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Development of entrepreneurship business in tourism and hospitality industry

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Abstract

Tourism and hospitality industry is a complex sector, a distinct field of activity, a component of economic and social life that offers multiple opportunities for small business development, but also capital intensive and highly competitive. In this context, its connection with entrepreneurship takes into account the economic development of tourist areas, aims to create new sustainable businesses by increasing the capacity and willingness of enterprises to develop, organize a business, to manage risk and profit. The aim of this research paper to analyse the reasons and resources to established tourism enterprises. The survey of this research investigates at tourist place of Jabalpur in June-July 2019. The research method consisted in primary data collected through questionnaire, processing and interpretation and to identify the existence of constraints regarding business, a limitation of entrepreneurship, growth and behaviour. Entrepreneurship in tourism and hospitality industry must boost competitiveness, leading to increased productivity and economic development.

Keywords: development, entrepreneurship, resource, start-up, tourism, hospitality

Introduction

Tourism is a creative industry that creates memorable experiences for both domestic and foreign tourist. This creativity involves continually is influenced by changes in our contemporary society, integrating in the general process of development. Tourism is a key concept of Indian economy. It encompasses a wide range of product and destination. It is also involves both public and private sector with competence that are much decentralized at regional and local level. Tourism industry in India generated more than 9.6 percent of Indian GDP, It include 10 million enterprises and about 9.3 million jobs (Rana and Kumar 2019)^[1]. In these positions we can say that tourism industry can looked at as a mixture of various sectors actively involved in the development, production and trading of products and services that can meet tourist needs. The development of this industry is entrepreneurship, SMEs and innovative enhancement. There are the factors that ensure the development of the industry at global, national, regional and local levels (Ohlan 2017)^[8].

Tourism entrepreneurship concern all commercial enterprises owned by small individual entrepreneurs private and public companies with limited liability providing a wide range of services in the tourism and hospitality industry (Rusa *et al.* 2011)^[12]. It is also an activity that operate profitable basis and that aim at meeting tourist and visitor needs. The contribution of small innovative firms in tourism has been particularly significant (Chaudhary 2011)^[3]. The aim of this research paper to analyse the reasons and resources to establish entrepreneurial business in the field of tourism and hospitality sectors.

Material and Method

This research paper attempt to explain the development of entrepreneurship business in tourism and hospitality industry. The study has conducted both primary and secondary source of Data. Primary data collected through questionnaire, processing and interpretation and to identify the existence of constraints regarding business, 200 respondents have been selected for primary data of tourism and hospitality industry while research articles, conference and various journals are consulted to use as a secondary source of data. This studied carried out tourist place of Jabalpur during June-July 2019. The nature of this study is descriptive and qualitative.

Reasons for starting-up business in tourism and hospitality sectors

The entrepreneurship business in tourism sector that creates for the benefits of people’s (Chok *et al.* 2007) ^[4]. The local community that obtain various type of jobs particularly for the most vulnerable group such as ethnic women (Blackstocks 2005 and Saayaman *et al.* 2008) ^[1, 13]. Tourism business that create for market of local products. Most entrepreneurial activities in tourism are directly related to small family enterprises, hotels, bed and breakfast units, lodges and chalets with agricultural farms and different handicrafts shops. (Singh *et al.* 2019) ^[14]. One of the four elements of mechanism of economic growth is represented

by a financial system acceptable from a functional point of view; a system able to direct the funds of savings depositors to fund uses, particularly entrepreneurs. The successful entrepreneur should be enough easy to start a business with no long lasting formalities. Co-operations and development of networks and contact with the environment are important factors in successful business (Ramukumbha *et al.* 2012) ^[10].

Starting-up the business in the first step for an entrepreneur to take reasons are extremely important when analyzing what mode them engage this new routes. Analyzing the reasons why somebody wants to startup a business in India depending on the different categories mention in table 1.

