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# Indian Journal of INTERNATIONAL TOURISM & HOSPITALITY RESEARCH

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## PERCEPTION OF NEW TOURISM ENTREPRENEURS TOWARDS BUSINESS ENVIRONMENT: A CASE STUDY

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### Abstract

*Entrepreneurs play a key role in the process of economic development of a nation. The entrepreneurship is an essential aspect for the process of economic growth. It is the foundation of prosperity creative thinking, social innovations. The present day business and economic world cannot be survived without entrepreneurship. Tourism also contributes tremendously in the development of a country in all aspects. New entrants are joining this industry too as entrepreneur. Whether the entrepreneur is born or made will always be difficult to establish. The nature of constraints sometimes is location based too. It varies country to country. In some countries economic structure taxation regimes is unfavorable and draconian bureaucratic control and anti-employer labor laws in others. Such conditions sometimes discourage new entrepreneurs to enter in the industry. The paper discuss about the different constraints and challenges faces by new entrepreneurs in tourism industry in India.*

**Key words:** - Tourism entrepreneurship in India, Constraints in entrepreneurship, Indian Government policies in tourism.

### Introduction

"Right now, IT services (industry) is about \$150 billion, mostly export-oriented and tourism is \$120 billion, growing at 7.50 per cent said by Jagdish N Sheth,,Professor of Marketing at Emory University, USA (Millennium Post). Tourism Industry has the potential to beat even IT services industry in India with the favorable environment of introduction of various Government initiatives like cashless transactions, E-Tourist VISA, Incredible India helpline, SwachhParyatan app, Swadesh Darshan and PRASAD.

in the year 2015 Tourism industry contributed about \$124.8 billion to GDP in India that was almost 6% of the country's GDP. According to The Economic Times, in a study in 2014, India was one of the fastest Growing Tourism destinations worldwide. It provides almost 40 million jobs. The tourism industry in India provided more than 23.5 million jobs in 2015. 7.7% of all Indian employees work in Tourism Industry. As per IBEF (Indian Brand Equity Foundation), in 2015 Tourism sector in India has witnessed \$49.2 billion investment and is expected to attract \$132.9 billion by 2025.

To empower youth and promote entrepreneurship, Startup India Program has been introduced by Government in the year Jan. 2016, in this program eight startups in the tourism sector have been received Rs. 1.93 crore in the duration of one year (The Times of India).

In the Incredible India Tourism Investors Summit (IITIS)-2016, in association with Tourism Finance Corporation of India (TFCI) and Confederation of Indian Industry (CII), to boost tourism at international level succeeded to exchange around 86 MoUs with the Global Investors andRs 15,000 Crores investment in this sector.

The industry is showing the promising growth with the favorable environment and opportunities in the form of various government schemes to promote entrepreneurship in India, technological advancement and adequate Human Resource Development Program.



### Objectives of the study

1. To make an appraisal of different circumstances faced by new tourism entrepreneur in India.
2. To find the various encouraging conditions helping the new entrepreneur in tourism sector in India.
3. To assess the numerous interruptions faced by new entrepreneur in Tourism Industry in India.

### Research Methodology

The key role players in the study area included the novel entrepreneurs in Tourism sector in the area of Delhi (India). To meet the above stated objectives, an in depth analysis of various environmental conditions faced by the tourism entrepreneur, is the need of the study. The latest tourism Industry trends in India are showing an encouraging development. The present study is dependent upon the primary data. Primary data was collected through structured questionnaire from the tourism entrepreneurs having experience of five or less than five years in the entrepreneurship. A total of 96 entrepreneurs were interviewed through structured questionnaire to meet the objectives.

The questionnaire consisted of 22 questions related to different variables viz. Tourism education background, financial position, and technological advancement, Work Experience, and Different Government policies, to assess the perceptions of the respondents on different working conditions. Ranking was on five point Likert Scale.

### Method of Analysis

Since the purpose of questionnaire was to know the responses of new tourism entrepreneurs, the mean ranking method was used to derive information on the attitude of the above mentioned respondents. It was found that information about attitude could be interpreted meaningfully through mean ranking method.

The responses were analyzed with the help of mean, standard deviation and mean ranking method. These were employed with the intension to find out the intensity of responses given by the respondents. Responses derived from the respondents were coded as strongly agree as five, agree as four, neutral as three, disagree as two and strongly disagree as one. Lower mean indicate the higher intensity of response whereas low ranking indicates high intensity. As per assumed mean value is 3, the calculated mean value below 3, is considered to be as rejected by the respondents.

