CHAPTER - I
INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

Tourism is one of the largest flourishing foreign exchange making industries in the world. It provides a plenty of entrepreneurial opportunities directly and indirectly to millions of people. It is the only industry that deals with the government departments, travel agencies, tour operators, hotels, restaurants and many associated service industries. It is the fastest growing industry which generates income from tourists’ spending on goods and services at various stages of traveling; therefore it is very important for the economic well being of many countries. At the beginning of this century, tourism was turning into a business. Service requirements of the tourists have created business in tourism such as lodging, transport, foods and beverages, information, recreation, entertainment and so on. It has led to the creation of new habits and different behaviour and life styles as well as a different conception of time. Tourism brings people into close contact with each other. As sustainable tourism has an educational element it can foster understanding among people of different cultures and provide cultural exchange between hosts and guests. This increases the chances for people to develop mutual sympathy and thereby removing prejudice and ill feeling. In short, tourism acts as a benevolent messenger for peace in the world1.

Tourism considered as a service industry, it increases wealth and employment opportunities in local area. The Travel and Tourism industry directly contributes about 3.6 per cent of the world’s Gross Domestic Product (GDP) and indirectly contributes about 10.3 per cent to it. Being one of the biggest contributors to the global GDP, this tourism industry directly
employs nearly 77 million of people worldwide, which comprises about 3 per cent of the world’s total employment. The travel and tourism industry also contributes to indirect employment generation to the tune of 234 million which is 8.7 per cent of the total employment implying that one in every twelve jobs in the world is in the tourism industry. The industry also represents about 12 per cent of the total world exports\(^2\). Tourism is a powerful economic development tool and creates unique business opportunities by providing job opportunities for people from the range of skilled to unskilled and strengthens the local economies by it providing better infrastructure development like road, airports, telecommunications, water, power and transportation and so on for the local people.

In India, the tourism industry has the potential to grow at a high rate and ensure consequential development of infrastructure. It is blessed with the kind of diversity in culture, natural beauty, architectural and historical sites, pilgrimages of all kinds and all religions which would make any country feel proud of it. In order to speed up the development of tourism in the country, some of the recent initiatives taken by the Indian government to boost tourism include grant of export house status to the tourism sector and incentives for promoting private investment in the form of income tax exemptions, interest subsidy and reduced import duty. The hotel and tourism-related industry has been declared a high priority industry for foreign investment which entails automatic approval of direct investment upto 51 per cent of foreign equity and allowing 100 per cent non-resident Indian investment and simplifying rules regarding the grant of approval to travel agents, tour operators, tourist transport operators and foreign tourists. India has launched e-Tourist Visa Scheme (as Tourist Visa on Arrival scheme) in November 2014\(^3\). Government has introduced this scheme only to 45 countries initially and later it will extend the scheme to 150 countries with an aim to increase the foreign tourist traffic, because tourism can
stimulate other economic sectors through its backward and forward linkages and cross-sectional synergies with sectors like agriculture, horticulture, poultry, handicrafts, construction and so on.

Tourism is an important catalyst in the socio-economic development in the modern times, contributing in multiple ways and strengthen the interconnected process. It is a service industry and can have a significant effect on those countries with surplus labour. To this service industry human labour is extremely important; most of the sectors of tourism industry are labour-intensive, and require relatively small to large level of investment to prepare in tourism business.

Business opportunities are limitless in tourism industry. Jobs in tourism are always attractive and highly respected. It is a composite sector, generating income in a large number of activities as sectors and sub sectors. It has a vital role to play in a country, state and region and is often portrayed as a solution for many evils such as underdevelopment, unemployment, poverty, social discrimination and so on. However, the tourism sector is often criticized for providing only low-return, seasonal issues; at the same time it is obvious that if there is no tourism many people in India would be unemployed.

