



# The Growth of Tourism & its Impact on the Economy of Goa

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## Abstract

This research paper investigates the growth of tourism and its profound impact on the economy in Goa, India. As tourism continues to play a vital role in national GDP growth globally, this study aims to understand the intricate relationship between tourism and economic development. Despite extensive empirical research, there remains inconclusive evidence regarding the exact impact of tourism on economic growth. The paper explores the Tourism-led economic development hypothesis (TLGH), emphasizing the positive multifaceted outcomes of tourism on an economy. Goa, a coastal paradise, is emblematic of how tourism can act as a catalyst for economic development. The study delves into the historical background, legislative initiatives, and cultural elements that have contributed to Goa's transition from a serene coastal town to a bustling tourist destination. It examines the challenges faced in balancing economic progress with environmental preservation and cultural sustainability. The review of literature demonstrates Goa's unique case as an example of how tourism can stimulate economic growth while preserving cultural heritage. Insights from various studies in Goa highlight the need for sustainable tourism practices, local community involvement, and government policies to ensure long-term success. The paper concludes with recommendations for fostering sustainable tourism, focusing on long-term planning, community involvement, diversification, service standards, crisis management, environmental responsibility, skill development, continued monitoring, cultural preservation, collaborative efforts, and effective marketing strategies. Lessons from Goa's experience can guide future policies to achieve economic success while maintaining the essence that makes destinations unique.

## Keywords

Strategic management, Organisational performance, Strategy implementation, Issues management

## 1. Introduction

Strategic planning (SP) is one of the most popular management approaches in contemporary organisations, and it is consistently ranked among the five most popular managerial approaches worldwide (George, Walker et al. 2019). The term "strategy" originates from the Greek word "strategos," which means "the responsibilities of a general." The term "planning" in management is a process of preparing ways to use resources more economically and efficiently so that the company's purpose is achieved (Jayawarna & Dissanayake 2019). Strategic planning can be defined as using systematic criteria and rigorous investigation to formulate, implement and control strategy and formally document organisational expectations. Strategic planning is a process by which we can envision the future and develop the necessary procedures and operations to influence and achieve that future (Monye & Ibegbulem, 2018).

Effective strategic management is pivotal for organisational success, as managers' focus on well-crafted strategies directly influences performance, with global examples showcasing the benefits of clear strategic decisions in achieving objectives (Khoshtaria, 2018). Over the past 30 years, extensive research has explored the impact of

formal strategic planning (FSP) on organisational performance. Initial studies suggested a positive relationship, but subsequent research found inconclusive results. Some argue that FSP may introduce rigidity and bureaucracy while acknowledging potential non-financial benefits to the organisation (Glaister, Dincer et al. 2008). Organisational performance (OP) is a central concept of public management research and practice (George, Walker et al. 2019). Recent studies have stressed that OP is not a uni-dimensional construct but includes many different dimensions (Hubbard 2009, Walker, Boyne et al. 2010; Andersen, Boesen et al. 2016). Scholars seek to understand how various dimensions, from efficiency to societal outcomes, are influenced by management, organisational factors, and the environment in organisational performance research (Fisk, 2010).

Public management research often distinguishes between public and private organisations, with numerous studies exploring these distinctions (Boyne, 2002) discovered that Public organisations are typically more bureaucratic, with lower managerial commitment. This can hinder the effectiveness of strategic planning (SP) as it relies on organisational commitment and can be further hindered by excessive procedures and regulations. Similarly, (Buelens and Van den Broeck, 2007) argued that employees in the public sector are less driven by external rewards than their private sector counterparts, which could make it difficult to motivate public sector employees to actively engage in SP through external incentives. Alternatively, (2011) debunked many of the myths underlying stereotypical public and private sector differences, implying that the impact of SP on OP could be the same in both sectors. The unresolved issue of SP effectiveness in public organisations introduces the public-private sector distinction as a moderating factor in this ongoing debate (George, Walker et al. 2019).

Strategic planning is a demanding process that requires patience, perseverance, and strong teamwork to breathe life into an organisation's mission and vision. It enables the achievement of desired goals and objectives by facilitating effective decision-making, even in day-to-day operations, providing a comprehensive understanding of the organisation's direction and purpose. Strategic planning gives you clarity about what you want to achieve, so strategic planning is a road map to lead an organisation from its current position today to where it should be tomorrow. Therefore, many researchers have proven that strategic planning improves the success of an organisation (Abdalkrim, 2013).

## 2. Objectives

The main objective of the study is to re-evaluate the planning performance relationship in organisations and determine the extent to which strategic planning affects performance in an organisation under study. The specific objectives include:

- I. To understand the relationship between strategic management and organisational performance, and impact of strategic management on organizational performance
- II. To ascertain that strategic planning enhances better organisational performance and profitability.

## 3. Literature Review

Strategic planning is the systematic and organised process whereby an organisation creates a document indicating the way it plans to progress from its current situation to the desired future situation. It is the set of decision-making criteria and the decisions taken and implemented by an organisation to definitively and permanently guide its activities and structure (Perera & Peiró, 2012).

