

A Reflection on The Importance of Entrepreneurship in Tourism Development

OPEN ACCESS

Volume: 8

Special Issue: 1

Month: February

Year: 2021

P-ISSN: 2321-788X

E-ISSN: 2582-0397

Impact Factor: 3.025

Citation:

Kavya, MB. "A Reflection on The Importance of Entrepreneurship in Tourism Development." *Shanlax International Journal of Arts, Science and Humanities*, vol. 8, no. S1, 2021, pp. 170–79.

DOI:

<https://doi.org/10.34293/sijash.v8iS1-Feb.3949>

*Kavya M B

Department of Economics, FMKMC College, Madikeri, Karnataka, India

**For correspondence (e-mail: kavyamadikeri12@gmail.com)*

Abstract

Tourism is significantly contributed to economic development and it is expected to promote tourism development. Tourism industry is not only influences the economic fabric in the society and also it touches the social and moral values. Tourism creates a large amount of employment opportunities for both skilled and unskilled, because it is a labour-intensive industry, which increases the foreign exchanges and local income. This industry play the vital role in the nation building and economic stability of the nation, so the entrepreneurship became a gift in tourism industry with the cause of environmentally preserved, economically beneficial and sustainable development for the localities and their development. Tourism entrepreneurship eliminates societal problems, but surge the fiscal growth and development of a country, resulting to rise in country's GDP. Entrepreneurship in tourism related with all spheres of industry as tour operations, handicrafts, hotel industry and supplementary accommodation etc. Entrepreneurs in tourism industry are more concern with economically, socially and environmentally process in an ethical manner.

Entrepreneurship is necessary for creation of new organization, construct new businesses. The tourism industry must be able to clearly understand the requirements of the process, tools and resources and also get opportunities to the entrepreneur. Tourism is part of entrepreneurship and promotion of the economic development. In this context the present study has undertaken to examine the role of Entrepreneurship in Tourism Development.

Keywords: Tourism industry, Entrepreneurship, Local development, Economy, Business benefits

Introduction

Tourism is considered as a potentially sustainable industry and plays a significant role in the development of the society at different levels and is seen as an important step to achieve sustainable development (Ghobadi, 2016). Tourism is the fastest growing industry in the world and the world's largest civilian industry (Lindberg and Hawkins, 1993). World Travel and Tourism Council (WTTC, 2002) stated that tourism could generate 25 million additional jobs in the Tourism Sector by 2010.

Entrepreneurs play an important role in sustaining tourism and formulation of sustainable strategies being the initiators of the tourism business and the engine of the local development.

Therefore, it is necessary to stimulate the development of entrepreneurial activities for the recovery of tourism potential and regional traditions, maintaining local employment growth and increase living standards in line with identifies needs and priorities of regional human resources development. The tourism industry has been identified as one of the key industries for driving economic development and economic transformation in developing countries. The marketing challenges facing tourism businesses are unique in that these businesses cannot be promoted in isolation from their competing and complementary products. Entrepreneurship quality, entrepreneurial leadership, market and marketing orientation, have been identified with positive influence on the business performance of a tourism enterprise. Also, it is important to identify the specific factors that influence success in small tourism businesses which were aforementioned. The relationships between entrepreneurial leadership, market orientation and marketing orientation could be explored with their common elements - the skills and characteristics of the owner manager, owner manager knowledge and alliances.

Tourism has long been considered a means of achieving economic and social development and regeneration. More specifically, it has been widely promoted as an effective source of income and employment, particularly in peripheral rural areas where traditional agrarian industries have declined. Since the 1970s, economic restructuring and the farm crisis have reduced rural communities' economic opportunities. These changes have limited rural communities' economic development options, making older development strategies less viable and forcing many to look for non-traditional ways to sustain themselves. One of the most popular non-traditional rural development strategies has been tourism and its associated entrepreneurship opportunities because of tourism's ability to bring in dollars and to generate jobs and support retail growth. Entrepreneurship in tourism is considered a central force of economic development, as it generates growth and brings innovation and change. Driven by increasing wealth and economic development, tourism is one of the most rapidly growing industries worldwide.