1.2 STATEMENT OF THE PROBLEM

Tourism is an important aspect in the developing world, it is a business providing entertainment for tourists. Tourism contributes significantly by its impact on economic, social, cultural and environmental area of a nation. It constitutes a significant portion of the global business and it will remain a giant driver of economic development in the future also. It is an international business activity with much focus on fostering friendship and goodwill across the borders, along with trade and commerce. It is a composite industry with multiple processes and activities arising from the relationship of tourists with service providers, local community, local
government and the environment. It is a multi fragmented industry that encompasses many industries under its broad umbrella, among them transportation, accommodation, food, attractions, entertainment and recreation are major constituents of the modern tourism business.

Unplanned tourism activities of the tourists can have detrimental effect on the trip and destination too. For people travelling from their own domicile the tourism related services are necessary such as pleasure and recreation, accommodation, food and beverages, transport facilities and so on. Thus, they are in a position to assistance from the service providers for their fruitful and pleasant travel. These needs and wants of tourists provide business opportunities ranging from small scale business to large scale business at local levels to multinational levels. Due to the services needed by the tourists at various stages, the tourism business opportunities also arise when fulfilling the tourist needs. From tourists entry in and exit from a destination create plenty of jobs and business opportunities in tourism allied sectors such as accommodation, food services, transport, recreation, entertainment and so on in worldwide.

The tourist service providers play a vital role in tourism, because a tourist feels comfortable when their visit becomes a successful and a happy one. The government gives incentives to the tourism entrepreneurs with an in intention to promote tourism because tourism can strengthen country’s economy in multiple ways such as development, employment, poverty eradication, removing social discrimination and so on.

In India, the travel and tourism industry has become a predominant aspect to influence many sides of its economy. India being one of the most sought after destination in the world, it has great potential of the foreign exchange earning industry too. Among the Indian states, Tamil Nadu state has got the first place for domestic and foreign tourist flow in the last year and
tourists flow to Tamil Nadu has been increasing by 21 per cent every year. Tamil Nadu has various tourist attractions, ranging from hill stations to historic monuments. When providing the statistics of the tourist inflow, the interesting information is that 32.75 crores domestic tourists and 46 lakhs foreigners had visited the state in 2014. 1.02 crores of local tourists and 89 thousands of foreigners had visited Madurai in 2015. This is a good and encouraging tourist traffic. This much of tourist potential leads to thousands of employment opportunities directly and indirectly in the Madurai tourism industry and its allied sectors like hotel, restaurants, travel agencies, tour operations, tourist’s guidance, and handicrafts artisans and so on.

Many studies have been conducted in the field of entrepreneurship and tourism sector at national and international level. But tourism entrepreneurship related studies are very limited; especially tourism entrepreneurship in southern cities is very rare. Therefore it is necessary to study the entrepreneurial opportunities and challenges of tourism industry in Madurai. This study provides useful suggestions for those who desire to start their career in tourism business.

1.3 NEED FOR THE STUDY

Madurai is a great historically important place to be visited by those who want to see the temples, historical places, natural sceneries, trucking, cultural and heritage monuments and so on. It has 2000 years of historical significance, traditional culture and heritage background. Pandyas and Nayaks dynasty had added splendour to Madurai’s architect as well as customs. The temple city is the most popular for 3Fs such as festival, food and flowers. Jasmine flowers are transported to other cities of India and abroad from Madurai. Apart from 3Fs, this includes its architectural majesty, customs and traditions, religious sanctity, magnificent art work, handicrafts, ballads, folk dances, dramas, songs, festivals and ceremonies. The film tourism has
also been emerging recently. The city is a rich combination of its ancient cultural heritage, with the fast paced technological advancements. Madurai is expanding rapidly and is one of the major commercial centres of South India. It is the third largest city in Tamilnadu, and the most important district in which is unique in culture and customs. It holds promise for enjoyment and spiritual experience for those decided to visit Madurai\(^5\).

Potential for travel and tourism industry is enormous in Madurai. At the same time, the industry faces numerous challenges also, of which the most critical is lack of proper infrastructure, human resources, lack of adequate marketing promotion, safety and security, regulatory issues and so on. The present century tourism entrepreneurs face more challenges than those in the previous century in the management of international and domestic tourism business such as terrorism, pandemic, political issues and sometimes natural calamities too affect the tourism business. Every coin has two sides and tourism business is no exception to this.