### Review of literature

Tourism development provides an avenue for overall economic development and boost for local entrepreneurship (Stephen and Jovo, 2009). Entrepreneurship is perceived as being associated with young start-up businesses (Michael et al., (2009). Schumpeter saw in the entrepreneur an exceptional individual, capable of developing new product combinations, attributes or innovations (Buhalis, 2006). It is worth noting that entrepreneurship through the creation of small business ventures in local community may contribute substantial social and economic benefits for the sustainability of tourism at destinations in developing countries (DamitriTassiopoulos, 2008; kokkranikal&Morrison, 2002). Just as plants need specific soil in which to thrive, entrepreneurs need a certain environment to nurture their growth. A number of factors comprises the environment or climate needed for entrepreneurs to succeed (G. Moscardo, 2008). These factors include external as well as internal environments of the industry.

### Perception of the Tourism Entrepreneurs towards Tourism Business

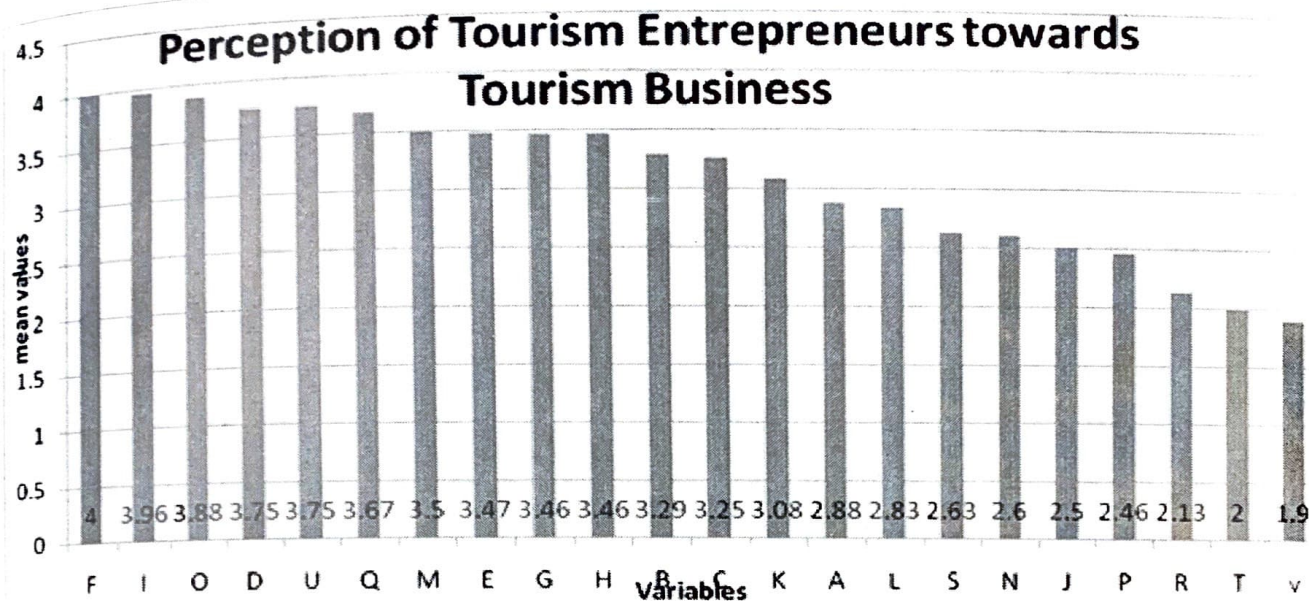
The responses of new Tourism Entrepreneurs throw light on the respective perception towards tourism business. This information provides us the clues how the respondents view tourism business. The table and charts showing below and the subsequent discussion cover important findings of the study.

