and other allied benefits are necessary. No specific supervisory techniques are used in directing the personnel. It is just that the supervisor keeps an eye on them. It has been investigated that, the communication techniques used in directing and motivating the personnel are issuing them charge sheets, letters of reprimands and suspension etc. Also the letter of appreciations, extra benefits and additional increments are used for motivating and at present the communication system to motivate the employee is very effective among all types of personnel. The management strongly believes that motivation without monetary benefits is very short lived measure but monetary and non-monetary incentives are necessary for motivation. This is perhaps the important reason that the employees identify their interest with that of the organisation's interest. According to the management if the staff are looked after well monetarily, working conditions are made good and morale of the staff is high, they will identify their interest with that of the organisation. The investigations also reveal that there is
no distrust or conflict among the personnel, and there is very little absenteeism, frustration and turnover. Because of the above attitude of management fortunately only a few employees waste time and therefore the extent of loss due to this is very minimal in the organisation.

**Controlling Functions:**

There seems no scientific method used in practising this function in the company. The standards that the company uses for control purposes are its own past records in terms of turnover and profitability. Targets are set department wise and then compared with actual. The causes are investigated. Although there does not exist a section which does this auditing job but the section concerned does this job. In the case of finance, strict vigilance is kept over expenditure and the turnover, expenditure, gross and net profitability are matched for exercising control. In the case of personnel, the organisation is of the opinion that what ever is the result of marketing and finance, it is because of the efforts of personnel and there exists no system to control the personnel on these lines. For keeping a track on services rendered, information in respect of inbound tourism is taken from the foreign travel agents. The foreign travel agent sometime sends the information and sometimes tour reports is prepared by the concerned executive which has no common information about all the tours. If there is any mistake, the time period that is allowed for corrective measures depends on the department. In the case
of inbound tourism and the transfers it has to be instant while in the case of accounts it may take time, but the management prefers a tight control policy and it has been told during the interview that the control system at present is working well to conform to the plans of the organisation.

**Summary and Notes**

A careful analysis of the observations and investigations made related to the application of general management function in the present company can be summarised below.

Making a profit or profit maximisation seems the only objective of the company. Since the terms like wealth maximisation, higher productivity of resources utilised, organisation's efficiency etc. were creating some confusion, therefore, these terms were simply replaced by the return on the capital invested. There is no difference between the top management and the owners of the present company, therefore the question of wealth maximisation etc. does not arise. The company, although, is not aware of the various kinds of plans that an academician uses, but has two types of plans i.e. rolling plans and short term plans. The company's style of management being participative gets further support from the fact that it involves the employees also at planning level and the delegation of authority is also very high. These above aspects are further confirmed by the fact that while introducing a change employees are made to feel that they are
a part of the change.

As the organisation grows, it tends to decentralise in most of the cases and it is of decentralisation is confirmed by 100 per cent division of labour being exercised in the organisation and also by the use of specialists in its all departments that too out of necessity. Since there is enough decentralisation, therefore, the possibility of friction over the use of authority and responsibility relationship is also minimised and is not found there. It is further confirmed by the fact that the organisation does not make use of committee for decision making. Once a job is assigned to a territory, its head's say is almost final everywhere which speaks of the confidence and faith the organisation has in people. Because of the above reasons only the employees are very much effective also in the planning and organising their own departments.

The procedure of recruitment and selection also seems quite general, i.e., it starts from generating the applications, scrutinising them, calling for interview for first round, second round and then ends at final selection. Because the organisation belongs to service sector, therefore, it does not need much staff and hence does not design a common written test for small number of people to be appointed throughout the year at different levels depending on the availability of vacancy. The points that are considered for the recruitment are more related to the
personality than technical skill in the trade. This is because of the fact that the service delivery system of the organisation is such that it needs more personalised care than the professionalised one. Keeping in view the above requirements, the training is provided to the employees which enhances their overall personality. The interesting finding is that the management finds it extremely pleasant to deal with the personnel. The fact is confirmed by the findings on low absenteeism and turnover. There is hardly any existence of the concept like strike or lockout. The company finds no difficulty in maintaining the desired kind of personnel because the management understands the motivation aspect very well and practices also, as revealed during the process of investigation.

All the above findings also confirm the fact that management is participative and most of the time verbal communication from the immediate boss is enough to carry out the instructions. Although, here the academician may differ because as the organisation grows, the written form of communication becomes a must to avoid ambiguity and to have the uniformity in the direction but it is believed that the organisation has not grown to that extent. It has of course grown to that extent but the particular unit, under study that is inbound tourism division has not grown to such an extent where the possibility of receiving ambiguous instruction may exist. The organisation seems lagging behind so far as the control part is concerned. There is no
periodic review of the performance in any of functional areas of management. It is only at the end of a year that the expenditure is matched with the turnover, the causes of spending high or low amount as compared to last year are analysed which are of not much use because of the fact that then control is not possible. Although management has said, during the process of interview that the control is tight but this is not confirmed when one goes by the other literature and questions also. For example, on asking the frequency of the review of various budgets, if the answer is yearly basis, one can not call it a very much tight control. Last chapter on suggestions and recommendations will cover most of these aspects in greater details.
### Annexure-4.1

**Brief Results of the Business Transacted**

M/s ABC (India) Pvt. Ltd

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<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross business</strong></td>
<td>2415</td>
<td>2802</td>
<td>3084</td>
<td>3310</td>
<td>3569</td>
<td>3965</td>
</tr>
<tr>
<td><strong>Foreign exchange earned</strong></td>
<td>685</td>
<td>819</td>
<td>1000</td>
<td>1006</td>
<td>974</td>
<td>1000</td>
</tr>
<tr>
<td><strong>No. of tourists (International)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17469</td>
<td>19542</td>
</tr>
<tr>
<td><strong>Earning from domestic tourism (Rs. lacs)</strong></td>
<td>800</td>
<td>960</td>
<td>1020</td>
<td>1100</td>
<td>1200</td>
<td>1549</td>
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<tr>
<td><strong>Earnings from international tourism (Rs. lacs)</strong></td>
<td>550</td>
<td>590</td>
<td>680</td>
<td>750</td>
<td>790</td>
<td>911</td>
</tr>
<tr>
<td><strong>Earning from cargo (Rs. lacs)</strong></td>
<td>200</td>
<td>250</td>
<td>210</td>
<td>260</td>
<td>350</td>
<td>455</td>
</tr>
</tbody>
</table>
CHAPTER FIVE

DEF (India) Private Limited

a) A Profile of the Company

b) Results of the Investigations made
CHAPTER FIVE

M/s DEF (India) Private Limited

A PROFILE OF THE COMPANY

M/s DEF Travel (India) Private Limited came into being in July 1961 when four leading travel agencies merged together and formed this company. The company initially restricted its operations to inbound tourism but later on extended to every aspect of travel and became a complete travel agency, and now it provides every service that a tourist needs under one roof.

The People:

It has about 1200 personnel in different capacities. The entire management is in the hands of Directors each of whom has an experience of over 25 years in the trade. The personnel, highly qualified, experienced and with pleasing personality, is always ready to help the tourists.

International Acclaims:

At present DEF looks after the requirements of over 1000 travel agents both from India and abroad. Recognised and approved by the Department of Tourism, Government of India, it has the membership of the following national and international bodies in the trade:

AFTA : Australian Federation of Travel Agents
ASTA : American Society of Travel Agents
The Laurel's:

DEF was awarded the first prize and trophy at the Annual Convention of Travel Agents Association of India held in Colombo in May 1981, Madras in 1982, Srinagar in May 1984 and Bangalore in June 1985. During this period the DEF has handled largest numbers of tourist in India.

The Net Work:

M/s DEF has a complete network of its own to provide any thing a traveller may need. It has a fleet of airconditioned and non-airconditioned coaches and tourists cars. It has 27 branches in India under direct control and supervision of the directors and 7 offices in foreign countries. They are in Frankfurt, Milan, Paris, London, New York, Los Angeles and Tokyo. Apart from it, where M/s DEF has no offices or establishment of its own it was trusted associates throughout India who takes care of its requirements in the same way as the company does.
The Service Range:

The services that DEF offers can broadly be classified into four major departments, they are:

- Foreign incoming Tours Department
- Transport Department
- Group Tours and Projects (outgoing)
- Travel Department

Details of the above department have been given while discussing the size of organisation and grouping of activities as a part of investigation later, in the same chapter.

Besides above department, it offers many unique services. It has been the pioneer of many concepts of tourism, like it is the first Indian agent to promote tourism to Sri Lanka, Afghanistan, Sikkim, Bhutan and Maldives. It also had sent tours to Andaman and Lakshadweep Islands for the first time.

Business Done:

M/s DEF registered a turnover, over Rs.47 crores in the year 1987 and handled approximately 12000 tourists from different countries. The foreign exchange earned by the company during the year 1987 was over 23 crores of rupees. The other aspects of the trade like number of bed-night and groups and FIT etc. are treated as secret and this company has not revealed that information.
Organisational Structure:

**BOARD OF DIRECTORS**

<table>
<thead>
<tr>
<th>Director (India)</th>
<th>Director (Foreign)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dy. Director</td>
<td>Dy. Director</td>
</tr>
<tr>
<td>(Bombay)</td>
<td>(Delhi)</td>
</tr>
<tr>
<td>Dy. Directors</td>
<td>Dy. Directors</td>
</tr>
<tr>
<td>(For other Places)</td>
<td></td>
</tr>
</tbody>
</table>

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**Discussion:**

The salient features that emerge from the study of application of general management functions in this company are as follows:

**Planning Function:**

The Company's basic aim is to carry on a business and it finds tourism as a profitable and exciting business for it. As main aim is to carry on a commercial activity and to earn a reasonable profit. For this the company utilises the plans on long term basis and the time horizon of the plan ranges from 2 to 5 years. All the operations of the company are pre-programmed but as and when the emergency arises it is slightly changed. The company tries to leave no possibility
or excuse and keeps more than one alternative for almost everything while planning. But the plans are very much flexible so far as long term planning is concerned and short term plans are not at all flexible, even if the company is about to lose the business. The company does not make use of any special technique in planning and decision making. It is the directors who meet regularly. As and when need arises, they plan and take the decisions. The only method that is followed in the company is to sit and discuss.

The company involves different employees at different level for planning purposes. At long term planning level, which is for about five years or even more, no employee is involved. For planning of less than five years, the staff at deputy manager's level participate and there is no participation of any other employee. Those who participate, are very effective.

There is absolutely no possibility of receiving any kind of distorted information for the planning purposes. The company does not use any scientific method as such for planning but whenever there is problem, it is solved only at high level. If one man is not able to solve then, he passes it on to a person who is above him and more knowledgeable. The organisation is not at all static so far as innovative techniques are concerned. The rate of innovation is very high in the company. It always introduces a new concept in tourism, especially in inbound tourism. For instance, the
management feels that, one can not attract a repeat tourist just to show him/her Taj Mahal. One has to offer some thing new all times. In this direction, the company has introduced a new kind of tourism - that is adventure tourism. It used to be a special kind of tourism, now it is a general tourism that company offers. To introduce this innovative ideas, company takes a lot of risk also in a way that it invests in research and other administrative work associated with this. And in the process of introducing the change, employees hardly resist. The number of those who sometime express their unhappiness to accept the change is very small.

**Organising Function:**

To discuss the organising function, it was necessary to look at the size of the organisation. DEF (India) Pvt Ltd has about 1200 employees and 27 offices in India and 7 abroad, with its Head Office at Bombay. It has inbound tourism department only in Bombay and Delhi and in the remaining offices there is no such departmentation. Each office except Bombay and Delhi employees 25 to 40 depending on the business opportunities at the location concerned.