Table 1: Reasons for Staring up Business

Sr. no.	Reasons for starting-up business	Respondent’s percentage			Number of respondents
		Very important	Important	Not important	
1.	Insuring future	65	30	5	200
2.	Financial independent	72.5	15	12.5	200
3.	Built-up carrier	75	14	11	200
4.	Avoiding unemployment	74	22	4	200
5.	Prosperity of life	55	42	3	200
6.	Independent business	62.5	30	7.5	200
7.	New challenges of business	58	32	10	200
8.	Earning money	85	11.5	3.5	200
9.	Hobby into lifestyle	70	17	13	200
10.	Work as a supplier	44	24	32	200

Source: Primary Data (During June-July 2019)

Considering the reasons of starting-up a business from the point of view of *ensuring future*, 65 percent of respondents are consider is very important and 30 percent respondents are consisting of important for futures but only 5 percent respondents do not consider ensuring to a entrepreneur is important to starting-up a firm. As for *financial independence* the 72.5 percent respondents believe it is very important to starting business and 15 percent respondents to believe it is important in starting business, but only 12.5 percent respondents have not important to believe starting up a business.

The tourism industry depends on both local involvement such as employees and entrepreneurs, therefore the chance of making a career in tourism fields (Morrison *et al.* 2003) ^[7]. 75 percent respondents believe the chance of working in the field of tourism has a major importance and 14 percent respondents believe important to built-up carrier in tourism fields. But 11 percent of respondents do not believe it is important to build-up career in tourism fields, this could also be explained by the fact that tourism is not essential in finding a job. In tourism industry there are numerous multi national chains to essay built-up business. Various enterprises can really increase employment and an *avoiding unemployment*, 74 percent respondents say that tourism plays an important role to avoiding unemployment and 22 percent respondent of enterprises says the unemployment as an important factor of starting-up a business while 4 percent of respondent has says that not important to starting-up tourism business, they are also said that other reasons to start-up business and that they do not necessarily feel threatened by unemployment.

As far *prosperity of life* the survey shows that 55 percent respondent believes it is very important in starting-up a tourism business for prosperity of life and 42 percent respondents believe this is important in starting-up a

business in this field, while 3 percent respondents stated that is not important to prosperity of life from tourism related business because they have also stated to engage other type business. For starting-up a business that is another reason’s wish to be *independent business*, 62.5 percent respondents claim they would like to be independent that have more control on professional activities and 30 percent respondents claim that important aspects of independent business, while 7.5 percent respondents claim that is not important to independent business in tourism sector, because they are appreciated autonomy and freedom that newly started-up business can offers.

New challenges of business are a reason to investigate about the startup of a business in tourism. 58 percent respondent believes challenges are strong incentives in starting up business and 32 percent respondent claimed the wish for new challenges has important to starting-up a business. While 10 percent respondent believes these challenges have not importance what so ever in starting up a business in tourism and hospitality sectors. From the point of view of the perspective of *earning more money*, 85 percent respondent believes reasons to develop business are very important and 11.5 percent respondent believes the prospect of earning more money, while 3.5 percent of respondents claim reason to develop business have not important. We can say that financial motivation is a factor of great importance in the starting-up a business firm in tourism and hospitality sectors.

As for somebody would like to start-up a business in tourism are *hobby into lifestyle*. 70 percent respondent claims that tourism business is very important for our life-style and 17 percent respondents say that the important reason to maintaining life-style. While 13 percent respondent claims that is not important to startup a business in tourism sectors. The last reason why working as a

supplier of raw material, 44 percent respondents to consider to this to be very important for starting-up business in tourism and 24 percent respondent important reason for starting-up business in tourism, while 32 percent respondent claims that is not important to a supplies raw material to startup business in a tourism sector, because various others business enterprises to receive raw materials.

The above analysis shows that tourism entrepreneurs appreciate financial independence which can be corroborated with importance of earning more money with built up career in tourism and hospitality sectors and avoiding unemployment. The interest of entrepreneurs in financial independence, in managing their own activities

and in making decision regarding utilization of resources.

Financial Resources to starting up a business

Most entrepreneurial activities in tourism industry are directly and indirectly are engaged to run various type of business. The owners of small or tiny enterprises should make sure their businesses are strategically positioned to be able to compete on the tourism market (Chang 2011) [2]. They should be ready to risk and innovate and to filter everything from the perspective of both employees and customers (Getz and Carlsen 2005) [5]. The opinion of various respondents for financial resources to starting-up business is mention in table 2.