**Table-1**  
**Analysis of the Tourism Entrepreneurs Responses towards Tourism Business**  
**(Mean Ranking Method)**

S. No.	Statement	Variable name	MEAN	Mean Rank
1.	Work experience supports in growth of business	F	4.00	1
2.	Mentorship and support	I	3.96	2
3.	Membership of organization (IATA, TAAI etc.) helps a lot	O	3.88	3
4.	Have accessibility (finance) to start own business	D	3.75	4
5.	Technology and advancement strength for new business	U	3.75	5
6.	Business location plays an important role	Q	3.67	6
7.	Govt. Rules favor tourism business in India	M	3.50	7
8.	Have sufficient work experience in tourism sector	E	3.47	8
9.	Relevant skills and education helps a lot	G	3.46	9
10.	Have sufficient funding	H	3.46	10
11.	Tourism education helps a lot in starting own business	B	3.29	11
12.	Easier to start tourism business	C	3.25	12
13.	Govt. Organization supports in starting tourism business	K	3.08	13
14.	Have decision to start own business after completion of study	A	2.88	14
15.	Tax structure does not affect tourism business	L	2.83	15
16.	No additional funds are required for promotion in new business	S	2.63	16
17.	Involve own family in this business	N	2.60	17
18.	Easy to approve tourism business through govt. Agencies	J	2.50	18
19.	It is easy for new company to hire skilled employees	P	2.46	19
20.	Supplier provides same rates to new entrepreneur	R	2.13	20
21.	Clients easily believe new entrepreneur	T	2.00	21
22.	Seasonality is not a big challenge	v	1.90	22



In the analysis of Table-1 Tourism Entrepreneurs Responses about Tourism Business "Work experience supports in growth of business" is accepted by most of the respondents with mean value 4. "Mentorship and support" is also relevant variable with mean value 3.96 (Ranking-2). But the statement "Seasonality is not a big challenge" with mean value 1.90 is less relevant with Ranking 22.



(Fig.1)

In the analysis, the mean value above 3 is considered as the favorable conditions, while the variables showing value below 3 are perceived as challenges to the new entrepreneurs.

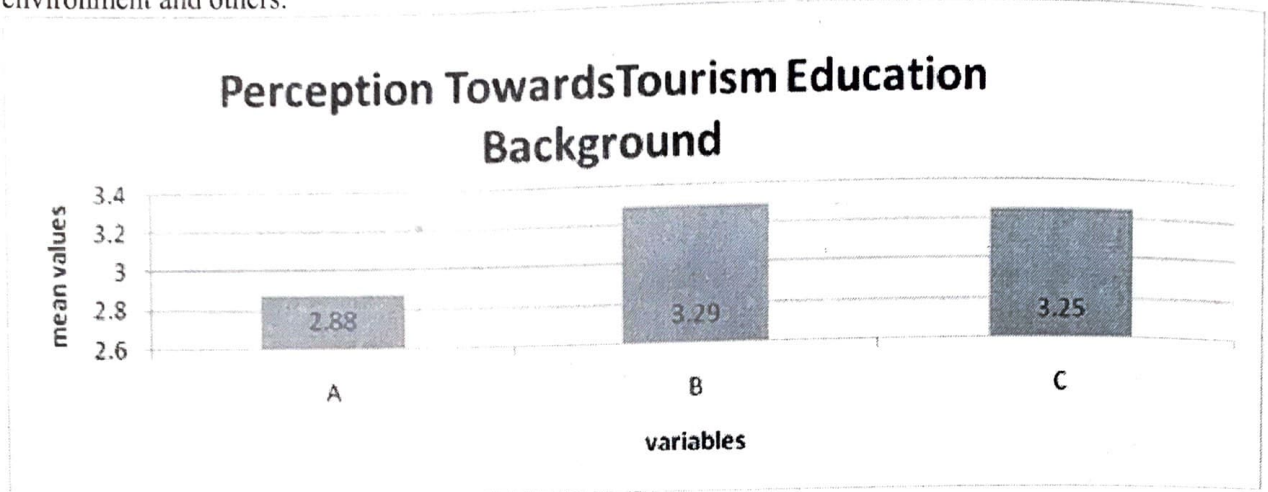
The factors favoring the new tourism entrepreneurs are:

1. Adequate work experience.
2. Mentorship and support.
3. Membership of organizations like IATA, TAAI etc.
4. Technological advancements.
5. Competitive Business location.
6. Government Policies.
7. Sufficient funding.
8. Tourism education background

The factors perceived as challenges by new Entrepreneurs are:

