CHAPTER VIII

CONCLUSION AND SUGGESTION

The findings of this investigation have been summarised at various sections throughout the preceding chapters. It may be, now, possible to recapitulate the findings into a more orderly manner to reflect how each specific aspect of the social and economic system of a tribal dominated underdeveloped state is related to the specific characteristics of entrepreneurship in service sector. It may be, further, noted that the present study neither makes any claim to difference to the general theory of entrepreneurship nor makes inclusion of all important characteristics of entrepreneurship.

Entry into entrepreneurship

Tribal Participation

The active participation of the tribal people in entrepreneurship is evident. The present study includes 78 entrepreneurs out of which 34 (43.59%) are Angamis, followed by 10 (12.82%) Chakesangs, 7 (8.97%) Lothas, 5(6.41%) Aos, 5 (6.41%) Semas, while the rest are from other tribes including 8 (10.26%) non- Nagas(non-tribals). Most of the hotels in the district headquarters have been established by the entrepreneurs belonging to the local tribe whereas in Dimapur the hotel
entrepreneurship is well distributed across various tribes of the State. Out of the 78 entrepreneurs, 20 (25.64%) have started hotels at their native place whereas 32 (41.03%) have established their units after migrating from other places within the district and 15 (1.23%) after migrating from other districts. 11 (14.10%) of the 78 entrepreneurs have migrated from other states and established their units in Nagaland. Thus, the participation of the local entrepreneurs (respondents belonging to the same town or district where the hotel is located) constitutes 66.67 percent of the total respondents. This is an encouraging development in that the local entrepreneurship is coming forward for exploiting the business opportunities available to them in the market. Further, 67 (85.90%) are from Nagaland State itself.

*Social Origin*

Of the 78 entrepreneurs included in the study, 72 (92.31%) are male and only 6 (7.69%) are female. Out of the 72 male entrepreneurs, 66 (91.67%) are married whereas of the six women entrepreneurs 5 (83.67%) are reported to be married. The entrepreneurs are again found to be from different religious faiths. Majority, i.e., 87.18 percent of the total are Christians, followed by 7 (8.97%) Hindus, 2 (2.56%) Buddhists and one Jain. All the non-Christian entrepreneurs are located in Dimapur whereas the Christian entrepreneurs are spread across the towns. Out of the 78 entrepreneurs, 24 (30.77%) are non-matriculates, 18 (23.08%) matriculates, 13 (16.67%) Pre-University passed, and 19 (24.36%) are graduates or post-graduates.
The average age of the entrepreneurs at the starting of their hotel units is 39.98 years in the range of 16-69 years. Out of the 78 respondents 22 (28.2%) have established their units before reaching thirty years. Age and migration, therefore, do not seem to have any association between them and this finding refutes the conclusions of one earlier study (Despande 1982), conducted in the context of manufacturing entrepreneurs in Maharashtra.

**Occupational Origin**

The study traces out the occupational mobility of the first generation entrepreneurs from their paternal grandfather. The data indicate a strong tendency among the subjects of the study to move away from the primary and traditional occupation like agriculture, in order to enter into a relatively more risky and profitable occupations. This movement is prominent in the occupational transition from grandfather to father of the entrepreneurs. Hence, "getting off the land" appears as an essential first step towards acquiring entrepreneurship. In Nagaland, this process has been initiated by the fathers by changing their occupation from farming to either government jobs or business. The occupational transition displayed in this stage is parallel to the occupational transition characteristics exhibited by the Filipino manufacturing entrepreneurs (Carrol, 1965) and also the entrepreneurs in Marathwada region (Despande, 1982).

A summary view of the entire process of occupational mobility involving three generations reveals that the drop outs from the farming occupations are remarkable.
Out of the original 72 farmers all dropped out within two generations. In the last phase the only person remained in farming came from other occupation. Agricultural occupation has shown relatively more stability in the first phase, but in the other phases it is business which has shown remarkable stability. Whatever dropouts were recorded in the second and third phase were mainly on account of the sons directly entering into business. Two other occupations maintaining stability in the third phase are government service, politics and social work.

**Prior Contact**

About 91 percent of them have mentioned that they had prior contacts with the business world. Friends and their previous occupation in the business are the two most important sources of prior contacts. Father's occupational status also seems helpful to the entrepreneurs in establishing contacts with the business world, and further, prior contact is found to be negatively associated with the level of education and positively associated with the age of the entrepreneurs.

**Family Help**

Family assistance is found to be an important factor in entering into entrepreneurship at an early age. The percentage of the entrepreneurs receiving help is less than the percentage of the entrepreneurs not receiving help in case of all the tribes except Sema, Mao and Chakesang. Entrepreneurship of migrated people has been positively influenced by family help. 66.67 percent of those who have come from other states have received family help followed by 52.94 percent in case of inter-
district migrants. 23.17% of the total entrepreneurs are found to have received direct finance for starting their hotels. The family assistance extended to the native entrepreneurs mostly comprises of land and to the interstate migrants it is family contact.