Another dimension of the size may be the turnover of the company which has exceeded 47 crores in the year 1987. The organisation is completely centralised at the planning and policy making level. But it is completely decentralised at the operational level. Almost all aspects of travel are decentralised. The organisation makes use of no generalist
above the clerical level. It uses only specialists. For example, one who does international ticketing will not be doing anything other than that. But again this usage of specialists and generalists is confined to Bombay and Delhi offices only. At other places, there is only use of generalists because of small operations. For example, an assistant manager at Varanasi office does international ticketing, domestic sales, liaisons, and everything at his level, but this is done by specialists in Bombay and Delhi. The organizing function would become clear, after knowing the number of departments and grouping of activities in those departments.

There are basically four departments in the Head Office and at Delhi. These departments usually carry out the following activities:

1) **Foreign Tours (Incoming) Department**
   a) Educational tours
   b) Conferences
   c) Special interest tours
   d) Incentive tours, resorts holidays
   e) Cruises
   f) Night tours

2) **Transport Department**:
   a) Maintenance of cars/coaches
   b) Arrangement of guides
   c) Sight seeing arrangements
d) Liaison with transport contractors

3) **Outgoing Group Tours and Project:**
   a) Special interest professional tours
   b) Domestic package tours
   c) Arrangement of cruises around India
   d) Agency functions of Greyhound international

4) **Travel Department:**
   a) Provision of travel by air, rail, and road
   b) Travel formalities
   c) Liaison with hotels, Government's agencies

Here, the grouping of activities is further subdivided on the basis of territory. There are 7 territories for handling inbound tourism - Switzerland, Europe, Japan and for East, Central Asia, Australia, Middle East and South East Asia.

Further, in each department, there are specialists of their own jobs, like guides of the language concerned. For instance, in Japan territory there will be persons with knowledge of Japanese and in Middle East with Persian and Arabic. In the organisation, to manage the organising function, the span of control depends on the volume of work and the need. But generally in the case of inbound tourism, there are 5 to 10 people under one assistant manager who is incharge of the territory. For the specialised staff, recently company has started using specialists because of the fact that various institute train the boys and girls in
tourism and generally they are taken. Hence only specialists are now being used and it has been observed that there is no any degree of friction over the use of authority and responsibility relationship. The management and staff has a very good rapport with each other. It is only because of the above fact that the organisation makes use of committee and group for decision making, which is limited at operational level only. They meet often and take the decision. Various decisions taken through committee and groups have been investigated and the system is working very well.

The organisational structure is completely flexible with regard to adopting changing conditions. The territorywise division of work and grouping activities will be immediately reorganised if there is need a and a separate department may be created. But the organisation has never experienced it and felt at all necessary to change the structure because the change in conditions have never compelled the organisation to do this.

**Staffing Function:**

To recruit the personnel company uses the following methods:

a) Takes into account the recommendations of institutes, training the students in the field of tourism and travel.

b) Informally individuals are also taken from different companies of the same trade.
c) for specialised general posts like steno, telex operator and receptionist etc., these are advertised in the national dailies.

However, there is no any rigid method of recruitment like conducting a written test followed by interview or group discussion etc. Only personal interview is taken for final selection. For promoting the personnel, seniority within the present company is main factor apart from his grasp of the trade, attitude towards colleagues, his contribution to the organisation. The contribution to the organisation is judged from the records of accounts he has handled and the increase or decrease in those accounts during his tenure form the basis of his performance. If he is incharge of day to day operations, then the number of complaints received from various clients during a particular period of time is also assessed for promotion. To appraise the performance of an individual, same yard sticks are used as in the case of promoting him. In fact promotion takes place only after the appraisal. However, there exists no any standard format or method of performance appraisal. When it comes to the aspects like defining or specifying the job, whenever a person is taken in, he is allotted a territory and within the territory he is under the charge of a senior executive there who verbally tells him the procedure to do a job and use of formate etc. Thereafter he keeps on working. No written or formal method is used to describe his job. The level of compensation are very subjective though they are at par with
leading agencies in the trade. The important aspect is that the compensation does not go by the designation. It all depends on what the person is doing for the organisation and there is a variation in the level of compensation among various personnel holding same posts in different territories. For example one assistant manager, with same experience gets 'X' amount in a particular department while the other gets as high as one & a half time more than that of the first one. On the training aspect the company usually gives three months time in training the newcomer. The training is all informal and the method of training is on the job training. There are no formal classes or combined training programmes because of the fact that the needs of different territories are different. For instance in Japanese territory a person is trained in Buddhism pilgrimage and in the territory of South East Asia, a person is trained in International Shopping and so on. The company does not have any laid down policies of lay off or dismissal. The only criterion for dismissal is that if a person has made such a drastic mistake that affects the reputation of the company internationally, or there is some embezzlement of cash, only then a person is dismissed. Otherwise there is no any formal retirement age etc. Unlike that of a manufacturing company, it finds it easy to deal with personnel because of the nature of trade. All the staff members are very much polite, good at conversation and there is absolutely no problem of anything called strike etc. But
the company finds it difficult to get the people with desired abilities and to maintain them. The reason is that the trade offers many opportunities and everyone knows everyone in the trade. Hence maintaining is a problem and the present company does also face this problem. Majority of the people working with the company have served it for 20-25 years and they are still with the company.

**Directing, Motivation and Leadership Function:**

The investigations have revealed that the style of management of the company is very much participative and to motivate the personnel, the company gives them monetary incentives which include:

a) Free accommodation abroad  
b) 75% discount on international tickets  
c) Providing loan at very nominal rate of interest and refundable in easy instalments spread over upto as many as 15 years  
d) Providing free transport as and when need arises  
e) Family tours entertainment is also given occasionally.

Further, to direct the personnel, no special supervisory techniques are used by the company. Only the supervisor gives a job, tells him the ways to do it and checks if he has done in the way he was told to or not. Another improved method adopted by the subordinate is also
welcomed. For directing and motivating the personnel mostly verbal communication techniques are used. Because of the liberal policies of the company no written directions are given for directing the personnel.

The communication system of directing and motivating the personnel is very effective. Although it varies from person to person but in general it is effective. The management is of the opinion that it is difficult to motivate a person without monetary incentive, and feels that motivation without monetary incentives effects the performance of an individual. But the extent of that performance is equal to only that level of dissatisfaction which a person has, which is in turn equal to his those expectations which have not been fulfilled after working for a year. For example, a person expected a raise in salary after a year of working and it has not been raised to that extent, then the dissatisfaction of the employee will not exceed the extent to which the salary has not been raised. Although this is very difficult to measure but the management opines so. It has been observed that only elder people in the organisation identify their interest with that of the organisation. Younger generation may change the job any moment. There exists no data to prove this fact but this is the observation of management but there is too much cooperation and trust among the employees, and there is no frustration among the employees to any extent because of the company’s policies. Management is of the opinion that
usually designation and pay packet are two major causes of frustration if not looked after properly. Management sees to it that if there are no opening for a deserving person, he is monetarily compensated. The company has no remedy to satisfy an employee looking for self actualisation.

Absenteeism is very low, as low as 5%, and the turnover of the employees is that during the past 5 years, out of a strength of 170 personnel at Delhi Office only 8 have left the job on their own. Employees do not waste time at all. It is only during slack seasons that they are free. Management does not impose unnecessary restriction on them. After finishing the day's work a person is free to go. But the quantum of the day's work keeps him busy till office timings.

**Controlling Function:**

On using the strategic performance and control standards, the company has no area for production but in marketing target are set territorywise in terms of US dollars or ruppes. For this the management meets yearly and decides the target and informs to the lower level management and then actuals are compared with competitors, and with own past records. In the area of finance, past years turnover is the yardstick for control. For internal purposes there is a check on expenditure territory wise, but in the area of personnel, there exists no special technique and the management believes that it is reflected through the
The information feedback system for control purpose can be described as automatic. The company just wants to make sure how efficient and up to date, executive is in his work. If there goes something wrong, depending on the mistakes corrective measure are taken, when there is deviation from the standard, company has set no time limit to correct the same. Because of the nature of business management feels, that most of the things that go wrong, become uncontrollable.

Regarding the looseness or tightness of control over the personnel, management is very liberal but at the same time makes sure that the person does not go out of discipline and the control system that is existing in the company is very effective according to the management to conform to the plans. Although there seems no usage of any format or any other method to exercise control but the management somehow maintains that it is working well. Last chapter of the thesis deals with how a better control can be exercised.
Summary and Notes

A careful analysis of the observations and investigations made related to the application of general management functions in the present company can be summarised below.

The basic aim of the company is to carry on tourism and travel business as a commercial activity for which it plans its operations on long term as well as on short term basis and constantly considers the cost benefit alternatives, and makes constant efforts to integrate the programmes of action to achieve specified goals efficiently. Although there is no use of techniques like market survey or any mathematical model to predict the future business while planning, but the personal promotional trips to abroad wherefrom the business comes is only given due consideration. Rate of innovation is very high in respect of developing new product as well as modifying the existing product in a sense that the company keeps on introducing the new concept in tourism and tries to offer its services to every tour in a new way by making it different from the usual tour. This kind of experience is not resisted by the staff.

Organisationally the company is centralised at policy making level and completely decentralised at operational level. The fact is confirmed by two further investigations on delegation of authority and the functioning of organisation. It works on departmentation basis and the services are
offered territorywise. Moreover the organisation uses only specialists and hardly generalists are used. The present system of organising the activities is very much flexible. The system of recruitment and selection is also very usual one. It does not conduct a written test because of the fact that the company does not need such a large number of persons at a time. As and when a vacancy arises, it is filled in by personal recommendation or by institutional recommendation. Since the company is in a trade where personality development is a major factor, therefore, personnel factors are given more weightage than technical or others. For performance appraisal and promotion, it differs from individual to individual. One interesting fact is that in such a large organisation, level of compensation does not go by the designation. The company provides individualistic training to its employees because of the nature of training required in different territories, is different. Like the previous case study this company also finds it very interesting in dealing with the personnel. It is because of the fact that almost 100 per cent of the staff is educated and well polished with pleasing personality and sophisticated manners. Therefore, the problems of strikes, disputes and other labour like problems do not exist. It is confirmed by the fact that the company has no formal welfare officer. All welfare measures are taken without any legal pressure.

However, the problem of maintaining the desired people seems difficult. This is because of the fact that the
services that all companies offer to their clients are available to all the companies also at one common place most of the time. Because of the above fact most of the employees know each other personally and they often meet without calling a formal meeting. For example, every company shall have to arrange to receive its clients at international airport, to put them in a five star hotel, which are not many, to send them to visit the Red Fort at Delhi and Taj Mahal at Agra. Therefore most of the staff of company which is specialist in a sense meets there and comes to know the working conditions in different companies hence the changes keep on taking place. Apart from the above, they are in direct contact with tourists from abroad, who also become a good source of employment to them.

The company provides with many financial and non-financial incentives to the employees hence only a few of its employees leave. Because of this reason the rate of turnover is not very high and the people think that their personal interest is linked with the organisation’s interest, and do not waste time also neither due to restrictive work practices nor due to unproductive bargaining and conflicts etc.