It is rightly said by Winston Churchill that “A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.” In Madurai, a group of people emerged as tourism entrepreneurs in one segment and in another segment people are emerging as tourism entrepreneurs. In this backdrop, to know the problems and prospects of tourism business, the researcher has attempted to study the entrepreneurial opportunities and challenges of tourism industry in Madurai”.

1.4 SCOPE OF THE STUDY

The present study deals with both the tourists and tourism entrepreneurs as the tourists are an asset for tourism entrepreneurs. This study speaks about the opportunities and challenges of tourism industry. For that reason, the demographic profile of the tourists, the level of awareness of the tourists on the various places in and around Madurai, satisfaction level of the tourists over the various services and facilities availability, tourists’ perception towards the Madurai tourism and the tourism service providers are analysed. Moreover, the demographic profile of the tourism entrepreneurs and their business background, reasons of the establishment of the tourism business and its performance, qualities of entrepreneurs, problems and prospects of the entrepreneurs are analysed. The theoretical backgrounds about entrepreneurship, tourism and tourism entrepreneurship are also highlighted.

1.5 OBJECTIVES OF THE STUDY

1. To analyze the socio – economic conditions of the tourists and tourism entrepreneurs in Madurai.
2. To know the purpose for which the tourists make visit to Madurai.
3. To analyze the tourists opinion on various facilities offered by the tourism industry.
4. To analyze the tourism entrepreneurial opportunities and business performance of the Madurai tourism.
5. To analyse factors influencing the performance of the business and qualities that are needed for a successful tourism entrepreneurs.
6. To appraise the entrepreneurs opinion on the problems existing in tourism business in Madurai.
1.6 HYPOTHESES USED FOR THE STUDY

There are 12 hypotheses framed by the researcher in order to attain the objectives of the present study. They are listed below.

1. There is no significant difference among the responses provided by the respondents on the purpose of visit to Madurai.

2. There is no significant difference between education and the level of awareness on the various tourist places in Madurai.

3. There is no significant difference among the ranks provided by the respondents about their awareness of the various excursion centres in and around Madurai.

4. There is no significant difference among the responses of the respondents on the awareness of Tamil Nadu Tourism Development Corporation services.

5. There is no association between gender and level of satisfaction of respondents towards the services of the service providers.

6. There is no relationship between the gender and the problems faced by the respondents while visiting Madurai.

7. There is no significant difference among the responses of the respondents on the motivation to start the business venture.

8. There is no significant difference among the ranks provided by the respondents for the reasons behind starting business in Madurai.

9. There is no association between the nature of business and tourism business suitability in Madurai.

10. There is no significant difference between size of the business and the level of entrepreneurial performance of the respondents.
11. There is no significant difference between the respondents’ business performance and the problems and prospects of the respondents

12. There is no significant difference between the business background of the respondents and the problems and prospects of the respondents while running the business.

1.16 METHODOLOGY

The present study is based on both the primary and secondary data. The primary data have been collected from the sample respondents of the study area. A structured interview schedule has been used to assess the opinion of the tourists and the tourism entrepreneurs. Travel agents, tour operators, hotel owners and restaurant owners are brought under tourism entrepreneurs for the study. The secondary data are collected from Madurai tourist office records, Ministry of tourism website, Tamil Nadu Tourism Development Corporation website, various books, journals, magazines, reports, records and so on.

1.8 SAMPLE SIZE

The population of the study is finite and so, the researcher has collected data from 385 tourists and 206 tourism entrepreneurs. For data collection, disproportionate stratified random sampling technique has been used for tourists and the cluster sampling method has been used for tourism entrepreneurs. It becomes a probabilistic sampling and paves the way for using both univariate and multivariate statistical techniques of both parametric and non-parametric tests.
1.9 SAMPLE DESIGN

The number of tourists who have visited Madurai and tourism entrepreneurs’ details have been collected from Madurai tourist office. From the record, it is understood that the 10 year average of tourist arrival into Madurai is 1035189 and registered tourism entrepreneurs are 439. Based on it, the sample size is fixed by the researcher. According to the Rao’s soft online sample size calculator at 5 per cent significance level of the proposed size, sample has been derived as 385 tourists and 206 entrepreneurs from the population of 1035189 and 439 respectively. The detailed statistics of the sample sizes are given in the Table 1.1.

