

## **Entrepreneurship In The Tourism Industry - Issues Pertaining To SME's: A Study Of Small And Medium Hotel Operators In Tamil Nadu**

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**Introduction:** Tourism is an important activity in socio and economic development of people. It is the movement of people from their usual residence to some tourist attraction for leisure. The first tourism department was started on 1<sup>ST</sup> March 1958 under the Ministry of Transport<sup>i</sup>. Then the government of India has established separate Ministry for Tourism in the year 1967<sup>ii</sup>. Since 1971, the Tamil Nadu Tourism Development Corporation (TTDC) is involving in the developmental activities of tourism in Tamil Nadu. TTDC is mainly focusing on providing infrastructure facilities of transport and accommodation. Among the different states in India, Tamil Nadu is pioneering in tourism business by attracting 60.73 lakhs of international tourists and 3859.09 lakhs of domestic tourists in the year 2018<sup>iii</sup>. The main components of the tourism are Attraction, Accommodation, Accessibility and Amenities. The major tourism attractions or tourism products in Tamil Nadu are Beaches, mountains, heritage sites, Museums, Zoos, National parks, Cultural centers, and Nature tourism sites. The accommodations for the tourists are available in the form of Hotels, Motels, Resorts, Service apartments, Guest houses etc. Hotel operators play major role in the tourism industry. The small and medium hotel operators are main entrepreneurs in the tourism industry and providing accommodation and food services to the tourists. By considering the hotel operators role in tourism industry, it is decided to explore the issues related to small and medium hotel entrepreneurs. The main objective of this study is to assess the profile of the hotel operators, entrepreneurial characteristics, financial issues, marketing development and general problems encountered by operators.

**Tourism in Tamil Nadu:** Tamil Nadu is the state in the south-eastern part of Indian peninsula. It is surrounded by Bay of Bengal in east, Indian Ocean in the south, and Western Ghats in the west and Andhra Pradesh in the North. Tamil Nadu is famous for pilgrimage tourism, heritage tourism, Hills tourism, Beach tourism, medical tourism, and other leisure tourism. It has five UNESCO declared World Heritage site namely Mamallapuram shore temple, Five Rathas and Arjuna's Penance, Braghadeeswarar temple, Thanjavur, Iravadeeswarar temple, Darasuram, Brahadeeswarar temple, GangaikondaCholapuram and Nilgiris Mountain Railway<sup>iv</sup>. The well-connected road facilities, Railway connectivity and Airports stations in important cities make the tourists to visit different tourism attractions in Tamil Nadu.

**Number of Tourists visited Tamil Nadu:** Many domestic and international tourists visit different place of interest in Tamil Nadu. International tourists from USA, UK Russia, Canada, Australia, Germany, Malaysia, Singapore, Italy, Japan, Sri Lanka, Oman, and Bangladesh are regularly visiting Tamil Nadu and contribute major share in International Tourists<sup>v</sup>. The e-tourist visa for international tourists was initiated in 2014 for the visitors from 46 countries and now it is available for 169 countries. Through e-tourist visa scheme, the foreign tourist's arrival went up from 4.45 lakh in 2015 to 23.69 lakh in 2019<sup>vi</sup>. According to Economic Survey 2019-20, the state of Tamil Nadu is one among the top three states in attracting domestic as well as international tourists<sup>vii</sup>. The number of foreign tourists and domestic tourists' visits to Tamil Nadu between 2015 and 2018 are given in the following table.

**TABLE: 1 NUMBER OF TOURISTS VISITED TAMILNADU<sup>viii</sup>**

Year	Foreign Tourists in Lakhs	Domestic Tourists in Lakhs	Total in Lakhs
2015	46.85	3334.59	3381.44
2016	47.20	3438.10	3485.30
2017	48.60	3450.61	3499.21
2018	60.73	3859.09	3919.82

**Source:** <http://www.tamilnadutourism.org/pdf/Tourism-EnglishPolicyNote201920.pdf>

From the above table it is observed that the tourists' inflow is increasing steadily in both foreign as well domestic markets. This is due to well-planned marketing strategies and participation of stakeholders in the international travel mart and road shows.

**Number of Hotels in Tamil Nadu:** The hotels in Tamil Nadu are classified as star hotels, budget hotels and lodges. It is observed that there are 98-star hotels are available in different cities of Tamil Nadu. The budget hotels and lodges are run by the small and medium entrepreneurs and the number is more than 10000, according to Venkadasubbu, President Tamil Nadu Hotel Association.