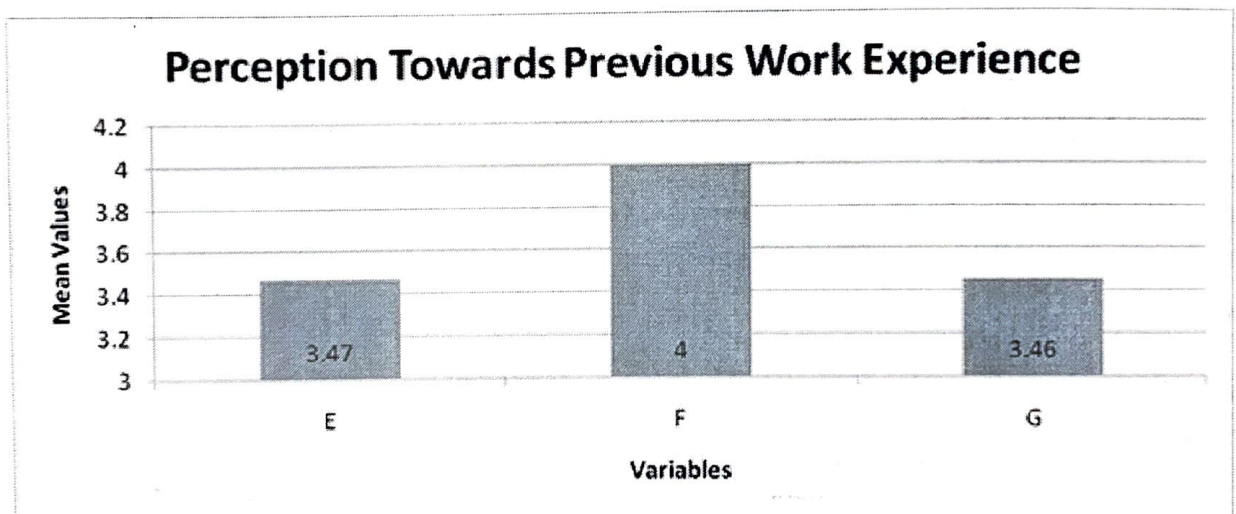
1. Seasonality
2. Apprehension of the Tourism market towards new entrepreneurs.
3. Prejudice of the suppliers in the rates of the tourism products.
4. Apathetic behavior of skilled employees to join new entrepreneurs.
5. Hurdles in approving business through Government agencies.
6. Requirement of Surplus funds for promotion of the business.
7. Complicated tax structure.

The variables can be further categorized on the basis of different factors viz. tourism education background, previous work experience, financial conditions, government support, competitive environment and others.



(Fig. 2)

In the Fig. 2, most of the respondents are favoring that Tourism education helps a lot in the starting of own business with mean value 3.29 but simultaneously they respond that most of the respondents never thought to start their own business after completion of the studies.

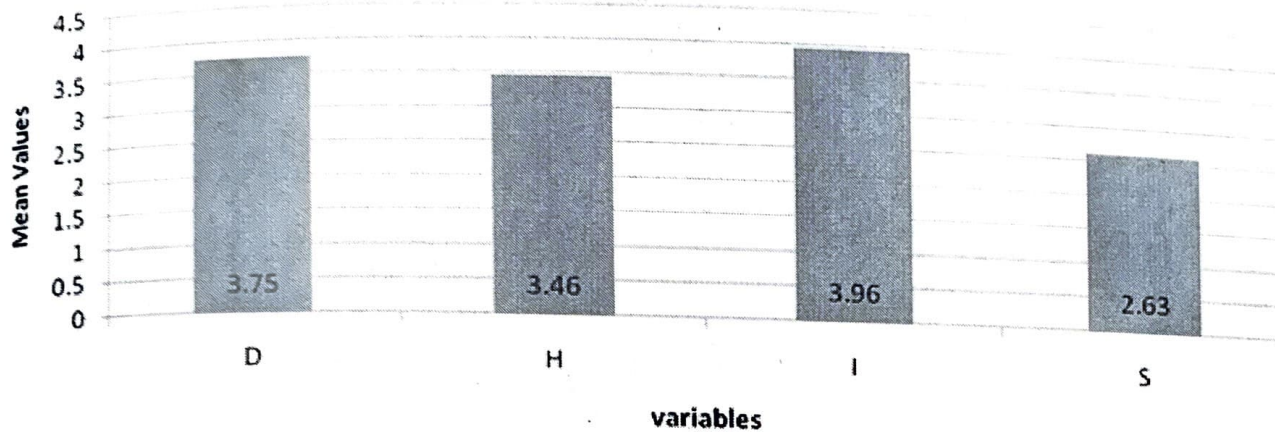


(Fig. 3)

Adequate work experience in this business contributes a lot in running own business successfully, acknowledged by most of the respondents with highest mean value 4.00, as they have relevant experience and sufficient education in the respective field with acceptable mean values 3.47 and 3.46 showing in chart-3.