**Influencing Factors**

Desire for higher or additional income has been an important consideration for starting hotel units as an independent job or along with the previous job. This consideration is prominent in almost all categories of entrepreneurs. The need to enhance the financial status and self-employment are the two most important influencing factors for entrepreneurial development in Nagaland. Yet a sizeable proportion of the total entrepreneurs have had the desire to promote their own enterprise. Parents' influence have had negligible impact in the choice of occupation by their children. It is also found that the entrepreneurs with lower educational status have been motivated by financial consideration and self-employment opportunity whereas those with graduation and post-graduation qualification have taken up hotel enterprises as a means to actualise their own desire and gain social prestige as hotel owners. Although, financial consideration as a motivating factor is positively associated with all types of previous occupation, the degree of association is found to be the highest with business occupation. Thus, it is revealed that the motive to make money gets reinforced for entering into business.
Preparation for entrepreneurship

Choice of Service

The analysis of entrepreneurial choice with regard to service line is found to be positively associated with higher formal education. Those entrepreneurs with college education have chosen to establish hotels with relatively broader service line as compared to those who did not have college education. Majority of the matriculate and non-matriculate entrepreneurs have chosen hotels with only lodging facility.

Choice of Scale

For all the 78 entrepreneurs taken together ‘Financial Constraints’ is found to be the most important factor for limiting the size of hotel units. The second most important factor for limiting the size has been reported to be “desire to take limited risk”. ‘Limited market potential’ as a factor has been ranked third. Financial constraints and desire to take limited risk have been found to be the most important considerations at lower level of education whereas limited market potential and easy to start have been the considerations at higher level of education. The factor influencing the choice of scale also varies across the migration characteristics of the entrepreneurs. ‘Financial Constraints’ is the main consideration for the native and intra-district entrepreneurs to limit the size whereas for the inter-district and inter-state migrants the respective main factors are limited market potential and willingness to take limited risk.
Choice of location

The psycho-cultural factors are the most important ones to influence the choice of the location of the hotels. However, the importance of these factors for locational choice is reduced with the increase in the level of formal education of the entrepreneurs whereas the importance of the technical factors such as market, infrastructure etc. has increased with the increase in the level of formal education of the entrepreneurs.

Risk Capital and Capital Structure

The distribution of risk capital of the entrepreneurs is found to be skewed towards left and shows a very high degree of variation which has been measured by the coefficient of standard deviation at 189.252 percent. Further it is found that the entrepreneurs who have invested more than Rs 10 lakh have had previous occupation either in politics and social work or business. The magnitude of risk capital in case of the entrepreneurs having previous occupation in politics and social work is found to be higher than those having their previous occupation in business. It is further found that the average magnitude of risk capital for the native entrepreneurs is less than that of those who have migrated from other places. Again, among the migrant entrepreneurs, the inter-district migrants have invested more risk Capital than those who have migrated from within their districts and the inter-state-migrants have invested the least. The average investment of risk Capital for inter-district migrant entrepreneurs being Rs 13.78 lakh is more than the double of the average risk Capital for the sample as a whole. Some entrepreneurs are found to have availed long term
credit facility, i.e. taking building materials on credit from the local dealers without any interest for a year or two. With regard to capital structure it is found that the entrepreneurs have chosen a very simple capital structure as their finance has been obtained from either a single source or two sources. In one case only the entrepreneur has tapped two other sources (banks and a small loan from a friend) in addition to his own risk capital.

Project Report Preparation

It is found in this study that education has positively influenced the preparation of a project report. Most of the entrepreneurs had prepared the project report only for the requirement of the financial institutions. Some of entrepreneurs were found to be benefited with the building plans incorporated in the project report.

Entrepreneurial Performance

Promotional Performance

The mean promotional time for the above two types of the entrepreneurs (on rent and on construction) being 5.23 months and 38.74 months respectively, it is observed that the entrepreneurs who could start hotels by exploiting the availability of a rented building have taken a much lesser time for completion of activities than those who started hotels in self-constructed building.
Service Management

A wide seasonal variation is observed with regard to the occupancy rate of the hotel enterprises in Nagaland. The occupancy rate during the first quarter of the year is slightly higher than the two middle quarters owing to business tourists (on governmental work, business and school admission). The higher occupancy rate during the last quarter of the year is due to better weather conditions and Xmas visits. The average occupancy rate computed for all hotels stands at 46.41 (standard deviation 12.52) in a range of 11.25-82.5. Thus, the above analysis reveals that the overall occupancy rate is below 50 percent with a wide seasonal variation and around two-third of the capacity generated remains unutilised for around nine months. Migrated entrepreneurs with moderate formal education, previous business experience, and a choice of multiple service line have shown a better performance than other entrepreneurs.