Meaning

Entrepreneurship: The concept of entrepreneurship has a long and rich tradition within economic system. The root of the word "entrepreneur" can be traced 800 years back to the French verb "entreprendre", which means "to undertake". The concept of "entrepreneur" in the economic system was first acknowledged by an economist Richard Cantillon (1680–1734). He formally defines the entrepreneur as "the agent who buys means of production at certain prices in order to combine them into a new product is uncertainty. By engaging in arbitrage and bearing risk, the entrepreneur has an equilibrating function within the economic system".

The entrepreneurship is not a very new concept, in 330 BC, where Chanakya has mentioned about entrepreneurship but the form in which we study today is relatively new started in 18th century with economists defining role of entrepreneur in shaping economy of local or nationals. Entrepreneurship as a research field involves multiple definitions, perspectives and disciplines, and the task of defining mainstream entrepreneurship research is not straightforward. However, the last decade has witnessed considerable progress towards the achievement of conceptual clarity regarding the distinctiveness of entrepreneurship research. The contribution of entrepreneurs has never been given due credit, especially in the field of tourism and yet their contribution, either good or bad have collectively been major force of shaping physical and cultural characteristics. Entrepreneurship in tourism has greatly contributed in development of any nation.

Theoretical Background

Grounded theory- Grounded theory was developed by Barney Glaser and Anslem Strauss (1967). In the context of a complex Gold Coast tourism industry, based on the lived experiences of those entrepreneurs, an entrepreneurial self-engages in pursuing activities for establishment and maintenance of a sustainable tourism venture. These activities are related to conditions or events associated with pursuing information, legitimacy and futurity. In the course of pursuing, the entrepreneurs engaged in ethical decision making which was contingent and influenced by numerous complex social interactions as well as their lived experiences of those interactions. The consequences of pursuing sustainable tourism generated a number of ethical dilemmas that had related consequences for the praxis of sustainable tourism by the entrepreneurs.

Literature Review

Conducting a literature review is significant in research study to gain familiarity with the concept and theory of Tourism entrepreneurship development in rural areas which would help in conducting the study and interpreting the findings and recommendations. The literature studies that have been conducted reveal the impact of tourism entrepreneurial activities in rural areas of India and abroad. During the literature review, it is noticed that the term “tourism entrepreneurship” has a significant role to play in bringing rural empowerment which can be viewed in the following.

In this research work review of literature is classified as follows

I. Review related to tourism

II. Review related to Entrepreneurship

Stephen J Page, Joanne Connell (2006) identified the potential of tourism industry in Employment generation and examined the various determinants of employment creation in tourism, particularly the types of tourism. Resort Development will create variety of new jobs but may not always benefit more the local people. And also tourism industry has lot of potentially in generating employment opportunities, forced earning to achieve higher economic growth. In the 11th five year plan period numbers of programs incentives have been taken by the Govt. to develop tourism industry under Incredible India Revolution scheme. (Sandeep, 2011)

Maia (2002) examines the significance of entrepreneurship in rural tourism and to identify the ways of enhancing entrepreneurship in tourism, which can contribute to the sustainable regional development. The Soderslatt region, Sweden, is selected as a case study since it is one of the most agriculture intensive parts of Sweden and problems such as a decline in agriculture and outward migration of local people are observed. There is interest and willingness expressed by representatives from local municipalities to develop the region in a sustainable way through Rural Tourism Entrepreneurship Development Programmes (RTEDP). And Tourism businesses have been identified as essential actors for creating jobs and generally growing the economy. Also here is attempt to identify the constructs that influence in building high-quality entrepreneurship in tourism industry (Nako, 2011).