Table 1.1

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Types of Respondents</th>
<th>Population</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tourists</td>
<td>1035189 (Ten years Average)</td>
<td>385</td>
</tr>
<tr>
<td>2</td>
<td>Entrepreneurs</td>
<td>439</td>
<td>206</td>
</tr>
</tbody>
</table>

Source: Secondary Data

The samples of 385 tourists were selected by disproportionate stratified random sampling technique and cluster sampling method has been used for selecting the 206 tourism entrepreneurs.

1.10 SAMPLE SELECTION CRITERIA

The present study is about an investigation of the entrepreneurial opportunities and challenges of tourism industry in Madurai. The samples of 385 tourists were selected by disproportionate stratified random sampling technique. The study area has been divided into four regions namely North, East, West and South. From each region the sample has been selected at
different sampling frame, based on the frequency of the tourists flow. The sample selection criteria for the tourist are given in the Table 1.2.

**Table 1.2**

**SAMPLE SELECTION CRITERIA - TOURIST**

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Regions</th>
<th>Population</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North</td>
<td>256535</td>
<td>95</td>
</tr>
<tr>
<td>2</td>
<td>South</td>
<td>172714</td>
<td>64</td>
</tr>
<tr>
<td>3</td>
<td>East</td>
<td>292305</td>
<td>109</td>
</tr>
<tr>
<td>4</td>
<td>West</td>
<td>313635</td>
<td>117</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>1035189</strong></td>
<td><strong>385</strong></td>
</tr>
</tbody>
</table>

The samples of 206 tourism entrepreneurs were selected by cluster sampling techniques. There are four clusters namely travel agents, tour operators, hotels and restaurants. The sample has been selected in proportion to the population by using proportionate random sampling technique. Table 1.3 shows the sample selection criteria for the tourism entrepreneurs.

**Table 1.3**

**SAMPLE SELECTION CRITERIA - ENTREPRENEURS**

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Entrepreneurs</th>
<th>Population</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Travel Agents</td>
<td>172</td>
<td>81</td>
</tr>
<tr>
<td>2</td>
<td>Tour Operators</td>
<td>59</td>
<td>28</td>
</tr>
<tr>
<td>3</td>
<td>Hotels</td>
<td>124</td>
<td>58</td>
</tr>
<tr>
<td>4</td>
<td>Restaurants</td>
<td>84</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>439</strong></td>
<td><strong>206</strong></td>
</tr>
</tbody>
</table>

*Source: Secondary Data*
1.11 PRE TEST AND RELIABILITY TEST

A pre-test was conducted before finalizing the interview schedule. An interview schedule was issued to 50 respondents of both the tourists and entrepreneurs. Both formal and informal discussions were conducted to fine tune the content of the interview schedule. Besides, the Corn Bach’s Alpha test was also administered on the collected samples to find out the reliability and validity of the schedule. The schedule was finalized after the pre test. The reliability of the interview schedule is given in the Table 1.4.