There are no review of plans either monthly or quarterly. But the only way to exercise the control is to take a stock of the annual turnover and compare it with the past. For other feedback system it receives the communication from the clients i.e. the tourists and also
from the agents from abroad. There exists no formal system to ensure the proper control which is again very strange for such a large sized company. This aspect has been discussed at length in the last chapter.
CHAPTER SIX

JKL Private Limited:

a) A Profile

b) Brief Account of Business done

c) Result of the Investigations made
CHAPTER SIX

M/s JKL Private Limited - A Profile

The Company:

M/s JKL (P) Ltd. came into being in 1972 with operation of Educational Tours for school children. Over the years JKL has touched various fields and concepts in tourism but has gradually carved a secure niche for itself in the field of inbound tourism. It has since gained sixteen years of valuable experience in handling of tours for foreign tourists in India, Nepal and Sri Lanka.

The People:

It has about twentyfive people who contribute to the unique personality of JKL and have a few points in common. They are young, dedicated, urbane, well-educated and highly knowledgeable about various aspects of tourism in India.

Membership and Affiliations:

JKL is recognised by the Department of Tourism, Government of India and is a member of various trade bodies as, The Pacific Area Travel Association (PATA), The Hickory Association of America (HAA), The Travel Agents Association of India (TAAI), and the Indian Association of Tours Operators.
**The Laurels:**

Having sent back thousand of happy tourist as Ambassadors of goodwill, the JKL have been three times the winner of the prestigious ‘India Tourism Award’ instituted by the Ministry of Tourism, Government of India in fourth category.

**The Network:**

JKL functions through a network of offices and correspondents located throughout India, Nepal and Sri Lanka. It has representative all over India and they are well-equipped with speedy and efficient means of communication.

**The Infrastructure:**

JKL has its own fleet of chauffeur-driven tourists cars and modern, comfortable delux coaches for the sole use of its clients.

**The Services:**

JKL offers a complete range of services required in inbound tourism with particular dedication to quality. Hotel bookings, transfers from the airport to hotel and vice-versa, sight seeing and excursions accompanied by well-informed foreign language speaking guides, reservation of seats on Indian Airlines flight, and facility for hire of cars/coaches. It also organises conferences and conventions and also operate special interest and adventure tours. Brief
account of the business transacted by the company has been given in annexure no.1 at the end of this chapter.

Discussion:

the salient points that emerge from the study of application of general management functions in this company are discussed below:

Planning Function:

The company has one basic goal - to earn money, make profits and to carry on this business as a profession. The M.D. is of the opinion that if one says that his number one priority is anything other than making profit, he is not being honest. The organisational objectives are expressed in terms of profit to be made or a particular turnover to be achieved. For this the planning is a long term one which takes at least two years to materialise. Ordinarily the management plans for two years and a short term planning is as short as for a day or two.

Regarding the extent to which operations are pre-programmed, they are geared to meet the needs and needs are pre-programmed. One builds an infrastructure, good communication system from hotels, airlines, transporters and so on. Everything is pre-programmed and there exists a system to ensure that everything goes well, but then there is an element of certain flexibility in planning because of uncertain environment of the trade. They are not very rigid
in planning. The company's planning is very individualistic, and geared to its own small needs. It does not coincide with national planning and may not go with any one else. Employee's participation at the planning level is beginning now. Now it has been felt that the involvement of everyone upto junior executive level in the planning is essential because of the fact that one can not implement the things exactly if it is not his own planning. If they (employees) know the planning, they will effect it also, in a better way.

The possibility of receiving a distorted information for planning is very much there in this trade. Particularly when there is a question of number of tourists arrivals. There are informations regarding the arrivals of tourist which include many persons like N.R.Is. but they are not infact tourists and one can make a drastic mistake in estimating the number of arrivals, and there becomes a possibility of investing unnecessary in a market as felt by the company. Rate of innovation continues in the organisation. It keeps on changing the formats, making them more meaningful, and so on. It also takes a lot of risks. Whenever a change is introduced in the organisation, people generally resists that but somehow this resistance is managed by the management and later on people get used to that change.

ORGANISING FUNCTION

Size of the organisation under study is a small one
with 25 persons and the present turnover is about 48.4 lacs. It has no subunits or division as such. The company operates only from one office located in a capital town but has associates throughout the country. The organising functioning is 100 per cent centralised at the top but the bottom line is totally decentralised. The management favours decentralisation much and has tried it many times but has not been able to achieve the same and hopes that it will take a little long to make it completely decentralised. The organisation exercises 100 per cent division of labour, and has three major departments - sales, operations and accounts. The grouping of activities is like that under operations departments, there are two sections. One takes care of station handling and the other file handling. There are no major grouping of activities in the accounts and sales department. Details of grouping of activities can be shown below. (organisational chart is given at the end of chapter)

Sales Department: This department is basically responsible for sales promotion which includes the following:

a) correspondence from Foreign Travel Agent
b) liaison from hotels, transporters and guides
c) public relations

Operations Department: It has the following two sections and the activity of each section has been given.

i) Station handling section: It looks after the
arrivals and departments of tourists from and to 
the airports and seeing them of on excursions and 
sight seeing etc. It receives instructions from 
file handling department. It has to arrange for 
air tickets for travel in India.

ii) File handling section: This section is 
responsible for making all entries in the file of 
a particular tour or group right from sending the 
telex messages for reservation, confirmation of 
air and hotel seats and updating the status of a 
tour, till the departure of the tour.

Accounts Department: Accounts department of the organisation 
under study takes care of maintaining statutory books of 
accounts, liaison with banks including maintenance of foreign 
exchange records. To manage various activities, there are 5 
to 6 persons working under one boss so far as span of control 
is concerned and the generalists and specialists in the 
staff are used, both in equal numbers. There exists no 
friction over the use of authority and responsibility 
relationship and for decision making purposes, generally 
groups or committee are not used. It is only in rare cases 
when there is a significant operating decision to be taken, 
it is decided jointly in an informal meeting and the 
organisational structure is flexible with regard to adapting 
changing conditions. It is the opinion of management that 
one has to be flexible to adopt changes for survival.
STAFFING FUNCTION

For recruiting the personnel, no specific method is used. All the appointments are done by word of mouth in the present organisation. The organisation has a tendency of taking fresh personnel and training them in their area of specialisation. With regard to appraise the personnel, the top management does not use any format or system but informally an eye is kept over them and major yardstick is basically how enthusiastic one is about the work. Does he like the job? Is he willing to work? Does he take the work as delight? Is he not developing a habit of repeating the same mistakes time and again, and to describe a job, management provides the newcomer with reading material and then written instructions are also given about the activities that he has to perform. Level of compensations go by the designation, and the training element in the organisation is on the job training and a continuous one. The extent to which an individual is trained is 100 per cent. There are no training classes as such but he learns continuously from his serious and occasionally from the Managing Director. The company has no set policies or rules regarding the lay-off or dismissal. The moment one is not found suitable, he is turned out. 'Not suitable' can be explained from many angles but basically it is the assessment of top management and subjective one. It is because of the above fact that the company finds it extremely difficult so far as the personnel is concerned. Obtaining and maintaining the personnel with
desired skills and abilities is experienced extremely difficult by the company. Mostly because of the defective education system of our country. 99 out of 100 applicants, applying with the organisation have no knowledge about the trade including those who hold professional and technical qualification. According to the top management, the institute giving training or education in this area do not understand the need of the trade and there is no concept of career planning in the student. Better stuff produced by the University and College does not join the trade but goes to either I.A.S. or T.A.S.

DIRECTING MOTIVATING AND LEADERSHIP FUNCTION

The management is more participative than authoritative, but no monetary or non-monetary incentives are given to motivate the personnel. The way company tries to motivate them is to appreciate their work, to remind them how far do they have to go in life to quote them some examples and by telling them how have people progressed faster. Also no specific techniques are used for supervising personnel. Management knows what they were supposed to do and what they have done. For this only verbal means of communication is used which is very effective. Management finds it easy to motivate the personnel irrespective of monetary incentives. The actual motivation, according to the management comes from the self respect and the ability to be able to achieve something.
Unidentifying the interest of the individuals and groups with that of the organisation, the management feels that the employees have not started it. They are now thinking in these terms that their interest is that of the interest of organisation, and there is absolutely no distrust or conflict among the employees. Among them there is too much cooperation, but the employees waste a lot of time due to restrictive work practices and non-availability of work. Between the two restrictive work practices are more. When they waste time due to non-availability of work, later they develop this habit and no organisation can account for the losses due to waste of time by employees, it is felt by management.

CONTROLLING FUNCTION

The control standards that are used in marketing and finance are its past records in terms of money. The organisation is of the opinion, whether one express it in terms of bed night, or number of tourists ultimate unit is rupee and the company takes that. If it notes that it has done lesser than past year, it tries to investigate the reasons. No strategies are used to look at them.

The nature and structure of the information feedback system is that from the service angle, management is in touch with clients, with suppliers through distributing them proforma on quality of services rendered and regular meetings respectively. Management meets the foreign agents on yearly
basis. In the present organisation, the numbers of the repeat customers is only 10 per cent of the total and the organisation finds it at ease to contact them directly. Whenever, something goes wrong the corrective measures depend on kind of mistake and its implications. If it is day to day problem, it can be corrected immediately. But if it is a matter concerning finance or legal matter, than it takes time. The persons associated with the problem like Chartered Accountants or Lawyers are consulted. The control system seems tight in the organisation and is effective to 100%.
Summary and Notes

The organisation has one basic objective and that is to make money. The important reason perhaps is that the organisation is relatively small and where the ownership and management is the same therefore out of many objectives like growth becomes more important for the technocrats in large organisations but here the profits or a high turnover is the priority unlike that of industry leadership, organisational stability or higher productivity of the resources utilised. To achieve a particular turnover or to make a target profit the organisation plans for two years from hence and has inbuilt infrastructure to carry out the operations of those plans which were planned two years ago. Since the planning is individualistic therefore too much flexibility is also there. Basically the organisation is a one man show therefore the changes, innovation and attitude towards risk, all of them reflect the personality of the managing director who is very much desirous to introduce the charge and to take risk in offering a better service. Because innovation is always associated with risk therefore it confirms the fact that the organisation takes a lot of risks and is innovative.

Organisationally, it is centralised at the top and decentralised at departmental level. Everything, so far the policy matters are concerned, is decided by the Managing Director but the only procedural aspect is decentralised. The management has not been able to do with decentralisation because of too much turnover of the personnel which is
because of the motivational policy of the organisation. The organisation believes in self respect self actualisation needs of personnel and does not look into the basic needs of the employees which results in turnover. The above observation is also confirmed by two facts. One is that the organisation has tried decentralisation many a times but could not succeed. It may be due to the poor quality of the executives and also the lack of motivation or the delegation of authority. Secondly, the organisation talks of those motivational forces which came after the stability in the job and job security. It is worth noting here that during three years of stay of the present researcher is the organisation, twenty three employees left the job. Because of the above reasons the employees do not identify their interest with that of the organisation's interest.

Management seems very offensive so as the employees are concerned by complaining the amount of time they waste due to restrictive work practices thereby causing economic losses to the organisation but does not try to look into the reasons of so much of turnover among the employees which is not there in rest of the three organisations. It also finds it difficult to obtain the desired people which means that there is something wrong with the company's policy because it is not there in the other companies studied.