Strategic planning has a moderate and notable influence on organisational performance, whether in private or public sectors and within various global contexts (George, Walker et al. 2019). There are many aspects of financial performance associated with long-range planning. Some researchers found that growth in terms of size and assets was influenced by strategic planning (Andersen 2004, Skokan, Pawliczek et al. 2013; Abosedo, Obasan et al. 2016). (Baker 2003) formal strategic planning can serve as a tool applicable to various food processing companies to improve their financial performance. A survey of 1,000 CEOs across five food processing industries assessed their firms' strategic planning practices and financial performance using average pretax return on assets (ROA). In a study of Turkish manufacturing companies, (Glaister, Dincer et al. 2008) discovered a robust and positive correlation between formal strategic planning and company performance. They observed that the beneficial impact of formal strategic planning on performance is more pronounced when there is high environmental turbulence compared to low turbulence. Furthermore, the positive effect of formal strategic planning on performance is amplified in organisations with more organic structures rather than mechanistic ones. Additionally, the study

concluded that the formal strategic planning-performance relationship becomes stronger as the firm's size increases.

(Aldehayyat and Twaissi 2011) identified a robust and positive correlation between strategic planning and the performance of small industrial publicly traded companies in Jordan. Results confirm senior and middle management involvement, environmental analysis, and strategic tool adoption. A study on micro, small, and medium-sized enterprises in the Czech and Slovak Republic found that detailed strategic planning significantly improved performance (Skokan, Pawliczek et al. 2013). (Sandada, Poore et al. 2014) Found a positive link between strategic planning and SME performance. They identified key components of strategic planning through factor analysis, correlation, and regression analysis. (Wijethunge and Pushpakumari 2014) a study of manufacturing SMEs in the Western Province of Sri Lanka found that SMEs are moderately engaged in the strategic planning, and there is a positive relationship between strategic planning and business performance. Information was gathered by means of structured questionnaires administered in person to 275 small and medium-sized enterprise (SME) owners and managers in the Western province. Business performance was measured in annual sales, profit, number of employees, market share and investment in the business (Jayawarna & Dissanayake, 2019).

#### 4. Discussion

This research contributes to understanding how organisations can leverage comprehensive strategic planning to effectively utilise surplus resources, leading to enhanced performance.

##### 4.1 Strategy Implementation and Performance

Research on strategy implementation, the crucial link between strategy formulation and company performance, identifies eight influential factors divided into two groups. The first group includes factors rooted in prior experience, while the second group factors are based on readiness. The study suggests two viable approaches: deliberate and prioritised, with an integrated approach showing better performance results, according to Hickson's research. (Khoshtaria 2018).

##### 4.2 Organisational performance

Research studies typically assess performance using a variety of metrics, including financial (e.g., profit, return on investment) and non-financial indicators (e.g., innovation, market positioning). Success evaluation often considers factors like sales, profits, cash flow, return on equity, and growth, providing insight into how a firm compares to competitors. Understanding relative performance in competitive environments is crucial for organisations from diverse industry sectors (Khoshtaria, 2018).

##### 4.3 Analysis

The connection between strategic planning and performance is derived from various theoretical perspectives, including the resource-based view, organisation theory, and contingency theory. The findings regarding this relationship have been diverse. While numerous previous studies have indicated either a positive, negative, or no correlation between strategic planning and performance, the majority of these studies have not taken into account the influence of contingency variables on this association.

In a study in New South Wales, Australia, small professional service firms (French, Kelly et al. 2004) found mixed results regarding the link between strategic planning and performance. While no significant relationship was identified between various performance measures and factors, a significant connection emerged between net profit and informal planning. Factors such as vision, mission, latent abilities, competitor orientation, and market orientation were determined through exploratory factor analysis. Respondents were categorised as nonplanners, informal planners, formal planners, and sophisticated planners. Multiple performance measures were employed, but standard multiple regression analysis revealed no significant relationship between strategic planning and firm performance.

(Hopkins and Hopkins 1997) a study of strategic planning and financial performance in banks found that the intensity with which banks engage in the strategic planning process has a direct and favourable impact on the financial performance of banks and acts as a mediator for the influences of managerial and organisational factors on banks' performance. They also found a reciprocal relationship between strategic planning intensity and performance, where strategic planning intensity causes better performance, and, in turn, better performance causes greater strategic planning intensity. They indicated that financial performance is higher when there are small differences between the intensity placed on various components contributing to strategic planning efforts.

## 5. Conclusion

Strategic planning is a logical process aimed at bringing the future into focus, enabling us to both analyse and simulate future scenarios. This process can unveil opportunities or threats that were previously concealed, granting the ability to take early action. It establishes a clear and explicit framework with predefined criteria for everyday decision-making, helping to identify fragmented choices or personal biases, thereby simplifying managerial decisions. In this paper, the researchers have presented and discussed many ideas related to the literature on strategic management and organisational performance highlighted and presented many studies across the world related to this study. However, a majority of them have been carried out in developed nations. Regrettably, there is a scarcity of research conducted in developing countries that explore strategic management and organisational performance to the best of our knowledge. Strategic planning and performance relationship is drawn from multiple theoretical domains, i.e., resource-based view, organisation theory and contingency theory. The results of strategic planning and performance relationships have mixed outcomes. While many past studies have shown either a positive, negative or no relationship between strategic planning and performance, most studies have not considered the impact of contingency variables on this relationship. Thus, future research works are encouraged to investigate contingency factors affecting strategic planning and performance relationships. The paper reveals how strategic planning affects organisational performance along with moderating and mediating factors. Finally, new research studies should focus on developing countries, especially Asian countries, as limited research has been conducted in this context.

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