Research Gap

Tourism is fast growing industry in now a day. It creates an N- number of job opportunity, income generation, eradicating the gender in equality and so on. It helpful to both skilled and unskilled labourer. So, most of the people are getting job and income in the source of Tourism. It leads to tourism is one of the important sector to development. As entrepreneurship has attracted greater attention in most countries especially through SMEs in the tourism sector, it is a trending topic in academic studies as well as the field of tourism research. With this regard, an updated

review of the available international literature could tell a lot about the current state of the studies on tourism entrepreneurship

Tourism industry has emerged as one of the important and fastest growing service industry contributing to the economy of India. Though several researchers have studied tourism sector from different perspectives, very few have attempted to understand how the tourism has impacts on the entrepreneurship. The cultural heritage, natural resources, hospitality management services and supportive civil society have resulted in the development of the tourism sector. In order to fill this gap the present study has been undertaken to analyse the importance of Entrepreneurship in Tourism Development.

Objectives of the Study

In India most studies area of tourism have so far been restricted to economic analysis and the subject of resident perception of tourism development has been under researched. This aim of the study is to identify the importance of entrepreneurship in tourism development. To achieve the purpose of the study, following objectives are set in the study;

- To examine the importance of Entrepreneurship in tourism Development.
- To examine the opportunities of entrepreneurship from tourism.

Present scenario of Indian Tourism

Tourism has become a popular Global Leisure activity. After 1990s tourism sector has been boost up all over the World. The General Agreement on trade in services (GATS) is the first Multilateral trade agreement it covers trade in services. Its creation was one of the major achievements of the Uruguay round trade negotiation from 1980 to 1993. General Agreement on Trade in Services (GATS) is a treaty of World Trade Organization (WTO) that entered into force in January, 1995 as a result of Uruguay Round of Negotiation. The treaty was created to extend the Multilateral Trading system to service sector. Main Goal of GATS is to remove barriers of trade in services and members are free to choose which sectors are to be progressively liberalized, market zed and privatized. Trade in services refers to the sale and delivery of intangible product. Today tourism is the largest service industry in India, with a contribution of 6.23percent to the National GDP and providing 8.78percent of the total employment. India witness's more than 5 million foreign tourist arrivals and 562 million domestic tourism visits. Tourism industry in India generated about US \$100 billion in 2008 and that is expected to increase to US \$275.5 billion by 2018 at a 9.4 percent annual growth rate. Tourism sector is very important service sector which is growing very fast after 1990s. In 2011 there were over 983 million international tourist arrivals worldwide representing a growth of 4.6 percent when compared to 940 million 2011.

Table: Domestic Tourist visitors to different states of India

Year	Tourist Visitors (in millions)	
	Domestic (in millions)	Foreign (in millions)
2000	220.1	5.8
2001	236.4	5.4
2002	269.6	5.1
2003	309.0	6.7
2004	366.2	8.3
2005	392.0	9.9

2006	462.3	11.7
2007	526.5	13.2
2008	563.03	14.3
2009	668.8	14.3
2010	747.7	17.9
2011	850.8	19.4

Source: Indian Tourists Statistics (2011)

Tourism and its Key Role in Economic Development

Tourism industry as an economic development strategy, cultural, political, security and it is more focused and the effects of economic and cultural considered the various nations and governments. Tourism industry is Kind of indirect foreign investment in each country and its effects on all sectors of economic expansion. Tourism industry and its contribution to the national economy, including important topics that are of interest to the owners of closely related industries such as hotel management, transportation, and travel industry, restaurant industry, Agriculture etc. The main function of this industry is foreign currency income, redistribution of income, creating jobs, sell goods and services required by tourists and especially crafts, transport development and economic prosperity.

Impact of the Tourism Industry on the Economy can be Cited as follows

- Enter the foreign exchange
- Employment in many fields
- Dynamic retail market
- Activation of airports and transportation systems
- Increasing investment
- Increasing local production and industry (handicrafts and cultural products)
- Increasing investment in the private sector (build hotels and other related services).