To control the marketing or finance activities the target are set in terms of rupee only. The targets are
compared with actual. There exists a control system on business but human behaviour aspect is ignored. The targets are set for business but the comprehensiveness of target setting is one dimension of control systems. The target should be set by specifying every important activity as also for the cost which is not done. Further the review is there only at the end of a year, which can not be called a very tight control system. The organisation has only limited profit generating market on which it concentrates and maintains a feedback system with them but for the organisation as a whole the system does not seem existing. Although the management claims that there exists a feedback system to control its all activities but the organisation does not use of any standard format for controlling either finance, sales or anything. Most of these have been proposed in the last chapter on suggestions and recommendations.
Annexure-6.1

Brief Account of Business Transacted by
M/s JKL (P) Ltd

Business Done:

M/s JKL Private Limited had a turnover of over 40 lacs and 48 lacs in 1986 and 1987 respectively and a net profit margin of Rs.3 & 5 lacs respectively. Brief account of the business done can be given in the following table:

Table of Annexure 6.1

<table>
<thead>
<tr>
<th></th>
<th>1986</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (in rupees)</td>
<td>40,83,000</td>
<td>48,40,000</td>
</tr>
<tr>
<td>Foreign Exchange earnings in US (FIT)</td>
<td>1,10,029</td>
<td>1,98,701</td>
</tr>
<tr>
<td>Foreign Exchange earnings in US (GIT)</td>
<td>1,06,943</td>
<td>1,73,617</td>
</tr>
<tr>
<td>No. of tourists handled (FIT)</td>
<td>383</td>
<td>277</td>
</tr>
<tr>
<td>No. of tourists handled (GIT)</td>
<td>285</td>
<td>438</td>
</tr>
<tr>
<td>No. of nights spent by tourists (FIT)</td>
<td>1,075</td>
<td>1,234</td>
</tr>
<tr>
<td>No. of nights spent by tourists (GIT)</td>
<td>204</td>
<td>232</td>
</tr>
<tr>
<td>No. of groups handled</td>
<td>18</td>
<td>18</td>
</tr>
</tbody>
</table>

The company is the recipient of India Tourism Award from the Ministry of Tourism, Government of India in fourth category and occupies a good position in the travel trade specially in inbound tourism.
annexure 6.1 continued:

The organisational set up is as follows:

Chairman and M.D.

General Manager (V)

<table>
<thead>
<tr>
<th>Manager Tour</th>
<th>Manager Accounts</th>
<th>Manager Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asst. Manager Operations</td>
<td>Asst. Manager Accounts</td>
<td>Manager India</td>
</tr>
<tr>
<td>Sr. Executive Station Handling</td>
<td>Sr. Executive File Handling</td>
<td>Sr. Accts Executive</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Assistant Manager</td>
</tr>
</tbody>
</table>

Assistant Manager Accounts Handling

Accounts Executive

asst. Accts executive
M.N.O. Private Limited

a) A Profile

b) Brief Account of Business Done

c) Results of the Investigations Made
CHAPTER SEVEN

M/S MNO PRIVATE LIMITED – A PROFILE

The Company:

M/s MNO started its business very recently in the month of July 1985 and from the very inception started specialising in inbound foreign tourism. It has around three years of experience and has specialised in handling Japanese tourists besides other tourists.

The People:

The company has a staff of 10 people who contribute to the unique personality of MNO Private Limited. Most of the staff is young and has work experience in different agencies in India.

Membership and Affiliations:

The company is recognised by the Department of Tourism, Government of India and also a member of the Travel Agents Association of India.

The Network:

The company has only one office at New Delhi but has its associates throughout India. They are the company’s sub-agents who take care of the company’s requirements anywhere in India.

The Service:

M/s MNO offers a wide range of services, right from air booking, rail booking, international tickets to visa
passports etc. but specialises in inbound tourism. To meet the needs of inbound tourism it is well equipped with all modern means of communication.

**Business Growth:**

Started only in 1985 with first two staff members - Director and Managing Director, it has grown to such an extent that the turnover has been now ten times of the first years i.e. it has risen from two lacs rupees to over 2.4 million rupees now. MNO has handled over 900 tourists from different parts of the world, most of them from Japan.

**Discussion:**

The salient points that emerge from the investigations and observations made on the application of general management functions in the present company can be discussed below:

**Planning Function**

The organisation expresses its objective in two terms - primary and secondary. Primary objective is to make profits on the money invested and for the efforts put into the business. The secondary objective is to get name in the trade and one of those subsidiary objective is to be effective in the trade to be able to effect the trade further at the national level. For this purpose the organisation's planning depends on the planning of foreign tour operators. There are agents who operate on long term basis, may be 5
years or more like Thomas Cook and American Express and there are agents who operate just one or two tours a year therefore the planning goes accordingly and time horizon of the plans also depends on foreign agent’s planning. The tour programme that the management discusses with the foreign tour operator takes the shape of the tour when it finally arrives at in 2 to 3 years time. The role of the organisation in the entire planning of a tour begins when it receives a confirmed booking of a tour. But for short term foreign agent, the organisation does not plan anything as such but only executes the planning of foreign travel agents. In order to plan, whatever it has to do, all its operations are pre-programmed. they may be pre-programmed for five years in advance or a week in advance but the nature of business is such that we can not operate without being pre-programmed. In the case of inbound tourism, airline seat has to be made and so on, all in advance. The plans are not flexible, specially short term plans for the execution of tours are not at all flexible. The moment any flexibility is allowed, the whole system has to be changed. The infrastructure has to be changed completely and it has to be made available on demand.

The Organisation takes an amalgamation of hotel seats availability, airline’s seat availability, mix up the whole lot and that becomes a tour programme. The technique used is, usually to start with an airline a seat’s availability, which is the toughest segment of the complete organisation of a tour, based on the availability of a seat in airline (if it
is a part of this programme also, otherwise, if he had already planned it then it doesn't have to) hotel reservations and so on. But if he chooses to do his own planning of air seat's availability he will not be in the best position, to do so because of the frequent changes in the air time table of this country. Almost 99% of employees participate in planning and they are very effective also. The possibility of receiving a distorted information for planning does not exist within the organisation, but from outside the organisation. But there is definitely, a possibility of a change in the schedule of airline without notice or change of cost without notice, although this is not the distorted information but not a definite information either.

To quite a great extent, the organisation plans a tour in such a way that all the problems of future are viewed at and minimised in a sense that a second option is always planned. For example a margin to send people by any other means of transportation in the case of flight does not operate or cancelled is kept. Further suppose a tour has to go to Agra-Khajuraho-Varanasi. If it is not able to reach Khajuraho, the day it was supposed to reach, the company keeps a possibility of sending it to Varanasi on the day it was supposed to be there without disturbing the rest of the programme, leaving one destination. The company includes such destinations in programme only in slack seasons. The organisation uses a lot of innovation. The company tries to give the final product to the client in different essence.
Usual tour would be to put them in a hotel, take them for sight seeing and back. Here it tries to give them extra personalised services. The company invites them home and has home visit. It some time visits them for sports and games. It tries to make them feel that it is giving them more, which one can call 'beyond the hotel window tourism' and takes a lot of risk also. Any time one deviates from the track one is taking a lot of risk. But it goes to that extent that if the change and innovation does not work, it should not affect the total tour or time table of the tour. Introducing change in the organisation depends on end users. Some end users, like Americans, Germans like change some do not. In fact introducing a change depends on the end users. But by and large if a client has paid for a particular thing, he is mentally prepared to receive just that thing. The people working in the organisation also appreciate change because it is too much boring to go to and come from the airport all the time so they appreciate it.

Organising Function:

The company has 10 employees and annual turnover is 2 million rupees. Here, organisationally it is decentralised as its all four executives are in complete charge of what they do. But because of physical positioning most of the decisions are combined. 100% of division labour is there in a sense that everybody does everything but what a person is specialised in, he does that thing most of the time. Members of the organisation are in a position to do every aspect of
the job, but they have their own speciality. There are two
departments in the company - Sales and Operations. Within
the sales there are two groups of activities - one is
personal sales when Managing Director goes abroad and sells
them and other one is correspondence sales which is from the
base. In operations department, there are various groups
like there are airline liaisons, hotel liaisons, transportation liaisons, bank liaison, within that it has
booking, amendment, cancellation. Then there is accounts
department which looks into the checking of bills, foreign
exchange and so on.

Being only 10 members of the organisation roughly one
man is in charge of one job and there is no span of control
as such, and all its specialists are generalist. Over the
use of authority and responsibility relationship, there is no
friction at all. Because every person knows what he has to do
and if he does accept it without necessary an authority being
put into it. Because of this the organisation does not make
use of committee or group for decision making and it is very
informal organisation. The organisation is completely
flexible to adopt the changes of the external environment.

**Staffing Function:**

To recruit the personnel mainly it looks for the
experience in the trade. At the same time at the current
level it takes 25% of its employees as fresh. The company
likes to train them. The method of recruitment is personnel
level's recommendations and by words of mouth. There is no
distinction between recruitment and selection in the
organisation and promotion in the sense of designation wise
is non-existent because of size of organisation, but the
monetary promotions are there subject to two conditions.
First the output of a person and secondly the availability of
the funds within the organisation.

To appraise the personnel, similar tasks are given to
two people and execution of the task by an executive is the
criteria along with the final satisfaction of the end user.
Here the organisation does not exactly measure but the end
user of the product that is the client measures. It
distributes questionnaires and analyse them to appraise the
performance. Those employees who are not in direct contact
with the client their performance is appraised on the basis
of their updation of the records or supplying the required
information within the stipulated time period. To describe a
job, verbal instructions are given. The organisation gives
them the means to do a job and ask for end result by
explaining them that this is what it wants.

Levels of compensation are the satisfaction of
employees and no separate time is given for the training. The
person is trained while he is on the job and the kind of
training is informal. For layoff, the company does not have
any rules as such. If a person is causing any financial harm
or burden to the company, he is simply fired. There are no written code of conducts. The organisation finds it difficult to get the desired kind of persons. To maintain them is again difficult because in this trade each of the employees is so personally involved with the end user that sooner or later ambitious toughs of going abroad come and as a result of which he leaves the job.

**Directing, Motivating and Staff’s Function:**

The management is authoritative to a low extent and participative to a greater extent and to motivate the personnel, the organisation feels that personal satisfaction though the satisfaction of client is must. No monetary incentives are given but it tries to inculcate in the employees, the personal satisfaction in their doing the job well. On the job supervision is done so far as the use of supervisory techniques are concerned. Personal communication is used in directing and motivating. The communication system to direct and motivate is very effective. The organisation finds it completely at ease to motivate the personnel without monetary incentives. All individuals identify their interest with that of the organisation because their survival depends on the survival of organisation. Everything is linked with the survival of the organisation for them, that is why no distrust is there among employees. There is no frustration absenteeism or turnover among employees because the nature on functioning is such that if
there is no work one can easily go home any time. If there is work he works. The organisation is working with the original employees since its inception. The employees do not waste time, but since the company is not working at 100% capacity therefore there is an element of wastage of time but not at all due to the restrictive work practices.

Controlling Functions:

The controlling function in the organisation has been studied from finance and marketing point of view. In marketing it takes its past records as its achieved standards and it restricts its standard to a minimum of those levels.

In finance almost the same thing is done. If it had a particular turnover last year it tries to increase the turnover and if the turnover does not increase it tries to increase the profitability.

In personnel, the result of the other two specially finance reflect the performance of personnel, and if it is felt that staff has not done well, it does not advocate reducing them for bringing the cost down but tries to increase the turnover to compensate that. There exists no reporting system as such for information collection but the executives just sit and discuss. The organisation does not believe in probability theory of checking defective pieces in a lot. It is of the opinion that if its 10% client goes
dissatisfied, it will be 100% for those who went dissatisfied. In this light the control over its activities is exercised but the system does not exist. As to why the organisation applies these functions and practices, has been summarised in the following pages.
Summary and Notes

The above analysis and interpretations of the investigations made can be summarised below along with a reason as to why the company applies a particular function in a specific way.