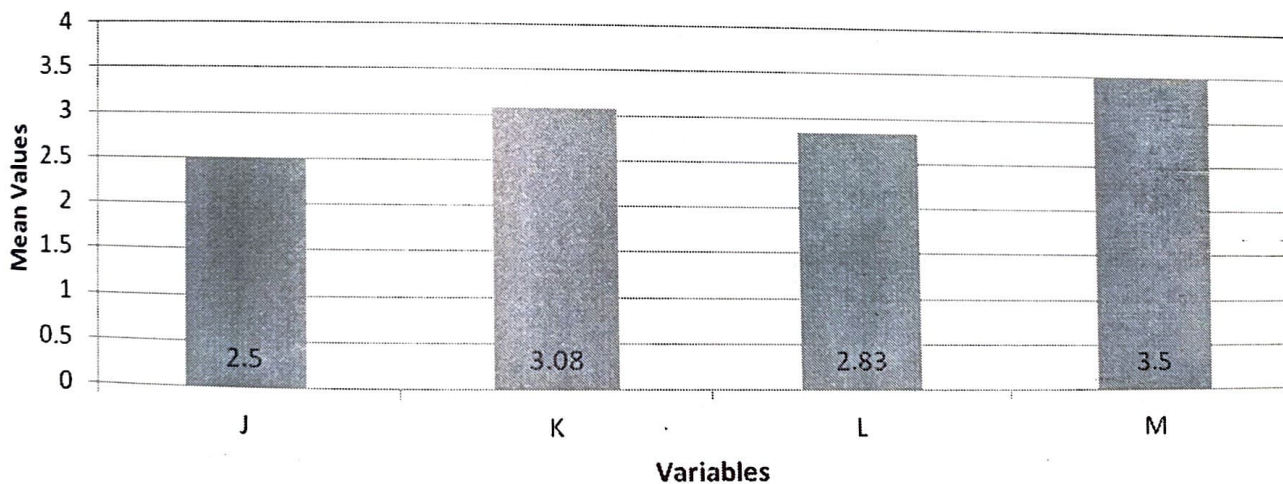
## Perception Towards Financial Conditions



(Fig. 4)

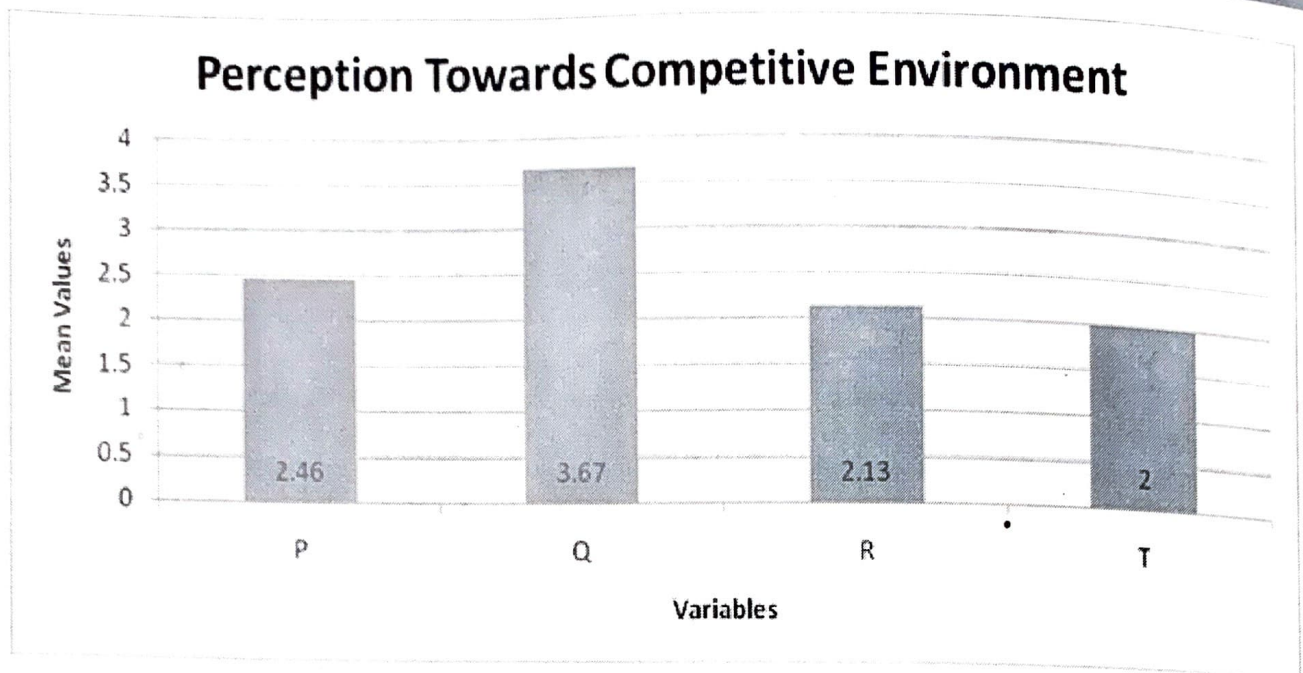
The biggest challenge in finance as perceived by the tourism entrepreneur that they have to invest additional funds in the promotion of the business with mean value 2.63 as showing in chart-4, although they had sufficient funding and support.