Low frequency of cleaning operation in a significant number of hotels leads to an observation that the entrepreneurs pay a low order of priority to the operational aspects of their units and succumb to customer dissatisfaction. This finding is further supported by the duration of hotel supervision. Except 18 entrepreneurs the rest spend less than 6 hours in supervising the hotel operations. 27 entrepreneurs come to their hotels for less than two hours, out of which 19 visit their units once in a blue moon and surprisingly, 14 of the 19 stay at different towns. Hence there is a high degree of managerial dependency among the local entrepreneurs and in the absence of close
supervision the operational aspects of the hotels suffer causing customer dissatisfaction.

**Personnel Management**

The entrepreneurs in the hotel industry of Nagaland are found to have employed an average workforce of 6.5 persons per unit on payment of an average salary of around Rs.850 per month. The coefficient of skewness being +0.74, it is observed that the distribution of employees in hotel industry of Nagaland is positively skewed. The work participation ratio among the male and female workers in the hotel industry of Nagaland being 93:7 suggests heavily imbalanced flow of industrial employment opportunities in favour of the male population. This biased flow is experienced in all the categories of workers, i.e., executive, clerical and workers. The majority of the workers (69.88%) are paid a monthly wage below Rs. 1000 along with some other benefits like free meals, free accommodation, medical expenditure, dress and in some cases Sunday allowance in addition to the salary package. The benefit of the employment generated by the entrepreneurs is mostly enjoyed by the non-Naga matriculates and under-matriculates.

No entrepreneur follows a written personnel policy. They normally recruit on the basis of personal approach by the workers and their readiness to accept a salary offered to them. While recruiting in this manner, the entrepreneurs give emphasis on personality and work experience. Actual wages are found to be fixed by personal negotiations depending upon the skills, experience and the urgency of recruitment of
the workers. 34 entrepreneurs are found to follow annual increment practice, whereas 8 two-yearly increment practice and others go for an irregular increment depending upon their desire and profitability of the hotel. 28.6% entrepreneurs are found to have experienced continuous bickering with the workers. While analysing various reasons of wrangling, it is found that they were mostly concerned with human nature and psychology and seldom economic, trade unionistic or technological in nature. Mistakes at work is found to be the principal cause of conflict between entrepreneurs and workers, which were caused not by inadequate technical knowledge, but by sheer negligence on part of the workers. It is further observed that the entrepreneurs do not have any formal leave rules, but the workers normally avail a long annual leave for a duration ranging between 15 and 30 days and the leave period depends on the religion of the workers. It is found that the labour turnover experienced by the hotel entrepreneurs is very high. 1-4 range is observed for 26.5 percent of the entrepreneurs, 5-8 range for 50 percent and above, 8 for the rest of the entrepreneurs. The labour turnover mainly refers to workers at floor level as only in four cases the managers have left the hotels. While studying satisfaction among the employees, it is found that the workers have shown a low order of satisfaction on task complexity, owner's behaviour and wages, but a low order of dissatisfaction towards the components on account of service condition, incentives and career prospects. Coefficients of variation computed for the above components of employees satisfaction ranging between 17.48 and 36.27 suggest that there is not much variation in employees satisfaction across the enterprises covered under the study.
Marketing Management

In this study, it is found that sales activity in majority of the cases is managed by the hired managers. Delegation of sales function is found to have a positive association with the level of formal education of the entrepreneurs. The entrepreneurs appear to sell rather than market their service. The study reveals that the marketing activity is conducted on an adhoc basis. Only 42.31% of the entrepreneurs, all operating in Kohima district, are found to have advertised their hotels in print media on an occasional basis. In the perception of the majority of the entrepreneurs, sales promotion activity is found to be an unnecessary activity that invites the attention of the extortionists. 70 % of the sample entrepreneurs follow market based pricing policy and charge a room rent at par with their competitors. A three tiered tariff structure is found to be adopted by 30.73% of the entrepreneurs followed by a two tiered tariff structure by 28.2% of the sample. It is further observed from the analysis that the hotel entrepreneurs by locating their hotels in conveniently approachable locations provide accommodation at a reasonable price, but due to poor sanitation facility, security arrangement and service quality, they are failing to satisfy their customers.