The company’s main aim is to make profits and subsidiary aim is to achieve the leadership in the industry. Being a small size organisation, its long term as well as short term planning depends on the planning of its foreign agents who in fact generates business for them. The organisation has not yet started planning on long term basis for any of its operations. The management does not believe the flexibility of the plans because of the fact that any change in planning of a tour increases the cost which at this time it can not afford even if it loses the business. It is very systematic in planning the services that it offers, takes into consideration all variables that may affect the operation of a tour and makes some provision for the unforeseen also. In a way the management is pro-active not a reactive one. The effectiveness of the employees in the planning process is clear from the fact that each of the departmental head is in complete charge of his work and has enough authority in the decision making. The organisation’s innovativeness is clear from the fact that it keeps on giving every service as a new one which is ordinarily not common among most of the organisation. For example a new concept
has been introduced by the organisation which it calls as "beyond the hotel window tourism". It shows the organisation’s attitude towards risk also. These kind of changes are welcomed by the employees mostly because most of them are young and the culture of the organisation is also very favourable with regard to changes.

As said earlier, it is completely decentralised organisation. The fact is confirmed by the use of 100 percent specialists who are of course generalists and capable of performing every aspect of the job but generally do not do that. Because of clear cut authority being given to the department’s head, there is no friction over the use of authority and responsibility relationship. This fact has further been confirmed while investigating the identification of employee’s interest with the organisation’s interest where it is believed that the survival of the employees depend on the survival of the organisation. There is too much trust and cooperation among the employees. The investigation gets support from the above point also.

The organisation, being very informal in its functioning selects people mostly by personal recommendations and by word of mouth. It happens because of the fact that most of the men in the trade know each other and their recommendations about a specialist are as good as if a formal screening has been done before the selection. It has no specific measurement to appraise the performance but has a
systematic way of doing it in the sense that it gives similar
tasks to two persons and the quality of end results with
equal resources used, determine the performance or in other
words, it is man to man comparison. The personnel
performance appraisal also comes from the user of its
services because it is the consumer ultimately who speaks of
the liking or disliking of a product or service, which the
organisation understands well and practises also.

The organisation has now written code of conduct. It
is because of the size of organisation. Similarly, there are
no rules for lay off or dismissal and all is done informally,
depending on the requirement. Her one major finding gets
strengthen and that is about the concern of employees for the
organisation. The organisation does not believe in dismissal
of a person even if he is no more required for lack of
business or growth but it tries to achieve a higher turnover
with the help of employees' efforts.

Like other organisations studied, it also finds it
very interesting in dealing with personnel because of the
kind of people it has. There is no element of unproductive
bargaining or waste of time and so on. Neither the
organisation forces a person to work for specified time nor
it stops them going home after finishing the day's work.
Therefore it does not necessitate the organisation to have
strict control over the personnel. But it does have some
control for its business plans. It compares its performance
with its own past records. It pays much attention on the quality of services delivered in the past and at present thus makes a constant effort to give better service. However, the company has not designed a control system for its all functional areas. The following chapter has been developed in this direction and a detail description to this effect has been given.
CHAPTER EIGHT

Consolidation of the Result –

Summarised View of the Investigations made and on Major Findings

(Based on Chapters Four, Five, Six and Seven)
CHAPTER EIGHT

This chapter aims at discussing the major findings, based on investigations and observations made in respect of application of management functions in all the companies. The common application of functions in all the organisations have been discussed first and dissimilarities thereafter. After discussing the similarities the explanation due to which the deviation is there, have been given. The discussion has been arranged in order of the management functions.

Similarities:

planning function:

All the four companies taken up for as a case for investigating the application of planning function and to know the form in which they express their organisational objective have one thing in common that is, all of them state that their organisational objective is to carry on the business of 'Travel and Tourism' as a commercial activity. There is no difference of opinion on profit making as one of the major goals of organisations and the form in which they express it quantitatively.

All operations of all the organisation are preprogrammed and large sized companies do not do any operation which is not preprogrammed. Everyone of them is of
the opinion that it is the requirement and they can not operate without being preprogrammed.

Un flexibility of plans, long term plans are flexible and short term plans are not flexible. If there is any flexibility required in the short term planning, it just can not be allowed because of the nature of trade. Flexibility in the long term planning is allowed to the extent that if the set targets are seeming difficult to attain due changed conditions, the plans can be made flexible in consonance with the changed conditions. But short term plans, in all the companies can not be changed. For planning purposes no organisation uses any special techniques or tool as such. The method used for planning purposes is only to take up that segment of the planning first which is difficult to obtain for selling a tour, followed by less difficult to obtain for selling a tour, followed by less difficult and so on. In all the companies, irrespective of size, employees participate in planning upto managerial level and they are 100 per cent effective also. The top management of all the four companies studied, was of the opinion that employees find it difficult to execute or get executed a plan, which is not of his own or he is not a part of that planning. For planning purposes, there exists no possibility of receiving any distorted information from within the organisation but it is very much there from outside such as the announcements government related to arrival of tourists. But all of the companies in the trade do not rely on those informations, they only depend
on their own sources and their planning does not coincide with the national planning in any way. The organisations studies always leave a room for a second alternative if the first one does not materialise. They also plan in such a way that if a part of plan is not executed, rest of the planning should not be disturbed.

Almost all the organisations believe in innovative techniques and use them also. They are of the opinion that innovation is a must in the trade. The organisations do not find it much difficult to introduce a change but it is rather welcomed by the employees because of the way it is presented before them.

**Organising Functions:**

In all the organisations, there is centralisation at the level of policy making and complete decentralisation at that level of planning which is to be implemented at the level of assistant manager or fourth in the line and there is 100 per cent division of labour in the organisation.

There is no any friction over the use of authority and responsibility relationship in any of the organisations because the organisations treat the two as the two sides of a coin. The organisations are very much informal and their organisational structure is very much flexible and this flexibility has been experienced by three of them in the changing circumstances and worked well.
All organisations have a few points common in selecting a person. These points are his personality, family background, communication skill and dedication to work. However, for very technical posts such as telex operator or accountants where there is no direct contact with clients, the above criteria may be relaxed and the preference is given to technical qualification.

The appraisal of performance of personnel and the promotion is also based on similar lines as those of selection. Here all the organisations see to it that he has developed a habit of getting along with the people, is enthusiastic, likes the job, is willing to work. Thereafter, seniority comes for promotion. The contribution of a person in the organisation is believed to have been reflected by the above traits of an individual. Organisations also appraise their performance on the reports sent by end users. For describing a job manuals are provided and in most of the cases, almost in 99 per cent cases, the new entrant is attached with a senior executive who explains him the job verbally. All organisations provide on the job training for 3 to 4 month period. No formal classes or combined classes of training are possible to arrange because of the nature of trade. The duration also depends on the time an individual is taken in. During lean period, the time of training is more than otherwise. Levels of compensation vary from organisation to organisation but as on practice, it is not associated with designation. But on the subjective judgement
of the top management is the final criteria in the determination of level of compensation. A very important and interesting finding is that management of all the organisation feels it a pleasure to deal with personnel and believes that it is because of the attitude of management partly and partly because of the kind of people associated with the organisation.

All the organisations experience it difficult to get the desired type of persons, because of poor and non-planned stuff produced by the university, and also because of lack career planning on the part of students. Maintaining the desired kind of person is difficult because of the fact that trade is like a closely knit family where everyone knows where the opportunity is there in India or abroad and people leave the job.

**Directing, Motivating and Leadership Function:**

The management of all the organisation is participative. None of the organisation uses any special technique to supervise the personnel except the fact that the senior executive keeps an eye over the junior are and it goes upto the top management.

To direct and motivate the personnel, the large organisation issues charge sheets and letter of reprimands and extra benefits additional increments respectively. But in the small organisations only verbal instructions are used.
The communication system to direct and motivate the personnel is said to be very effective in all organisations. Large organisations find it difficult to motivate the personnel irrespective of monetary incentives while the small organisations are of the opinion that there is no problem to motivate than without incentives. There is no any distrust or conflict among employees at any level. There is hardly any absenteeism and frustration. The turnover is also very low. The employees in the large companies hardly waste any time, they are dedicated but it is only felt in one organisation which is second smallest one in the four organisations.

**Controlling Function:**

There is no activity related to production in the organisations as the organisations belong to service industry. All the organisations take their past records as achieved standards and on the basis of these achieved standards, the targets are set in marketing and finance. There exists no system of calculating any variance if there is deviation from the standard. There is no procedure to locate to the reasons of low performance. All the above the common in all organisations.

There exists no formal system of feedback for control purposes. The organisations have direct contact with the foreign tour operators and in some cases with clients also. The only system existing in the marketing area is to collect
the feedback from clients occasionally about the services offered to them. It has been observed that in all the organisations, the time period allowed for corrective measures depends on kind of mistake. It has to be instant so far as the operations are concerned. In the case of finance control etc., it differs from mistakes to mistakes.

The degree of control is neither too much tight nor too much loose. It is middle path and the control system that is existing now is very much effective to conform to the plans, as stated by all the organisation.

**Dissimilarities:**

There are a few points which are not common in all the organisations. Sometimes the differences are due to the size and sometime due to age of organisation and also due to many factors. These can be discussed below. An attempt has also been made to explain as to why a discrepancy or a deviation from the common practice exists.

The organisation which is the lowest in terms of turnover and a recipient of award in fourth category has a subsidiary objective also unlike of the rest three whose objective is to get a fair return on capital. The subsidiary objective of this organisation is the industry leadership which is strange but speaks of high determination of the organisation. The objective gets a support from the findings an innovation and risk taking attitude of the organisation where it offers a variety of services which are unique and
invite great deal of risk also.

The planning of the smallest of the four companies is not a very long term one. It depends on the planning of someone else who provides it business, ie., the foreign travel agents. Although all the organisations follow the terms of foreign agents but they have some say at all the level of planning a tour which the small one does not seem to have.

Three organisations are not very much risk taker. They avoid very high degree of risk which is not there with the smallest organisations. It maintains that high degree of risk is necessary for growth.

Use of generalists and specialists also differs from organisation to organisation and within the organisations also from one office to the other office depending on the volume of work. For example the smallest of the four organisation, uses specialists as well as generalists. The larger and largest organisations use specialists in head office and in those offices where the volume of work is high which essentially calls for the use of specialists. But in those offices where there is no much work, a specialist is a generalist also many a times.

Similarly, the span of control is there in the ratio of 1:2 for smallest company while it ranges from 1:5 for the largest and large companies.
The smallest organisation does not follow the rigid method in selecting the personnel which is there in rest of the three organisations. It all is done due to very size of the organisation and of course due to the requirement also.

In the large organisations i.e. top three the rules i.e. law of the land governs the lay off and dismissal procedure while in small organisation it is the will and requirement of management that governs. In the small organisation there are no set rules or standard format for performance appraisal but it is very much existing in the large organisations. The findings on the use of rules and regulations and on the performance evaluation confirms the hypothesis developed by most of theorists of organisational development which states that organisations start following rules, systems and procedures as they grow.

The largest of the four organisation and the second largest also motivate the personnel with monetary and non-monetary incentive which is not found in small organisation which seems a genuine reason for its slow growth and a high employees turnover.

In the large organisations as well as small organisation, people do identify their interest with that of the organisation except for the third one. The reason for the third one may be because of its one man show and for other three organisations it is a two way traffic. The company cares for them and they care for the company. It
gets support from a very low rate of turnover which is less than 0.5\% per annum.
CHAPTER NINE

i) Conclusion, recommendation and suggested management structure for inbound tour operator's organization.

ii) Applicability of Research

iii) Future Direction for Research

iv) Limitations of the study
CHAPTER NINE

The aim of the present chapter is to suggest a management structure for a tour operator's organisation. As discussed earlier in Chapter I and subsequently in Chapter III that a travel agency may perform the function of a tour operator, where in the tour operator may specialise in out-bound or in-bound tourism. The present study has focussed its attention on a small segment of travel agency that is 'Inbound Tour Operator's. Therefore, the proposed management structure is there for inbound tourism organisation. However, it may be applicable to other organisation also with slight modifications.