Table 1.4
RELIABILITY OF THE INTERVIEW SCHEDULE

<table>
<thead>
<tr>
<th>INTERVIEW SCHEDULE FOR TOURISTS</th>
<th>Variables</th>
<th>Number of Items</th>
<th>Number of Samples</th>
<th>Alpha Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Purpose of visit</td>
<td>11</td>
<td>50</td>
<td>0.869</td>
</tr>
<tr>
<td>2</td>
<td>Type of tourism product</td>
<td>7</td>
<td>50</td>
<td>0.883</td>
</tr>
<tr>
<td>3</td>
<td>Awareness on the tourist places</td>
<td>25</td>
<td>50</td>
<td>0.906</td>
</tr>
<tr>
<td>4</td>
<td>Awareness on TTDC services</td>
<td>12</td>
<td>50</td>
<td>0.806</td>
</tr>
<tr>
<td>5</td>
<td>Satisfaction level of tourism product</td>
<td>49</td>
<td>50</td>
<td>0.910</td>
</tr>
<tr>
<td>6</td>
<td>Problems of tourists</td>
<td>18</td>
<td>50</td>
<td>0.816</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INTERVIEW SCHEDULE FOR ENTREPRENEURS</th>
<th>Variables</th>
<th>Number of Items</th>
<th>Number of Samples</th>
<th>Alpha Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reasons for failure</td>
<td>8</td>
<td>50</td>
<td>0.812</td>
</tr>
<tr>
<td>2</td>
<td>Motivational factors</td>
<td>7</td>
<td>50</td>
<td>0.897</td>
</tr>
<tr>
<td>3</td>
<td>Entrepreneurial qualities</td>
<td>15</td>
<td>50</td>
<td>0.867</td>
</tr>
<tr>
<td>4</td>
<td>Entrepreneurial Performance</td>
<td>12</td>
<td>50</td>
<td>0.819</td>
</tr>
<tr>
<td>5</td>
<td>Problems faced by entrepreneurs</td>
<td>20</td>
<td>50</td>
<td>0.888</td>
</tr>
<tr>
<td>6</td>
<td>Prospects for entrepreneurs</td>
<td>16</td>
<td>50</td>
<td>0.810</td>
</tr>
</tbody>
</table>

Source: Primary Data
The Cronbach’s Alpha value indicates that the variance with the perception of the respondents is significant at the 5 percent level. This implies that Cronbach’s alpha value is greater than the benchmark value of 0.75. Therefore, it can be concluded that all the block of variables in likert’s scale is highly significant and fit to conduct the research.

1.12 DATA PROCESSING

After completing the data collection a thorough check was made and the whole interview schedule was processed for coding the data in the computer. Then, the coded data were processed by using the SPSS version 20.0.

1.13 FRAME WORK OF ANALYSIS

The tourist opinion about Madurai tourism is analysed in five major sections namely demographic profile, general information about trip, awareness of the respondents about the various tourist places, satisfaction level of the respondents towards the services available in Madurai and service rendered by tourism service providers and facilitators and, the problems faced by the respondents during their visit. The socio-economic profile has been analyzed by simple percentages and it is used throughout the report wherever required. The purpose of the visit to Madurai is analyzed by the Kolmogorov-Smirnov test. Likert scaling technique is used to assess the Madurai tourism product position in the world map. The awareness of the respondents on various tourist places in Madurai is analysed by the ANOVA test. The Friedman test has been used to assess the awareness of the respondents on the various excursion centres in and around Madurai. Sign test has been used to analyse the awareness of the respondents towards the services rendered by Tamil Nadu Tourism Development Corporation (TTDC). The chi-square test has been used to analyse the respondents satisfaction level towards service providers. Mann-
Whitney “U” test has been employed to evaluate problems faced by respondents during the visit. Discriminant analysis is used to find out the highly influencing satisfaction factors towards the various facilities available in Madurai tourism industry. SEM model has been constructed for assessing the relationship among awareness on tourist places, service rendered by the tourism service providers, level of services, purpose of visit and the satisfaction of the respondents on Madurai tourism industry.

In order to find out the entrepreneurial opportunities and challenges faced by tourism entrepreneurs, the opinion of entrepreneurs is analysed in five sections such as socio economic profile, business background and performance of the respondents, motivational factors, problems and prospects of the respondents towards the tourism business. The socio-economic profile has been analyzed by simple percentages. Likert scaling technique is used to find out the reasons behind not achieving breakeven point of the business. The respondents’ opinion about types of tourists to visit Madurai has been analyzed by Garret ranking method. Sign test has been used to find out the motivational factor for starting the business venture. The Friedman test is used to assess the reasons in behind starting the tourism business in Madurai. Tourism business suitability in Madurai has been assessed by chi-square analysis. One sample ‘t’ test has been used to know the entrepreneurial abilities needed for the tourism entrepreneurs. Entrepreneurial performance level has been evaluated by ANOVA test. Business performance of the respondents has been analyzed by multiple regressions analysis. The problems and prospects of tourism business have been evaluated by MANOVA test. Cluster analysis has been used to frame the cluster for the problems faced by the respondents. Kaiser Meyer Olkin (KMO) and Bartlett’s test has been used to check the normality of the distribution. Based on the KMO value, the factor analysis has been used to find out the entrepreneurial opportunities available in Madurai.
1.14 OPERATIONAL DEFINITIONS OF THE CONCEPT