Table 2: Financial resources to starting up a business

Sr. No.	Financial resources to starting-up business	Respondent's percentage		Number of respondents
		Important	Not important	
1.	Own funds	84.5	15.5	200
2.	Family and relatives aids	72.5	27.5	200
3.	Support from friends and society	66.5	33.5	200
4.	Bank credits and loan	92.6	7.4	200
5.	Credit by authenticated organization	53.4	46.6	200

Source: Primary Data (During June-July 2019)

From the point of view financial resources to starting up business, 84.5 percent respondent claims that they have enough resources to start-up a business without needing other resources. But 15.5 percent respondent says that not important to start business with *own funds*. Financial resources starting-up business by support of *family and relatives*. It seems that this type of resources represented only 72.5 percent respondents while 27.5 percent respondent claims that family and relative support is not important to financing resources to start up a business in tourism and hospitality sectors, become lack of sufficient funds in the family. Financial support from the *friends and society* to startup of a business about 66.5 percent respondent declared having benefited while 33.5 percent respondents have not declared to benefited by friends and society to start up a business, because they have low degree of involvement and support in business field. From the point of view of starting up business 92.6 percent respondents are used *bank credit* while 7.4 percent respondents are not used bank credit because high interest rate might have prevented the entrepreneurs from accessing more bank credits. For uses of

credits by *Sahukars or tourism authorities* is a very low share, 53.4 percent respondent declared having used of credits by sahuksars or tourism authorities while 46.6 percent respondents declared they do not use credit by sahuksars or tourism authorities, because they have receive more interest. From the above analysis the uses of financial resources to starting-up a business entrepreneur's credit by authenticated organization to support from the friend and society did not show much of the resources needed to startup a business in tourism and hospitality sectors. The certain gaps in legislation in the field of entrepreneurship as well as in the training of the entrepreneur's, who do not know how to access funds.

Barriers for starting up business

The starting-up of business in tourism industry, there are various kinds of barriers are obtained but the most considerable in India such as administrative task, bank credits and adapting to new technological standard (Venkataraman 2004) [15]. The opinions of respondents to obstacle of their business are mention in table 3.

Table 3: Barriers for starting up business

Sr. no.	Barriers for starting-up business	Respondent's percentage			Number of respondents
		Very high	High	Medium	
1.	Employee wages and salary	32	39	29	200
2.	Combining work and family	37	41	22	200
3.	Administrative task	42	38	20	200
4.	Credit availability	60	26	14	200
5.	Adapting IT standard	45	33	22	200
6.	Profit of business	31	41	28	200
7.	Partners behavior	38	43	19	200
8.	Availability of raw material	28	54	18	200
9.	Availability of trained staff	33	36	31	200
10.	Risk of capital	27	43	30	200

Source: Primary Data (During June-July 2019)

The enterprises that adopt their business to meet market demands in continuous and dynamics. As a consequence to compete with large companies in the field, an entrepreneur

needs to be able to deal with a wide range of issues and situations (Jaaffar *et al.* 2010) [6]. 32 percent respondent claims that the *wages and salary* of employee are very high

in this field, and 39 percent respondent says that they are not always covered by the incomes from the business, while 29 percent of respondent claim that the wages and salary of employee is medium though in many cases such as accommodation unit have no problem related wages and salary of employees. *Work and family* life obstacle in the development of a tourism business, 37 percent respondent started that work and family life in a major barrier to manage business and 41 percent of respondent claim that combining work and family life is a high level barriers the growth their business, they do not spend their quality time particularly when it is about family business (Peters *et al.* 2009) [9]. While 22 percent respondent who less consider combining work and family life when the members of the family are directly involved in business.

As for *administrative task* within an accommodation unit are very high obstacle, consider for 42 percent of the tourism entrepreneurs. And 38 percent of respondent considered administrative task is a high obstacle to develop business in tourism. While 20 percent of respondent claims that low level of the staff particularly field of knowledge to get the barrier of the tourism business. As for the 60 percent respondent has claim the availability of *bank credits* is a high considerable barriers in developing a business and 26 percent respondent that also claim the high considerable barriers to develop tourism enterprises. While 14 percent respondent says that medium level barriers to run business, because lack of advantageous banks credit that meet requirement of various formality can cause problem in a business. The opinion of respondent they do not need bank credits for this categories they used other types of funds are enough to develop a business.