Table: Contribution of Tourism to GDP in India

Reference Year	2013-14	2014-15	2015-16
Share in GDP (in Percentage)	5.68	5.81	5.20
Direct (in Percentage)	3.06	3.14	2.70
Indirect (in Percentage)	2.62	2.67	2.50

Source: TSAI (2008)

Entrepreneurship and Tourism Industry

Entrepreneurship in tourism in the origin and nature are not different from entrepreneurship in urban areas or economic sectors, but the inputs required for the development of entrepreneurship such investment, management, training and technology in other industries, can be found more easily from tourism industry. In today's world of tourism as one of the largest and most profitable sectors of the world economy has become. Travel and tourism industry is still considered one of the sources of employment in rich and poor countries. As one person, every nine people have been able to hire throughout the world. The importance of tourism in entrepreneurship and revenue splits so that heal economic problems of our society that are high unemployment and low income families. Corporate social responsibilities in the field of tourism businesses play an important role

in promoting partnerships are responsible for environmental and social issues. Entrepreneurship and innovation are two key factors in both the main factor for the continued success of tourism and tourism development in global and regional arena (Eduardo Parra, 2009). The potential for development of tourism entrepreneurship in tourism and sustainable development of natural and man-made followed by the country's economic development, it is essential and inevitable.

In fact, recently, the diversity and creativity of innovative features and introducing new products and services and ways of doing things such as the characteristics of entrepreneurial innovation in the field of tourism is considered. Here, it is necessary to note that all the characteristics of an entrepreneur, risk are the most important. The main advantage of promoting entrepreneurship in tourism can be stated that the tourism sector, is one of the pillars of economic development, Scholars and policy makers have focused attention on the development of entrepreneurship in tourism and its problems have been resolved. Several studies have shown that one of the main objectives of the development of the tourism sector and ultimately economic development, job creation and the most important tools, is entrepreneurship. Promotion of entrepreneurship in the tourism sector cause reduces unemployment, increase people productivity, and consequently, increase their income and resources in public. Although it shouldn't be said that entrepreneurship in tourism, job creation and increased revenues in this sector is the only solution, but it is definitely one of the best solution (Kalhornya, 2006).

In fact, in today's world, entrepreneurship, is one of the most important aspects of tourism that growing importance. Because changes in the composition of income and economics, show need entrepreneurship in tourism more than ever before. We can say that tourism entrepreneurship means use of creativity and innovation related with tourism activities. Having noted that innovation alone will not lead to entrepreneurship, unless they are combined with the capabilities and management functions.

Figure Entrepreneurship and Tourism

Entrepreneurship is considered a central force of economic development, as it generates growth and serves as a vehicle for innovation and change. The entrepreneurship offers various advantages to local, regional and national economies especially through its development. According to Kim (1996), entrepreneurship provides benefits to the community so that individuals and organizations become accountable and responsible for their respective areas.



Figure Framework of sustainable development of rural tourism entrepreneurship

Entrepreneurial Opportunities in the Tourism Industry

Opportunities that can be positioned or not already positioned and we're creating it. Opportunity is centre of entrepreneurship. Opportunity Meaning against threats. Opportunity refers to situations which are primarily controlled by the person and also the opportunities for individuals to have

positive outcomes (Krueger, 2000). With the discovery and exploitation opportunities to create value that are entrepreneurship.

Entrepreneurial Opportunities in the Tourism Industry Generally Fall into the Following Factions

- Opportunities accommodations: hotels, motels, inns, camping
- Recreational opportunities: park, amusement park, beach sports, sport facilities
- Transportation opportunities: travel agents, taxi, rent a bike
- Basic opportunities: cafes, buffets, carriages, shops
- Cultural opportunities: museums, art exhibits, information services
- Business opportunities: Shopping, crafts, permanent exhibits
- Opportunities for health: hospitals, pharmacies, laboratories
- Business opportunities: passport services, communication services
- Financial Opportunities: Banking, Insurance, money-changing
- Opportunities for Restaurants: Restaurant, Fast Food, Coffee shop.