The discussion has again been arranged in generally accepted order of management functions and the broad proposal is based on the model suggested by Farmer and Richman which is given in Appendix 1. Wherever possible, use of format, questionnaire for feedback system and formulae etc for control purposes have also been made and illustrations have also been given.

Functions:

1. There are two types of planning considered necessary for the organisation - long term and short term. Long term planning refers to its gearing for meeting the requirements of increase in turnover as a result of overall normal growth and also as a result of increase
in tourist volume. Since the conditions in India are not very much stable for this trade, it is proposed to limit the planning period to 5 years which should again be a rolling one i.e., updated and amended each year. The short term plan are suggested to be based only on the planning of foreign tour operator. If he wants a tour to follow specific itinerary, it should be planned in that specific way only (Detailed aspect of long run as well as short run plan is given at Sr.No.23).

2. The flexibility in the short term planning is suggested to be avoided as far as possible because it will disturb the whole planning. The nature of the operations are such that one minor change causes a series of changes and managing these changes are beyond the control of management (1).

3. The organisation cannot function without having its all operations pre-programmed because of its too much dependency on supplier of services (2).

4. The suggested techniques for short term planning are to start with blocking an air seat/rail seat for the tour followed by other services needed for a tour because the former one are in monopoly in our country and hard to get on demand for any price.

5. Participation of the employees is also proposed at operational level so that they become more effective while executing the plans.
6. It is suggested not to believe any information provided by any external agency for long term planning purposes because it is not always a definite information.

7. The organisation is suggested to offer a package of other services also which are not usually a part of the package and which do not cost anything to the organisation. For example, inviting a few of them home, taking them to places other than of tourists interests and involving them in social life.

8. Organisation is also suggested to introduce the changes in various procedures to avoid monotony in a job. It is proposed to create a para professionals in all its functions areas (3).

9. It is proposed for the organisation to be as much decentralised at operational level as possible because of the nature of trade which needs very quick decision making (4). On the planning and policy making level more centralisation is suggested

10. As far as possible the use of specialists is desired which is the necessity of the trade.

11. Depending on the volume of work and capabilities of manager the span of control is decided which is proposed to be in 5:1 ratio.
12. As far as possible the groups and committee, it is proposed, should not be used for decision making as the nature of trade requires quick decisions.

13. It is also proposed to be as formal as possible so far as the organisational climate is concerned which is again the requirement of the trade.

14. Because of the frequent changes in various tourism market the organisational structure is proposed to be flexible to adopt the necessary change and regrouping of activities.

15. The technical skills are not very much required in the trade as compared to personal skills therefore it is suggested to give due weightage to these skills while appraising the performance of the personnel (The Format to this effect has been given in the last part of this Chapter)

16. It is proposed to give some written material to the new comers regarding the philosophy of the organisation, the job that he expected to perform and he should be attached to his immediate executive. On the job training is proposed for the new comer because of the nature of job. For some time Job Rotation Training (JRT) may also be given.

17. Level of compensations are suggested to be at par with other firms of the industry because every one more or
less knows everyone in the trade and otherwise practice in the level of compensation may result in high labour turnover.

18. Most of the organisations feel it difficult to get the desired kind of personnel, therefore, it is suggested to recruit the fresh candidate and to develop him according to the specific requirements of the organisations.

19. Since the people with whom management has to deal are of highly sophisticated in nature and have pleasing personality, it is suggested to the management to be more participative as it has also been revealed in case of all the organisations studied.

20. It is suggested to use monetary and non-monetary incentives to motivate the personnel and motivation without these have not been found successful in the organisation.

21. It is proposed to use informal written communication in directing and motivating the personnel. Since the execution of operations requires very minor but very significant details (5), therefore a formal written communication is suggested.

22. The organisation is suggested to use strategic performance and control standards in all functional areas of management which is given below.
less knows everyone in the trade and otherwise practice in the level of compensation may result in high labour turnover.

18. Most of the organisations feel it difficult to get the desired kind of personnel, therefore, it is suggested to recruit the fresh candidate and to develop him according to the specific requirements of the organisations.

19. Since the people with whom management has to deal are of highly sophisticated in nature and have pleasing personality, it is suggested to the management to be more participative as it has also been revealed in case of all the organisations studied.

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21. It is proposed to use informal written communication in directing and motivating the personnel. Since the execution of operations requires very minor but very significant details (5), therefore a formal written communication is suggested.

22. The organisation is suggested to use strategic performance and control standards in all functional areas of management which is given below.
22.1 It is suggested to not only set the targets in terms of number of tourists to be handled in a year and compare it with previous year but also to look at their length of stay. Because even if the number of tourists handled in a year remain the same as compared to previous year but the company has somehow managed their stay a little longer than that of their previous stay, it will still get a higher revenue. An illustration will make it clear which is given at the end of this Chapter (6).

22.2 It is proposed to prepare the following budgets and the frequency of their review is left to size of organization.

1) Finance budget
2) Sales budget
3) Gross expenses budget:
   a) Fixed gross expense budget
   b) Variable gross expense budget
4) Profit budget
5) Manpower budget
6) Miscellaneous budgets.

One of the following frequencies may be taken for review of the budget.

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Finance budget</th>
<th>Sales budget</th>
<th>F.gr. budget</th>
<th>V.gr. budget</th>
<th>Profit budget</th>
<th>M.P. budget</th>
<th>Misc. budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fortnightly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quarterly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Half-yearly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yearly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
23. Since the planning and budgetary control seems to very much missing during the course of investigation, therefore, a full length discussion with hypothetical figures is given here to enable the user to exercise better control. It is to be noted that this particular proposal is mainly based on use of accounting information for planning and control purposes.

23.1 It is suggested to make use of Proforma Financial Statement which are nothing but merely the projections of the Financial Status of a firm at specified future dates. Out of many sources of information on which the control will base, ratio analysis is one, which can be grouped into three kinds for this industry which is as follows (7).

23.1a Profitability Ratios:
   (i) Return on owner’s/partner’s/proprietor’s capital, referred to ROE
   (ii) Return on Assets (ROA)
   (iii) Return on Operating Revenues (ROR)

23.1b Flexibility Ratios:
   (i) Liquidity Position (L.P.)
   (ii) Liability to Owners Equity (L.O.E.)

23.1c Assets Utilisation OR Effectiveness Ratios:
   (i) Assets Turnover (AT)
   (ii) Accounts Receivable Turnover (ART)
For illustration purpose, a hypothetical position statement and income-expense statement is given below as EXHIBIT 9.1.

"BALANCE SHEET AND INCOME STATEMENT, AS A BASIS TO DEVELOP RELATIONSHIP AND TO MAKE USE OF PROFORMA FINANCIAL STATEMENTS"

EXHIBIT 9.1

M/S Hypothetical Travels Ltd.

Balance Sheet as on December 31, 19XX

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cash (including Bank Balance)</td>
<td>40,000</td>
</tr>
<tr>
<td>Accounts Receivables</td>
<td>20,000</td>
</tr>
<tr>
<td><strong>Total Current Assets (CA)</strong></td>
<td>60,000</td>
</tr>
<tr>
<td><strong>Long Term Assets (LTA)</strong></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>13,000</td>
</tr>
<tr>
<td>Furniture &amp; Fixtures</td>
<td>12,000</td>
</tr>
<tr>
<td>Other Office Equipments</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Total Assets (TA)</strong></td>
<td>100,000</td>
</tr>
</tbody>
</table>
LIABILITIES & EQUITIES

Current Liabilities (CL)

- Accounts Payable: 20,000
- Customers advances: 10,000
- Other Current Liabilities: 10,000

Total Current Liabilities: 40,000

Long Term Liabilities

- Owner's Equity (OE): 40,000
- Accounts Payable: 20,000

Total Liabilities & Eq.: 100,000

M/S Hypothetical Ltd.

Income Statement as on December 31, 19XX

<table>
<thead>
<tr>
<th>(Gross Operating Revenue)</th>
<th>GOR</th>
<th>%</th>
<th>Commission</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income from FIT</td>
<td>400,000</td>
<td>53</td>
<td>30,000</td>
<td>50</td>
</tr>
<tr>
<td>Gross Income from GIT</td>
<td>344,000</td>
<td>46</td>
<td>24,000</td>
<td>40</td>
</tr>
<tr>
<td>Hotel Commission net</td>
<td>4,000</td>
<td>.6</td>
<td>4,000</td>
<td>6</td>
</tr>
<tr>
<td>Other revenues net</td>
<td>2,000</td>
<td>.4</td>
<td>2,000</td>
<td>4</td>
</tr>
<tr>
<td>Total Operating Revenue</td>
<td>750,000</td>
<td>100</td>
<td>60,000</td>
<td>100</td>
</tr>
<tr>
<td>Description</td>
<td>Amount</td>
<td>Percent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>--------</td>
<td>---------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment to Creditors</td>
<td>690,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Operating Revenue (NOR)</td>
<td>60,000</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Expenses</strong> (OE)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manageable Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wage &amp; Salary</td>
<td>30,000</td>
<td>50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees Welfare</td>
<td>1,200</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adv. &amp; Promotion</td>
<td>1,200</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Communication</td>
<td>1,800</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Expenses</td>
<td>1,200</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Exp.</td>
<td>600</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Operating Exp. (TOE)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Operating Income (NDI)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Salaries</td>
<td>9,000</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Fee</td>
<td>1,800</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent etc.</td>
<td>4,200</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>1,200</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>600</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>1,200</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Operating Exp. (TOE)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Operating Income (NDI)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Operating Expenses (TOE): 6,000

Net Operating Income (NDI): 10
EXHIBIT 9.1 CONTINUED

Calculations based on 9.1

(23.1a.I) $ROE = \frac{NOI}{ROE} \times 100$
$= \frac{6,000}{40,000} \times 100$
$= 15\%$

(23.1a.II) $ROA = \frac{NOI}{TA} \times 100$
$= \frac{6,000}{100,000} \times 100$
$= 6\%$

(23.1a.III) $ROR = \frac{NOI}{NOR} \times 100$
$= \frac{6,000}{60,000} \times 100$
$= 10\%$

(23.1b.I) $L.P(8) = \frac{CA}{CL}$
$= \frac{60,000}{40,000}$
$= 1.5 \text{ is To 1}$

(23.1b.II) $LOE(9) = \frac{TL}{OE}$
$= \frac{60,000}{90,000}$
$= 1.5 \text{ is To 1}$

(23.1c.I) $AT(10) = \frac{NOR}{TA}$
$= \frac{6,000}{100,000}$
$= 6 \text{ Times}$

(23.1c.II) $ART(11) = \frac{Total \text{ Credit Sales}}{Arg \ AR}$
$= \frac{150,000}{10,000}$
$= 15$

OR $(360 / 15) = 24 \text{ Days}$.

A format for exercising control through this technique is given as annexure no.11 in which the data for different years can be filled in and used to take a decision.

(23.2) It is suggested to exercise control through long term planning, which inturn should be broken down to annual profit plan and from the annual profit plan a monthly plan can be made. The following illustration may be of help in making a five year plan.
Assumed: (a) Basis is EXHIBIT 9.1 and Planned

(h) To earn 14% Return on Assets at the end of 5th year

(c) To generate a net revenue of Rs.21,000 at the end of 5th year

(d) To increase the operating revenue from 750,000 to 1,500,000

(e) To increase the commission percentage on gross operating revenue from 8 to 10%

(f) To end down the operating expenses from 90 percent of operating revenue to 86%

(Illustration on next page)
## Exhibit 9.2

**M/S Hypothetical Travels Ltd.**

**Proforma Income Statement For Years From 19XX to 19XX ‘Dec. 31st’**

Figures in ‘000’ Rs.