**Objectives:** The objectives of the study include studying profile of the small and medium hotel operators, to assess the hotel operator's entrepreneurial characteristics, to analyze their problems and issues pertain to their hotel operations.

**Scope of the study:** The present study focusses its attention on issues related to operations of hotels by small and medium entrepreneurs. The profile of the small and medium type hotel operators, entrepreneurial characteristics, the financial related issues and marketing problems are discussed in this research. The operator's expectation from government is also taken into account for research purpose. From the research findings, the researcher made an attempt to provide valuable suggestions for the improvement of tourism business.

#### **Methodology:**

**Sources of Data:** There are two types of data namely primary and secondary data are collected for this study. The study is a descriptive one. The primary data is collected by researcher from the hotel operators and secondary is from government websites, magazines, relevant research articles and books.

**Sample design:** 100 hotels run by medium and small entrepreneurs were selected across the state and survey was conducted on unrestricted, convenience basis.

**Collection of Data:** Based on the objective of the study, a questionnaire has been designed to collect information from the hotel operators.

**Profile of the respondent:** The profile of the hotel operators includes gender, age, education level, work experience and course attended. This profile will help tourism planners for the development managerial skills of entrepreneur in the form organizing special training programme for hotel operators.

**Gender:** Gender represents the sex of the respondent. Out of 100 operators surveyed, 98 percent of the operators are male and remaining is female.

**TABLE: 1 GENDER**

Gender	No. of respondents	Percentage
Male	98	98
Female	02	02
Total	100	100

Source: Primary data

From the above table it is understood that majority (98 %) of the respondents are male. It is inferred that male interested in managing the hotels.

**Age:** Age is an important factor while considering the work efficiency of the person. In this research, of the 100 respondents, 22 percent are having age between 30 and 40 years followed by 34 percent are 41 to 50 years, 36 percent are 51 to 60 years and remaining are above 60 years.

**TABLE: 2 AGE**

Age in Years	No. of Respondents	Percentage
30 -40	22	22
41 – 50	34	34
51 – 60	36	36
Above 60	08	08
Total	100	

Source: Primary data

The above table indicates that majority (56 percent) of the hotel operators are having age range between 30 and 50 years.

**Education Level:** Educational qualification of person will highly clarify the managerial problems and also helps in taking business decisions. Out of 100 respondents, 18 percent of the operators completed their high school, 59 percent are graduates, 12 percent are postgraduates and remaining are other category are completed their professional courses.

**TABLE: 3 EDUCATION LEVEL**

Level of Education	No. of Respondents	Percentage
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High school	18	18
Degree	59	59
Postgraduate	12	12
Others	11	11
Total	100	100

Source: Primary data

The above table clearly indicates that majority (59 percent) of the hotel operators are graduates. It is inferred that educated person will manage the different activities of business efficiently and effectively.

**Work experience:** Work experience means experience gained in employment. Of the 100 respondents, 12 percent are having less than 5years of experience, 58 percent of the hotel operators are having experience between 5 and 10 years, 25 percent are having 11 to 15 years and remaining are having more than 15 years of work experience.

**TABLE: 4 WORKING EXPERIENCE**

Experience in years	No. of Respondents	Percentage
Less than 5	12	12
5 -10	58	58
11-15	25	25
More than 15	05	05
Total	100	100

Source: Primary data

The above table indicates that majority (58 percent) of the operators having work experience between 5 and 10 years.

**Course Attended:** Courses on tourism and hotel management will help operators to manage the functional areas of the hotel operations. Of the 100 people surveyed, 14 percent of the operators attended or studied related course on tourism and hotel management and remaining are not attended any course related to business management.

**TABLE: 5 COURSE ATTENDED ON TOURISM AND HOTEL MANAGEMENT.**

Detail	No. of Respondents	Percentage
Yes	14	14
No	86	86
Total	100	100

Source: Primary source

From the above table it is understood that majority of the hotel operators does attend or study any course on tourism and hotel management.

**Entrepreneurial Characteristics of small and medium hotel operators:**

The entrepreneurial characteristics of small and medium hotel operators include Self-confidence, Independence, Ability to learn from failure, need of achievement motivation, Risk taking tendency and Innovativeness. Among the different characteristics, “Self-confidence” scored 380 points and stood first rank followed by “Independence” scored 372 points, “Ability to learn from failures” scored 366 points, need for achievement (361 points), Risk taking tendency (353 points) and Innovativeness (315 points).