1. **Tour**: A journey made for pleasure by visiting several different places.

2. **Travel**: Go from one place to another place by car, train, plane, or ship.

3. **Visit**: Go to a place for the purpose of enjoyment or spend the time by seeing many places.

4. **Destination**: The country, region or local area in which the tourist spends his or her holiday.

5. **Tourist**: A temporary visitor staying at least 24 hours in a country for the purpose of spending leisure, business, family assignments, meeting.

6. **Domestic tourists**: A person who visits places in his or her own country.

7. **Foreign tourist**: A person who visits places outside his home country.

8. **Tourist product**: A sum total of a country’s tourist attraction, infrastructure and tourist services which hopefully result in consumer satisfaction.

9. **Attractions**: It refers to products that have visitor appeal like museums, historic sites, performing arts institutions, theme parks, entertainment national sights and so on.

10. **Tourism**: The practice of touring or travelling for pleasure or recreation and the guidance or management of tourist as a business.

11. **Tourism Business**: The amount of business focus or the number of goods or services sold to the tourists.

12. **Tourism entrepreneur**: Those who start and run their own business, especially involving and seeing new opportunities in tourism.

13. **Travel Agents**: A travel agent is one who makes arrangements of tickets for travel by air, rail, ship, passport, visa, and so on. He may also arrange for accommodation, tours, entertainment and other tourism related services.
14. Tour Operators: A tour operator organizes the tours and provides tourist transport like
cars, coaches, and boats and so on, for the tourists transfers, sightseeing and journeys to
tourist places.(An organization which assembles ‘package holidays’ from components
provided by other sectors such as accommodation and transport).

15. Hotel: A building that has number of rooms for stay for the customers and it could be
provide food too.

16. Restaurant: It is a place where meals and beverages are prepared and served to
customers.

17. Cuisine: A style or method of cooking, especially characteristic of a particular region.

18. Handicraft: A skilled activity involving making of unique goods in a traditional method
by using hands.

1.15 CHAPTER OUTLINE

This study contains six chapters

The first chapter presents the introduction, statement of the problem, need for the study,
scope of the study, objectives of the study, hypotheses of the study, methodology, sample size,
sample design, sample selection criteria, pre test and reliability test, data processing, framework
of analysis and chapter scheme.

The second chapter deals with the review of literature relating to entrepreneurship,
tourism industry and tourism at national and international perspectives.

The theoretical backgrounds of the entrepreneurship, tourism, tourism entrepreneurship
and tourism entrepreneurship in Madurai are presented in the third chapter. It includes
characteristics of entrepreneurship, entrepreneurial competencies, components of tourism, role of
entrepreneurship and tourism in economic development, role of government of India in tourism development, entrepreneurial opportunities and challenges of tourism in Madurai and so on.

The fourth chapter deals with the socio-economic profile of the tourists, general information about the respondents’ present trip, respondents’ awareness on the various tourist places in and around Madurai, their satisfaction level over the various facilities, tourists’ perception on Madurai tourism industry and the tourism facilitators’ services and the problems faced by the respondents during their visit and so on.

Socio-economic profile of the entrepreneurs, business background of the entrepreneurs, their motivating factors to start the tourism business, qualities and business performance of the entrepreneurs, and their opinion about the opportunities and challenges of the tourism business in Madurai are exhibited in the fifth chapter.

The findings of the study and suggestions offered in the study are presented in the last and final sixth chapter.
REFERENCES


4. Press Information Bureau, Government of India Ministry of Tourism Website.