## Perception Towards Government Support



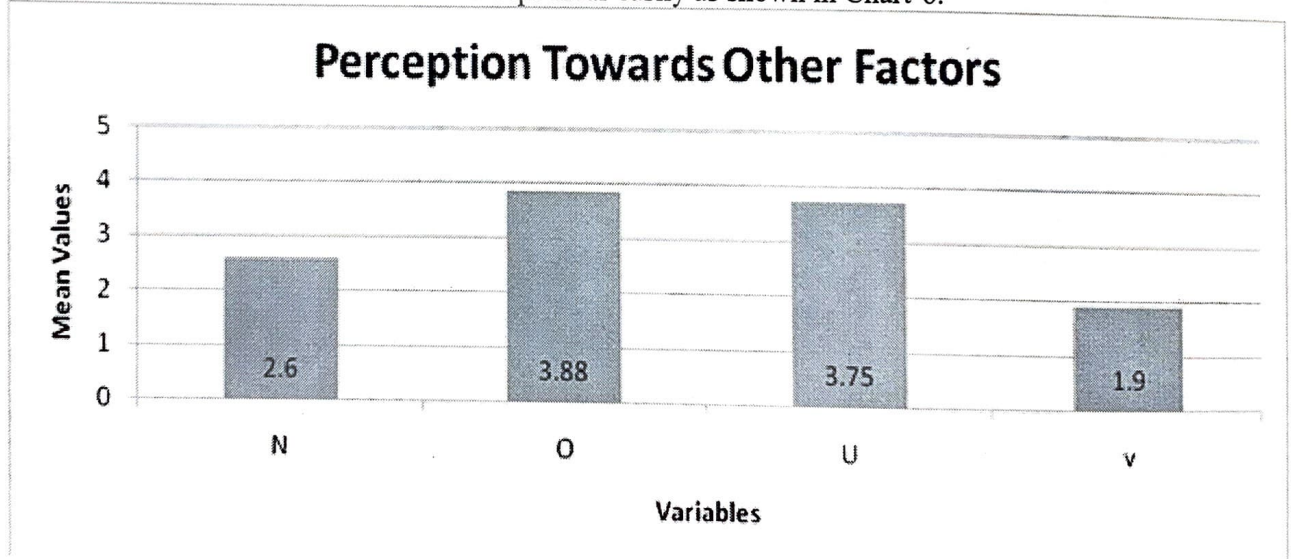
(Fig.5)

Fig. 5 showing the respondents behavior towards Government policies and various government agencies involved. Besides complicated tax structure, they also perceived some kind of hurdles while approving their business from government agencies with mean values 2.83 and 2.50. At the same time, respondents are favoring government rules and regulations in supporting the new tourism entrepreneurship with helping hand given by various government organizations having mean values 3.50 and 3.08 respectively.



(Fig. 6)

In the competitive environment new entrepreneurs perceived prominent business location among competitors as encouraging factor to new tourism entrepreneurs with mean value 3.67 but with the respective mean values 2.46, 2.13, and 2.00, the new entrepreneurs felt difficulty in hiring skilled employee, indifferent behavior of suppliers in rates provided for tourism products and apprehension of the market to believe new tourism entrepreneur easily as shown in Chart-6.



(Fig. 7)

In the Fig.7, Technological advances and memberships of the various organizations like IATA, TAAI etc. helped the lot in the running of the new entrepreneurship, are favored by most of the respondents with mean value 3.75 and 3.88 respectively. There are some other factors are also involved, in which seasonality is the biggest hurdle for the new entrepreneur with mean value 1.90. Most of the respondents disagreed to involve their family members further in the same business with mean value 2.60.



## Conclusion

Indian Tourism business is flourishing in the favorable environmental conditions. But there are few challenges too, which might be faced by the new entrepreneurs during their start up. As today's small entrepreneurs are the subsequent giant organizations so the presence of encouraging environment is the need to nurture this growth.

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