<table>
<thead>
<tr>
<th>Targets</th>
<th>Year 0</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
</tr>
<tr>
<td><strong>A: Commission</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income (Targets)</td>
<td>750</td>
<td>100</td>
<td>1000</td>
</tr>
<tr>
<td>Operating Rev.</td>
<td>60</td>
<td>8</td>
<td>85</td>
</tr>
<tr>
<td><strong>B: Operating Exp. (Targets)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comm. Income</td>
<td>60</td>
<td>100</td>
<td>85</td>
</tr>
<tr>
<td>Manageable Exp.</td>
<td>36</td>
<td>60</td>
<td>48</td>
</tr>
<tr>
<td>Committed Exp.</td>
<td>18</td>
<td>30</td>
<td>27</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>54</td>
<td>90</td>
<td>75</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>6</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Targets</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
</tr>
<tr>
<td><strong>A: Commission</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income (Targets)</td>
<td>1250</td>
<td>100</td>
<td>1350</td>
</tr>
<tr>
<td>Operating Rev.</td>
<td>118</td>
<td>9.4</td>
<td>130</td>
</tr>
<tr>
<td><strong>B: Operating Exp. (Targets)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comm. Income</td>
<td>118</td>
<td>100</td>
<td>130</td>
</tr>
<tr>
<td>Manageable Exp.</td>
<td>70</td>
<td>59</td>
<td>76</td>
</tr>
<tr>
<td>Committed Exp.</td>
<td>32</td>
<td>27</td>
<td>36</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>102</td>
<td>86</td>
<td>112</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>16</td>
<td>14</td>
<td>18</td>
</tr>
</tbody>
</table>
23.3 As said earlier in 23.2, this plan can be broken into an annual plan to facilitate the planning process and to make it more effective. Following steps may guide in the preparation of annual profit plan which is illustrated below:

Assumed: THAT

a) Year 1 of EXHIBIT 9.2 is a basis for data

b) Many changes are likely to take place in coming year such as:

   1) Promoting an employee, means increase in the wage packet.

   11) Hiring one more employee will increase wage bill

   iii) Committed expenses will also go up because of renewal of contracts etc.

   iv) Professional charges may also increase and so is with other expenses.

**EXHIBIT 9.3**

M/S Hypothetical Travels Ltd.

*Proforma Annual Profit Plan As On 31st Dec. 19X1*

| Rs. | 85,000 | 100% |
| Commission Income | |
| Operating Expenses | |
| Manageable | |

| Wages & Salaries | 39,000 | 46% |
| Employees Welfare | 1,800 | 2 |
| Adv. & Promotion | 1,800 | 2 |
| Gen. Communication | 2,700 | 3 |
| Office Expenses | 1,800 | 2 |
| Miscellaneous Expenses | 900 | 1 |
| Total Manageable Exp. | 48,000 | 56% |
Committed Expenses

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin. Expenses</td>
<td>13,500</td>
<td>16%</td>
</tr>
<tr>
<td>Professional Fee</td>
<td>1,800</td>
<td>2%</td>
</tr>
<tr>
<td>Rent etc</td>
<td>7,200</td>
<td>8%</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,800</td>
<td>2%</td>
</tr>
<tr>
<td>Interest</td>
<td>1,200</td>
<td>2%</td>
</tr>
<tr>
<td>Taxes</td>
<td>1,500</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total Committed Exp.</strong></td>
<td><strong>27,000</strong></td>
<td><strong>32%</strong></td>
</tr>
</tbody>
</table>

Total Operating Expenses: 75,000 (88%)
Net Income: 10,000 (12%)

23.4 From the above annual profit plan, it is suggested to make a monthly plan. For this it is suggested to construct a seasonality index depending on the volume of business expected in different months. (A seasonality index has been given at the end of this chapter as Annexure No.III). Following illustration is given for monthly profit plan.

Assumed: a) Exhibit 9.3 and Annexure III is the source of data and
b) For expense calculation, it is distributed equally over 12 months.
c) Adv. Exp. is divided into two phases of Rs.1,000 and 800 each.
EXHIBIT 9.4

M/S Hypothetical Travels Ltd.

Monthly Profit Plan as on Jan. 1, 19X1

<table>
<thead>
<tr>
<th>Operating Income</th>
<th>Rs.</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Income</td>
<td>8,500</td>
<td>100%</td>
</tr>
</tbody>
</table>

Operating Expenses

<table>
<thead>
<tr>
<th>Manageable</th>
<th>Rs.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages &amp; Salaries</td>
<td>3,250</td>
<td>38%</td>
</tr>
<tr>
<td>Employees Welfare</td>
<td>150</td>
<td>2%</td>
</tr>
<tr>
<td>Adv. &amp; Promotion</td>
<td>800</td>
<td>9%</td>
</tr>
<tr>
<td>Gen. Communication</td>
<td>225</td>
<td>3%</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>150</td>
<td>2%</td>
</tr>
<tr>
<td>Miscellaneous Expenses</td>
<td>75</td>
<td>1%</td>
</tr>
<tr>
<td>Total Manageable Exp.</td>
<td>4,650</td>
<td>55%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Committed Expenses</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Op. Expenses</td>
<td>6,900</td>
</tr>
<tr>
<td>Net Income</td>
<td>1,600</td>
</tr>
</tbody>
</table>

24. As stated at the end of chapters pertaining to case studies that the control over personnel is not really tight and control system does not exist, it is suggested to use two kinds of control over employees.

24.1 a) Employees Efficiency Analysis (8)

24.1 b) Employees Effectiveness Analysis (9)

24.1.a To determine employees efficiency, it is suggested to calculate the average cost per hour, per employee and the revenue generated by each employee. This will give the efficiency of employee when the number of transactions performed by him are evaluated against set standards, the illustration follows:
**Assumed:**

a) Annual Salary of an employee = Rs.24,000

b) Other benefits = Rs. 6,000

c) Annual Hours of working = 2,000

d) Time required to sell FIT Tour = 24 mts. or 40/100 hrs.

e) Time required to sell GIT Tour = 36 mts. or 60/100 hrs.

f) Time required to earn Misc. Income = 18 mts. or 15/100 hrs.

g) Average income per cent = 10

h) Other Expenses = 50% of employee’s salary & welfare.

**EXHIBIT 9.5**

Calculations

- Average employee cost per hour = \( \frac{30,000}{2,000} \) = Rs.15

- Cost per sale
  - FIT .40*15 = 60
  - GIT .60*15 = 90
  - MISC .30*15 = 45

- Rupee sale needed to cover employee cost:
  - FIT 60/.10 = 600
  - GIT 90/.10 = 900
  - MISC 45/.10 = 450

- Total Cost = Employees cost per hour x 2
  - FIT 600*2 = 1200
  - GIT 900*2 = 1800
  - MISC 450*2 = 900

**Verification**

If one further assumes, for verification that employee did sell the tour in a given period of time, the revenue and cost calculation will be as follows, as shown in **EXHIBIT 9.5**, next page.

192
### EXHIBIT 9.5
Continued

<table>
<thead>
<tr>
<th></th>
<th>FIT</th>
<th>GIT</th>
<th>MISC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (Rs.)</td>
<td>1200</td>
<td>1800</td>
<td>900</td>
</tr>
<tr>
<td>Income (10%)</td>
<td>120</td>
<td>180</td>
<td>90</td>
</tr>
<tr>
<td>- per hour cost</td>
<td>60</td>
<td>90</td>
<td>45</td>
</tr>
<tr>
<td>- other cost</td>
<td>60</td>
<td>90</td>
<td>45</td>
</tr>
<tr>
<td>Net Income</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
</tr>
</tbody>
</table>

It is verified that by making sales of above volume per hour, employee is able to recover the amount spent by the company on him. Now actual performance evaluation can be done by comparing the past break-even points with the present one, for this it is

**Further Assumed:**

There were following break-even levels and actual levels

<table>
<thead>
<tr>
<th>Break-even level</th>
<th>Actual</th>
<th>Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIT (Income)</td>
<td>60</td>
<td>55</td>
</tr>
<tr>
<td>GIT (Income)</td>
<td>90</td>
<td>100</td>
</tr>
<tr>
<td>MISC (Income)</td>
<td>45</td>
<td>50</td>
</tr>
</tbody>
</table>

From the above calculations, a logic can be developed to make sure that on an average what an employee should generate in the form of sales to cover his own cost to the company and in addition to that the reasonable margin of profit.
Following formula can be used to determine his/her per hour efficiency (calculations are based on exhibit 9.2 unless specified).

1. Per Hour Employee’s Cost = Annual Benefits/Hrs. worked.
2. Total per Hour Cost = Per Hour Emp, Cost * 2
3. Break Even Hourly Rate = Total Hourly Cost/Income percentage
4. Break Even Sales price = Break Even Hourly Rate * Time required to complete a transaction

Illustration of above formula.

1. \( \frac{30,000}{2000} = Rs.15 \)
2. \( 15 \times 2 = Rs.30 \)
3. \( \frac{30}{.10} = Rs.300 \)
4. \( 30 \times 0.40 \text{ Hrs.} = 120 \)

If an employee, who takes on an average 0.40 hours to complete a job, generates a revenue of rupees 120, he covers total cost that the company is spending on him. More he covers, more efficient he is for the company. The same logic can be used while submitting the quotation and so on.

(24.1.b) In order to determine the effectiveness of the employees, it is proposed to use the opinion of the end user of the product i.e., the client. For this their opinion can be taken by distributing questionnaires to them and the data so obtained can be analysed for further improvements. A sample format of the questionnaire is given as Annexure IV.

25. While comparing the performance with past records, it is suggested to first determine the industry performance in past and current year both and then to proceed on for comparison. To put it more clearly, industry volume variance is to be calculated, which can be illustrated below in EXHIBIT 9.6.
EXHIBIT 9.6

<table>
<thead>
<tr>
<th></th>
<th>19X1</th>
<th>19X2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bed nights (industry)</td>
<td>10,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Bed nights (Firm)</td>
<td>2,000</td>
<td>2,500</td>
</tr>
<tr>
<td>Increase in business (Firm)</td>
<td>-</td>
<td>25%</td>
</tr>
<tr>
<td>Increase in business Industry</td>
<td>-</td>
<td>50%</td>
</tr>
</tbody>
</table>

If one goes by the comparison based on its past records, one may feel reasonably satisfied with growth of 25% but if one goes a little deeper into this aspect, one observes that in year 19X1, the firm's share was 20% which in fact has been reduced to 17% in 19X2 year.
APPLICABILITY OF RESEARCH:

Some of the important applications of proposed research would be as follows:

a) It will bridge an existing research gap which has not been taken up by management scientists so far. Only attention has been paid on development of tourism. Now-a-days when no literature goes without emphasising the importance of management in every sphere of life, the study seems timely and important.

b) Better co-ordinated management system will be applicable to tourism industry that will result in overall improvement in industry.

c) Being exploratory research, no specific hypotheses are being used, but the study is expected to open newer areas of research.

d) It would also strengthen the base of tourism management as a developing subject.

e) The study also provides a foundation upon which the researcher may continue to explore the potential improvement in the management structure.
Future Direction for Research:

The present study has covered a very small segment of tourism industry in India which is inbound tourism part of a tour operator's business. It is possible and will be of interest also if the future research is undertaken in the following areas with different emphasis.