**TABLE: 6 ENTREPRENEURIAL CHARACTERISTICS OF SMALL AND MEDIUM HOTEL OWNERS**

Characteristics	Opinion Rating										Total	Rank
	SA		A		MA		DA		SDA			
	Nos.	Points	Nos	Points	Nos.	Points	Nos.	Points	Nos.	Points		
Self-confidence	22	110	36	144	42	126	0	0	0	0	380	1
Independence	20	100	32	128	48	144	0	0	0	0	372	2
Ability to learn from failure	18	90	30	120	52	156	0	0	0	0	366	3
Need of achievement motivation	15	75	31	124	54	162	0	0	0	0	361	4
Risk taking tendency	14	70	30	120	52	156	3	6	1	1	353	5
Innovativeness	8	40	22	88	51	153	15	30	4	4	315	6

Source: Primary data

From the above table, it is inferred that the Risk-taking tendency and Innovativeness are preferred with less importance.

**Financial source to start or enlarge the business:** The main source of finance for start and enlarge the business is Commercial banks, Government agencies, Family and friends and Own savings. Out of 100 respondent's 52 percent of the hotel operators seeks the help of commercial banks for their business expansion, 31 percent have used family and friends' sources, 10 percent used their own savings and remaining used government agencies like State industrial development corporations etc.

**TABLE: 7 FINANCIAL SOURCE TO START / ENLARGE BUSINESS**

Financial Source	No. of Respondents	Percentage
Commercial Banks	52	52
Government Agencies	07	07
Family and Friends	31	31
Own savings	10	10
Total	100	100

Source: Primary source

The above table indicates majority (52 percent) of the operators used the financial help from commercial banks.

**Marketing development:** It is a strategy to attract new customers to their business. In hotel business, the various marketing technique used to develop business includes tourism operators, web sites, travel agencies, use of hoardings and banners and brochures. Out of 100 respondents, 27 percent of the operators used tourism operators for developing their business followed by 31 percent used travel agents, 12 percent websites, 6 percent used advertisement hoardings and sign board others include 16 percent,

**TABLE: 8 MARKETING DEVELOPMENT**

Marketing technique	No. of Respondents	Percentage
Tourism operators	27	27
Web sites	12	12
Travel agency	31	31

Hoardings/ Banner	06	06
Brochure	02	02
Signboard	06	06
Others	16	16
Total	100	100

Source: Primary source

From the above table, it is understood that the usage of websites for promoting business among small and medium hotel operators are less.

**Problems encountered by operators:** The main problems encountered by operators are lack of management skills and knowledge in tourism, lack of knowledge on how to apply funding from financial institution, lack of knowledge in tourism trends and opportunities and lack of tourism marketing skills. Out of 100 hotel operators surveyed, “Lack of management skills and knowledge in tourism” scored 353 points and stood first rank, followed by “Lack of knowledge in tourism trends and opportunities” scored 343 points, “Lack of tourism marketing skills” scored 339 points, “Lack of knowledge on how to apply funding from financial institution

**TABLE: 9 PROBLEMS ENCOUNTERED BY OPERATORS**

Problems	Opinion rating										Total	Rank
	SA		A		MA		DA		SDA			
	Nos.	Points	Nos.	Points	Nos.	Points	Nos.	Points	Nos.	Points		
Lack of management skills and knowledge in tourism	15	75	45	180	25	75	8	16	7	7	353	1
Lack of knowledge on how to apply funding from financial institution	8	32	36	144	36	108	12	24	8	8	316	4
Lack of knowledge in tourism trends and opportunities	12	48	43	172	36	108	6	12	3	3	343	2
Lack of tourism marketing	10	40	42	168	38	114	7	14	3	3	339	3



skills												
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Source: Primary data

From the above table, it is observed that most of the hotel operators do not know the financial institution details for the development of their business.

**Government support for Hotel Operators:** The small and medium entrepreneurs of hotel business seek help from the government for developing their business. The general expectations include training for entrepreneurs in hotel operations, tourism infrastructure development activities planned by government, help in financial support for development of hotels and facilitate in marketing activities. Out of 100 operators surveyed, “Help in financial support for the development of hotel business” scored highest points (364) and stood first rank, followed by “Facilitate marketing activities for business development” scored 347 points, “Training for hotel operators in Hotel Management” scored 336 points and “Tourism infrastructure development activities planned by government” scored 328 points.