As far the adopting to *IT standard*, 45 percent respondent have declared the problem of new technology and 33 percent respondent stated that IT enabled services are high level barriers to develop tourism entrepreneurs while 22 percent respondent have stated that medium level problem to obstacle the tourism business. Most of the service organizations of tourism adapting to the new technological standard can be a serious problem in the development of a tourism business. From the point of view profits of business 31 percent of respondents declared the profits of business have a major problem and 41 percent of respondent claims profits of business affects them in high level measure and only 28 percent of respondent believe profitability has a medium level problems. This could be caused by the two demands for service organizations and partially coverage of the accommodation places.

As for the *partners behavior* 38 percent of respondents claim that the very high problem to develop of a business and 43 percent of respondents are also claim that they encountered high level issue of the same kind. While 19 percent of respondents that stated medium level of such problem, they are also stated they had no difficulties to the behavior of business partners. For 28 percent of respondent declared for very high problem to obtain *raw material* to startup a business in tourism and hospitality sectors and 54 percent of respondents have claim that the high level problem to obtain raw material while 18 percent of respondent says that the medium level of problem to obtain raw material for establishes of tourism business.

From availability of *trained staff* point of view 33 percent of respondents claim that the very high problem and 36 percent respondent also face the problem to obtain trends staff while

31 percent of respondent says medium level of problem to obtain trends staff to establishes business in tourism fields. The location of enterprises and the tourism practices in the concern area as well as by the differences between enterprises from the trend staff and skills are willing to accept and run the organization. *Risk of capital* is a most considerable part to established tourism business. From this point of view 27 percent of respondent considered to very high degree risk of capital to starting up business. And 43 percent of respondent also says that high risk they are willing to start up tourism enterprises. While 30 percent of respondent consider that medium level of risk for capital to start-up tourism business, because difference between unit of enterprises between there location and structure of business.

Results and Discussion

The development of a tourism business could involve financial risk and more creativity but increasing needs of a family for a strategy of risk diminution to prevent putting family safety at risk. The prevalence of entrepreneurs in tourism industry worldwide that many service organization owners will adapt short term strategy oriented toward minimizing cost and risk of capital. The competitive environment and the rather limited capacity of replacing the employs as well as the variations of the demands over the tourist season, a simple way to remove unwanted costs is to reduce the ways of salary fund because labour costs represent a significance share of all production costs.

It is fact that the enterprises to be earning more money, built-up carrier in tourism and hospitality sectors and prosperity of life as important reason in the starting-up a tourism business. The wish for new challenges and ensuring future has a considerable importance for the business owners, for such reasons as avoiding unemployment and making chance to work in the field of tourism and hospitality sectors are that important for the respondents.

It is find out the sources of financial resources used by entrepreneurs shows that most of these funds are from their bank credit and own sources. Family and relative aids, support from friends and society and support from sahuks or authenticated organizations are used in a smaller proportion. It is also find out the obstacle of entrepreneurial business, credits availability, adopting new technology and administrative tasks are major barriers to starting-up a business in tourism and hospitality sector. Partner's behavior combining work and family life has a less barrier to established business.

Conclusions

Tourism is a complex activity boosting the economic growth and generates million's of jobs. The tourism establishment managed at the highest standards. There development should be correlated with the knowledge of the barriers and obstacles in the successful implementing of good management practices in the tourism and hospitality industry. The lack of bank credits, insufficient support from the family, friends and society, the difficulty of getting funds or support from sahuks or authenticated organization. Lack of financial facilities for the tourism entrepreneurs forces most of the service units owners in India use only bank credit and own funds in starting-up a business.

Therefore, the tourism is a dynamic industry, all entrepreneurs need to select the most suitable and effective strategies. Taking into account that small entrepreneurs; unlike large organizations, act alone on the market fighting with their own forces, skills, manpower and abilities to take into account all the factors that could hinder their activity. Support for creative ideas and entrepreneurial initiatives in the most important step in triggering the force of tourism enterprises. Training and education of entrepreneurs should focus on the ways of developing tourism, such as publicity and promotion program and techniques. The development of tourism program, rules of behavior, nutrition and food safety, valorization of folk art and local traditions, tourism and hospitality service legislation should be important to maintain the decorum of business. The creation and development of new jobs can help considering entrepreneurs as a real option for successful career, Entrepreneurial initiatives support through development, an innovation which is turn to help economic growth directly and indirectly.

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Conflict of Interest

The authors have declared no conflict of interest. They have approved the final version of the manuscript contributing equally.

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