Findings

The challenges in tourism entrepreneurship development

- **Community Mobilization** - The rural community mobilization of the village to implement the Entrepreneurship Development Programmes (EDP) plans and various developmental strategies formulated by govt. in association with various affiliated agencies was real challenging as the local community lack in awareness, cooperation and coordination, knowledge concerning tourism economic significance and insufficient skill base talented human resource to execute the plan successfully.
- **Lack of Basic Infrastructure** - Deficiency of basic infrastructure facilities such as connectivity to the village through various mode of transportation was insufficient, lack of sufficient power supply, communication facilities and acute shortage of safe drinking water supply in the village was some major issues, which delayed to carry out the developmental plan effectively. The inadequacy of sufficient infrastructural facilities are the major huddles or obstacles in executing entrepreneurial developmental plan , as it deviated and delayed implementation of EDP strategies and plan.
- **Inadequacy of Available Resources** - Inadequacy of various economic resources such financial support, talented skilled labours, modern technical equipment to implement any development strategy effectively and efficiently.

Opportunities for Entrepreneurship

- The existence of a period of economic growth, favourable to the development of tourism.
- The increase of the number of investments interested in the industry of rural tourism.
- The appearance and development of some clusters with role in the sustenance and promotion of tourism corroborated with other industries from a certain region.
- Creating and developing some forms of promoting the local and regional identity.
- Creating some alternatives of capitalization of opportunities for the niche tourism.
- The appearance of some programmes meant for the development of female entrepreneurship in the rural area.
- The growth of the degree of awareness of the value of patrimony and the need to protect it.
- Implementing the principles of stable management of lands / grounds.

- The increase of the degree of flexibility and adapt ability of offer in the rural tourism domain to the always changing customers' requirements through the development of organizations of a handicraft type.
- The capitalization of the limited level of impact on the environment due to the handicraft feature of the entrepreneurs in the rural tourism.
- Solutions for the development of entrepreneurship in the tourism industry
- The development of small home and community businesses.
- Policy in attract investment in domestic and foreign.
- To train tour guides (tour leader).
- Protection of innovations, inventions and revolutionary innovations in tourism.
- Emphasis on teaching and research in developing entrepreneurship.
- The establishment of an entrepreneurship classes for tourism managers (public and private sectors).
- Training Entrepreneurship to Employees of Cultural Heritage, Handicrafts and Tourism organization.
- Supporting entrepreneur's ideas and aim them for developing tourism purposes.
- Training entrepreneurial approach to tourism in high school provinces.
- Sponsored from entrepreneurs in this industry for long-term loans with low interest repayment at least 20 years old.
- Make Monitoring Committee entrepreneur's plans in the industry.
- Planning the short, medium and long term, in this context, and supervising its implementation.
- Through the assistance of state Government District development authorities give importance to develop infrastructure. To give special concern about infrastructure development this is keystone of entrepreneurship.
- Widening of opportunities in tourism entrepreneurship.
- Introduce academic and certificate courses to be study about entrepreneurship.
- To be create awareness among youths about financial assistance given by Central Government to New entrepreneurs.
- More important give to eco-friendly and sustainable entrepreneurship.
- Create awareness about job opportunities in this field.

Conclusion

Tourism is an important segment of the Indian economy, especially in terms of its contribution towards foreign exchange earnings, generation of additional income and creation of employment opportunities for skilled, semi-skilled and unskilled workers in the society. India is a second largest populated country where majority of youth in the country are expecting jobs in different sectors. Tourism not only generates revenue and foreign exchange, but also ensures an optimal use of India's scarce resources, sustainable development, and high quality employment especially to youngsters, women and disabled people and finally, peace, understanding, national unity and stability. Moreover, the concept of tourism is benefit to the local community through entrepreneurial opportunities, income generation, employment opportunities, conservation and development of rural arts and crafts, investment for infrastructure development and preservation of the environment and heritage.