1) The management functions - how far applicable in a travel agency business.

2) the principle of management - how far the service industry specially tourism is aware of and makes use of that.

3) The functions of management - how far applicable in tour operators business specially in out-bound tourism.

4) Another important study can also be made with a view to bring about improvements in travel trade (travel agents tour operators - inbound and outbound both) on the basis of functional areas of management:
   a) Marketing
   b) Finance
   c) Personnel

5) Farmer, & Richmen have also extended the present model by giving a complete listing of critical elements of the management process to include major policy areas of management (Koontz H. and O'Donnel C. "Management: A System and Contingency
Analysis of Managerial Functions", Sixth Edition, Mac Grawhill - International Students Edition, p.109). The functional areas have been studied and each functional area has further been provided with a few critical elements, like in marketing channel of distribution and types and location of customers etc. The study can cover that aspect to strengthen the present study and can present the finest structure before the service industry in general and tourism in particular.

Limitation of the Study:

The generalisability of the research is restricted due to certain reasons and limitations. Most of these limitations are self-imposed restrictions during the course of research specially for keeping the research within manageable limit.

The study is based on the adapted model suggested by Farmer and Richman (given in the appendix) and all the functions of management as applied in tourism have been studied. The details of each function as applied in Travel Agencies have also been explored. But one can not say with certainty that all the important and relevant details have been covered in the study. Future researcher may consider whether some more aspects need to be included for the analysis. The study was limited to inbound tourism only and the companies dealing in other aspects of tourism were
excluded. It may be useful to investigate if the differences in the nature of company's activities make any difference in the applicability of management functions.

The size of the sample is an important limitation. This is basically due to the fact that the research is purely exploratory one and the main source of data is primary one. Moreover the data from the primary sources also had to be collected from the top executives of the respective companies, not less than number three in the hierarchy which was the most difficult part of it due to their non-availability. The interviews could have been taken from the middle level executives but for want of accuracy that was not done. This size of the sample can not be used for giving the final findings. A larger sample is desirable for the confirmation of the present findings which are tentative.

Further the views of the employees have not been taken on any of those aspects which involves employees. Whatever management has said has been considered in the analysis. For example on the participation of employees in the planning, or on the friction of over the use of authority and responsibility relationship or on the cooperation and trust among the employees etc. have not been considered from the employees' point of view.
References and Notes to Chapter Nine

1) For example, if a tour programme has been fixed to be operated on certain dates, at certain places, the airline seat, hotel accommodation and other facilities would have been booked on those pre-programmed dates only. A minor change in the schedule will make it impossible to get an airline seat at very short notice and also making reservations for hotels etc. will also become expensive because of extensive use of communication, hence the cost will go up even if it is materialised.

2) For example the service has to be made available on demand which is not possible in the case an airline seat because of monopoly of Indian Air Lines Corporation. Therefore, pre-programming is a must.

3) By creating para-professionals in all functional areas, it is meant that each employee should know some aspects of the job which the other one does and be capable of handling the same in case of emergency. For example, one who simply plans sales from the base should also be able to effect a transfer in the case of emergency.

4) For example, if the requested transport is not available at the time of arrival, the executive should
be authorised to take a decision on his own and should not wait for a clearance from the top.

5) For example, if an executive is verbally communicated that a client needs a transfer on IC 407 on 07/08 and the executive overhears it as IC 417 on 08/07, the whole programme may get disturbed.

6) Following illustration will make it clear:

Assumed: Revenue earned per person per day equals to Rs.25

\[
\begin{array}{ccc}
\text{19XX} & \text{19XX1} \\
\text{No. of persons handled} & 200 & 200 \\
\text{Average stay (days)} & 20 & 22 \\
\text{Revenue earned} & \text{(persons \times days \times per day revenue)} & 100,000 & 110,000
\end{array}
\]

If the company goes by number of persons handled in different years for comparison basis, it will notice no improvement in its performance but the improvement of Rs.10,000 (110,000 - 100,000) is very much there.

Therefore it is suggested that instead of using the no. of persons for comparison, no. of nights/days spent should be taken for calculation which can be expressed as follows:

\[
\text{Per Person Revenue} = \text{No. of persons} \times \text{no. of nights spent by him}
\]

Now it becomes a reliable measure for comparison.
7) While writing this particular point a great deal of assistance has been taken from the book 'Accounting for the Travel Agent: An Approach to Effective Management' by Donald L. Madden, The University Press of Kentucky, 1972, pp.121-172.

8) Efficiency for example, refers to the relationship between input and output provided to and generated by an employee. An employee is said to be efficient if he uses less input for more output.

9) Employee will be called effective only if while being efficient he is not doing anything which is against the organisational goals. For example, an executive may be efficient in collecting money from the clients but if his behaviour has displeased a client, he cannot be called an efficient executive.
Annexure-II

M/s Hypothetical Travel Limited

Proforma for long term financial relationship

<table>
<thead>
<tr>
<th>Years</th>
<th>19x1</th>
<th>19x2</th>
<th>19x3</th>
<th>19x4</th>
<th>19x5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Equity</td>
<td>xx%</td>
<td>xx%</td>
<td>xx%</td>
<td>xx%</td>
<td>xx%</td>
</tr>
<tr>
<td>Return on Assets</td>
<td>xx%</td>
<td>xx%</td>
<td>xx%</td>
<td>xx%</td>
<td>xx%</td>
</tr>
<tr>
<td>Return on Op. Revenue</td>
<td>xx%</td>
<td>xx%</td>
<td>xx%</td>
<td>xx%</td>
<td>xx%</td>
</tr>
<tr>
<td>Liquidity Position</td>
<td>xx:1</td>
<td>xx:1</td>
<td>xx:1</td>
<td>xx:1</td>
<td>xx:1</td>
</tr>
<tr>
<td>Liability to Owner's Equity</td>
<td>xx:1</td>
<td>xx:1</td>
<td>xx:1</td>
<td>xx:1</td>
<td>xx:1</td>
</tr>
<tr>
<td>Assets Turnover</td>
<td>xxT</td>
<td>xxT</td>
<td>xxT</td>
<td>xxT</td>
<td>xxT</td>
</tr>
<tr>
<td>Accounts Receivable Turnover</td>
<td>xxD</td>
<td>xxD</td>
<td>xxD</td>
<td>xxD</td>
<td>xxD</td>
</tr>
</tbody>
</table>

T = Time;  D = days
## Proforma of seasonality index

<table>
<thead>
<tr>
<th>Month</th>
<th>Volume (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>10</td>
</tr>
<tr>
<td>February</td>
<td>8</td>
</tr>
<tr>
<td>March</td>
<td>7</td>
</tr>
<tr>
<td>April</td>
<td>8</td>
</tr>
<tr>
<td>May</td>
<td>6</td>
</tr>
<tr>
<td>June</td>
<td>11</td>
</tr>
<tr>
<td>July</td>
<td>10</td>
</tr>
<tr>
<td>August</td>
<td>8</td>
</tr>
<tr>
<td>September</td>
<td>7</td>
</tr>
<tr>
<td>October</td>
<td>8</td>
</tr>
<tr>
<td>November</td>
<td>10</td>
</tr>
<tr>
<td>December</td>
<td>7</td>
</tr>
</tbody>
</table>

100
Dear Friends,

We believe that you will help us in improving the quality of service provided to you. Please feel free to fill in the following details to enable us to serve you better.

**Personal Information : (Optional)**

1. Name :
2. Age : ........Years
3. Sex (M) (F)
4. Nationality :
5. Was it your first visit to India Yes No
6. If no, when did you visit last ...........
7. What do you feel of our following services:
   6.1 Reception at Arrival
   6.2 Transport for arrival transfer
   7. Reception at the hotel
   7.1 Hotel Room
   7.2 Food
   7.3 Other Facilities
   8. Sight-seeing
   8.1 Guide Expressions
   8.2 Sight as a whole
   8.3 Shopping etc.
   9. Transfer to other destination :
   9.1 Carrier Service
   9.2 Escort Service

Designation : ________________ (Signature)

* Similarly the questionnaire can be had at various destinations that he/she has corrected.
Appendix-I

Farmer & Richman Model

Critical Elements of the Management Process:

Planning and Innovation

1.1 Basic organisational objectives pursued and the form of their operational expression

1.2 Types of plans utilized

1.3 Time horizon of plans and planning

1.4 Degree and extent to which enterprise operations are spelled out in plans (i.e. preprogrammed)

1.5 Flexibility of plans

1.6 Methodologies, techniques and tools used in planning and decision making

1.7 Extent and effectiveness of employee participation in planning

1.8 Managerial behaviour in the planning process

1.9 Degree and extent of information distortion in planning

1.10 Degree and extent to which scientific method is effectively applied by enterprise personnel - both managers and non-managers - in dealing with causation and futurity problems

1.11 Nature, extent, and rate of innovation and risk taking in enterprise operations over a given period of time

1.12 Ease or difficulty of introducing changes and innovation in enterprise operations

Control:

206
2.1 Types of strategic performance and control standards used in different areas: e.g. production, marketing, finance, personnel

2.2 Types of control techniques used

2.3 Nature and structure of information feedback systems used for control purposes

2.4 Timing and procedures for corrective action

2.5 Degree of looseness or tightness of control over personnel

2.6 Extent and nature of unintended effects resulting from the over-all control system employed

2.7 Effectiveness of the control system in compelling events to conform to plans

**Organisation:**

3.1 Size of representative enterprise and its major subunits

3.2 Degree of centralization or decentralization of authority

3.3 Degree of work specialization (division of labour)

3.4 Span of control

3.5 Basic departmentation and grouping of activities. Extent and uses of service departments

3.6 Extent and uses of staff generalists and specialists

3.7 Extent and uses of functional authority

3.8 Extent and degree of organisational confusion and friction regarding authority and responsibility relationships
3.9 Extent and uses of committee and group decision making
3.10 Nature, extent, and uses of the informal organisation
3.11 Degree and extent to which the organisation structure (i.e. the formal organisation) is mechanical or flexible with regard to causing and/or adapting to changing conditions

Staffing:
4.1 Methods used in recruiting personnel
4.2 Criteria used in selecting and promoting personnel
4.3 Techniques and criteria used in appraising personnel
4.4 Nature and uses of job descriptions
4.5 Levels of compensation
4.6 Nature, extent, and time absorbed in enterprise training programs and activities
4.7 Extent of informal individual development
4.8 Policies and procedures regarding the layoff and dismissal of personnel
4.9 Ease or difficulty in dismissing personnel no longer required or desired
4.10 Ease or difficulty of obtaining and maintaining personnel of all types with desired skills and abilities

Direction, leadership, and motivation:
5.1 Degree and extent of authoritatian vs. participative management (This relates to autocrats vs. consultative direction)
5.2 Techniques and methods used for motivating managerial
5.3 Techniques and methods used for motivating non-managerial personnel

5.4 Supervisory techniques used

5.5 Communication structure and techniques

5.6 Degree and extent to which communication is ineffective among personnel of all types

5.7 Ease or difficulty of motivating personnel to perform efficiently, and to improve their performance and abilities over time (irrespective of the types of incentives that may be utilized for this purpose)

5.8 Degree and extent of identification that exists between the interests and objectives of individuals, work groups, departments, and the enterprise as a whole

5.9 Degree and extent of trust and cooperation or conflict and distrust among personnel of all types

5.10 Degree and extent of frustration, absenteeism and turnover among personnel

5.11 Degree and extent of wasteful time and effort, resulting from restrictive work practices, unproductive bargaining, conflicts etc.

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