**TABLE 10 EXPECTATIONS OF HOTEL OPERATORS FROM GOVERNMENT**

Problems	Opinion rating										Total	Rank
	SA		A		MA		DA		SDA			
	Nos	Sco	Nos	Sco	Nos	Sco	Nos	Sco	Nos	Sco		
Training for hotel operators on Hotel Management.	18	90	34	136	24	72	14	28	10	10	336	3
Tourism infrastructure development activities planned by the government	15	75	32	128	28	84	16	32	9	9	328	4
Help in financial support for development of hotels.	22	110	39	156	24	72	11	22	4	4	364	1
Facilitate in marketing activities for business development.	20	100	37	148	22	66	12	24	9	9	347	2

Source: Primary data

From the above table it is understood that the financial and marketing assistance are urgent need of the hotel operators from the government.

### Findings:

- ❖ In the year 2018, the total of tourists (domestic and international) visited Tamil Nadu are 3919.82 lakhs.
- ❖ The total number of lodges runs by tourism hoteliers are 10000.
- ❖ Majority (98 percent) of the hotel operators are male.
- ❖ Regarding the age of the operators, majority (56 percent) of them are having age range between 30 and 50 years.
- ❖ Majority 59 of the hotel operators are having educational qualification are graduates.58
- ❖ Regarding the working experience, majority (58 percent) of the respondents are having 5 to 10 years,
- ❖ Only 14 percent of the operators attended courses related to hotel management and tourism.
- ❖ The main entrepreneurial characteristics of small and medium hotel operators are self-confidence, independence, ability to learn from failures, need for achievement, risk taking tendency and innovativeness. Risk taking tendency and innovativeness scored less and require more attention.
- ❖ For starting their hotel business and develop their existing business, majority (52 percent) of the operators got financial assistance from commercial banks.
- ❖ Tourism operators and travel agents are helping to promote the small and medium hotel operator's business.
- ❖ Most of the operators are lagging in management skills and knowledge in tourism, how to get financial assistance from banks, tourism trends and opportunities and marketing skills.
- ❖ To improve their hotel business, the operators expect help from the government. The expectations include training for entrepreneur in hotel operation, tourism infrastructure development activities, financial support for hotel development and facilitation in marketing activities. Among the above, the financial and marketing assistance are urgent need.

### Suggestions:

- Government has to organize training program for small and medium hotel operators to improve their skills and knowledge in hotel operations, customer relationships, Marketing skills, innovativeness and risk management.
- The government should organize interactive session between hotel operators and financial institutions, to make the entrepreneurs to understand the various schemes available.

- Each hotel operators should create their own websites and collaborate with tourism operators and try to get business through online booking,
- The operators should strengthen their network by forming association and often organize meeting to analyze the emerging issues pertain to their business.
- Entrepreneurs can take necessary steps to improve their business by maintaining their hotel with cleanliness and hygienic conditions.

**Conclusion:** The dominance of small and medium entrepreneurs in hotel industry is high, due to low entry barrier. This research also highlighted the most important characteristics like self-confidence and interest. The major problem encountered by SME's is lack in organizing funding and marketing of their products. It is observed from statistics that every year the number of tourists is increasing, and it indicates that there is tremendous business potential for accommodation industries. This research provided valuable findings and based on findings; few suggestions has been provided for business development. Based on the research issues and problems the government should provide support and facilitations to the real entrepreneurs who have the potential to greatly influence the prosperity.

**Endnote:**

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<sup>i</sup>[https://en.wikipedia.org/wiki/Ministry\\_of\\_Tourism\\_\(India\)](https://en.wikipedia.org/wiki/Ministry_of_Tourism_(India))

<sup>ii</sup> ibid

<sup>iii</sup><http://www.tamilnadutourism.org/pdf/Tourism-EnglishPolicyNote201920.pdf>

<sup>iv</sup><https://www.tamilnadutourism.com/blog/unesco-world-heritage-sites-in-tamil-nadu/>

<sup>v</sup><http://www.tamilnadutourism.org/pdf/Tourism-EnglishPolicyNote201920.pdf>

<sup>vi</sup><https://www.thehindu.com/news/national/tamil-nadu/state-a-top-destination-for-tourists/article30707037.ece>

<sup>vii</sup> ibid

<sup>viii</sup><http://www.tamilnadutourism.org/pdf/Tourism-EnglishPolicyNote201920.pdf>

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