Entrepreneurial is considered the main force of economy by changing and innovation creates development and service production. Tourism is an economic sector that requires a high degree of entrepreneurial activities and contributions. To meet the increasing demands and huge needs amount requiring innovation and diversification of tourism products. This will create more

opportunities for tourism. As tourism industry constantly is growing due to the changing market demand facing, provide suitable context for Entrepreneurship. But realizing this subject is the time when many intellectuals transfer their results and experiences in the field of entrepreneurship to younger generations interested in entrepreneurship, but this should not oblivious influence of the entrepreneurs, because they can show fresh new ideas about hotel industry in order to promote this industry. Many participants in this industry should look towards the tourism younger generation directing to entrepreneurship.

References

1. Flammang, R. A. (1979) Economic Growth and Economic Development: Counterpoints or Competition? *Economic Development and Cultural Change* 28(2).
2. Acharya, B. P., and Halpenny, E. A. (2013). Homestays as an Alternative Tourism Product for Sustainable Community Development: A Case Study of Women-Managed Tourism Product in Rural Nepal. *Tourism Planning and Development*, (ahead-of-print).
3. Buckley, R. (2008) *Environmental Impacts of Ecotourism*. CABI Publishing, British Library, London, UK.
4. Desai, Vasant (1988): *Rural Development: Issues and Problems*. Himalayan Publishing House, Bombay. Devi, Laxmet. al, (1996): *Encyclopedia of Rural Development*, Institute for Sustainable Development, Anmol Publications Pvt. Ltd., New Delhi.
5. Goulet, D.A. (1971): *The Cruel Choice: A New Concept in the Theory of Development*, New York, Chapter-2. Harris,
6. John (1982): *Rural Development, Theories of Peasant Economy and Agrarian Change*, Hutchinson University Library, London.
7. Hayami, Yujiro and Masao Kikuchi (1981): *Asian Village Economy at the Crossroads: An Economic Approach to Institutional Change*, University of Tokyo Press, Japan.
8. Archana Bhatia (2013) *Role of Tourism Policies and Competitiveness of Indian Tourism*. *Asia Pacific Journal of Marketing and Management Review*, 2(6).
9. Akhilesh Sharma, Amar Johri, Ajay Chauhan (2012) *FDI: An Instrument of Economic Growth and Development in Tourism Industry*. *International Journal of Scientific and Research Publications*, Volume 2, Issue 10.
10. Jogartnam, Giri., Miguelamena and Joanne Jung (2005) *An Analysis of Hospitality and Tourism Research: Institutional Contributions*. *Journal of Hospitality and Tourism Research*.
11. Severt, Denver., Tesone, V. Dana., Bottorff, J. Timothy and Carpenter, L. Monica. (2009) *A Word Ranking of the Top 100 Hospitality and Tourism Programs*. *Journal of Hospitality and Tourism Research*.
12. Swetha and Srinivas (2018) *Homestays and Socio-Economic Development at Kodagu*. *Abhinav National Monthly Refereed Journal of Research in Commerce and Mngement*. 7 (4).
13. Rinzing Lama (2018) *Potential of Homestays as Tourism Product in Sikkim. Challenges and Strategic Interventions for Tourism*.
14. Smolcic, Jurdana., Dora and Lorena Dadic, Ines Milohnic. (2015) *Entrepreneurship in Tourism as a Factor of Rural Development*. *Journal of WEI Business and Economics*: 4(2).
15. Soare, Ionica and Cristache, Nicoleta. (2017) *The Rural Tourist Entrepreneurship – New Opportunities of Capitalizing the Rural Tourist Potential in the context of Durable Development*. *European Journal of Sustainable Development*: 6(3).
16. Md. Sharif, Norhafiza and Lonik, KU Azam Tuan. (2017) *Sustaining the Entrepreneurship in Rural Tourism Development*. *International Journal of Multicultural and Multireligious Understanding*: 4(6).

17. Jegdic, Vaso., Skrbic, Iva and Milosevic, Srdan. (2017) Models of Entrepreneurship Development in Rural Tourism Destination in Vojvodina. Economics of Agriculture.1
18. JesimPais. (2006) Tourism Employment An Analysis of Foreign Tourism in India. Institute for Studies in Industrial Development:1.
19. <http://www.aercafrica.org>
20. <http://www.virgingalactic.com>
21. www.indiastate.com