Record Management and financial regularity

Out of the 78 entrepreneurs, 70 (89.74%) are found to have maintained Guest Ledger. Cash book is found to have been maintained by 60 (76.9%) entrepreneurs operating in Dimapur and Kohima only. In most of the cases, it is simply an exercise book where the entrepreneur or his manager informally records all cash transactions. 30 entrepreneurs (38.46%) are observed to have been preparing monthly profit and
loss account, of course, in a crude method to know their monthly operational result. 27 (34.6%) entrepreneurs (19 in Dimapur and 8 in Kohima) are observed to have a practice of annual profit and loss account. Four hotels in Dimapur are found to have other relevant subsidiary books. Only 10 (12.82%) entrepreneurs have asset records, i.e., the list of all movable, fixed assets and their costs. But the overall accounting system reveals that the entrepreneurs do not keep any accounting information to guide them in decision making or controlling their hotel operations.

Analysis of financial regularity taking into consideration all the 21 institutionally financed entrepreneurs reveals that the entrepreneurs have performed miserably on the repayment front of their loan and as a result, the outstanding amount along with the accrued interest in some cases has gone up to more than 200% of the initial loan. However, their overall performance in repayment of loan is relatively better than the two hotels in public sector (Japhu and Saramati). The institutional authorities have expressed a high degree of dissatisfaction towards the hotel entrepreneurs for their financial irregularities. Hence, it is found that majority of the institutionally financed entrepreneurs have failed to maintain financial regularity with their financiers and lost their credit worthiness for any loan in the future.

Stability and Growth Performance

Out of 78 hotels, only 42.31 percent are found to have achieved stability having occupancy rate higher than the industry average of 46.41 percent. While associating stability with migration characteristics of the entrepreneurs, it is found that
majority of the entrepreneurs (78.79%) achieving stability are migrants and 21.21 percent are only natives. The ratio of stability achievers to non-achievers increases with the enhancement in the migration status of the entrepreneurs. The same ratio also increases with the increase in the level of formal education of the entrepreneurs. Thus, stability is evident more in case of the educated and migrant entrepreneurs.

The growth performance of the 78 entrepreneurs in terms of service added has been found discouraging. Out of 78 entrepreneurs, majority (46 or 58.98%) have neither added nor dropped any service during their hotel entrepreneurship. Thus, the above analysis regarding the growth perspective of the entrepreneurs suggests that majority of the hotel entrepreneurs want to maintain the present status without any expansion or modernisation programme in the future. However, a few of them, particularly, the educated migrants want to expand and modernise (oil painting of the walls, provision of TV in rooms, carpeting, renovating of the hotel building etc.) their hotels, for attracting customers with improved room service and to have an increase in the seasonal market share. Further, around 8 percent of the entrepreneurs want to get rid of their hotel entrepreneurship.

Relative Efficiency

Inter-industry: Analysis of capital productivity suggests that value added per rupee capital invested in hotel industry is the lowest among all the industries under comparison. Its capital productivity ratio, on an average, is observed to be only 0.44 against 1.74 for the total. On the other hand, labour productivity in hotel industry is
observed to be the highest among the industries under analysis. Value addition per employee per annum in hotel industry is observed to be Rs. 102.38 thousand as against only Rs. 12.71 thousand for all industries as a whole. Further, per employee capital is also observed to be the highest among all the industries under study. Thus, the analysis clearly suggests that the hotel industry in the state is relatively more efficient than other industries in labour productivity, but is the most inefficient one in terms of capital productivity and generating employment on the face of scarcity of capital.

Intra-industry: The size-wise relative efficiency in hotel industry on account of the four measures: capital productivity, labour productivity, occupancy rate and per employee average capital reveals the following:

- Capital productivity declines with increase in capital investment. The tiny hotels with capital investment up to Rs. 5 lakhs are the most efficient ones on the criterion of capital productivity.

- Highest labour productivity is observed among the large sector hotels (investment above Rs. 60 lakhs).

- There is no significant difference between the occupancy rate of small and large hotels.

- Per employee capital requirement increases with the increase in capital investment.

Inter-state: Taking into consideration common source of data and similar geographical conditions and nature of economy, Mizoram state has been chosen to
facilitate inter-state comparison of relative efficiency of hotel industry. Comparison of relative efficiency on account of three measures: capital productivity, labour productivity and per employee capital investment suggests that hotel industry in Nagaland is relatively more efficient in labour productivity, but less efficient in capital productivity and employment generation.

**Overall Performance**

While analysing the contributing characteristics of the entrepreneurs toward their success, it is found that:

- Higher education, institutional financial assistance, family assistance, are negatively associated with success of the entrepreneurs and the degree of such association varies from low to moderate (-0.3 < Q < 0.6).

- Migration, direct supervision, previous contact with business world, project report preparation are positively associated with the success of the entrepreneurs, but the degree of association is low, i.e., less than 0.3 (0 < Q < 0.3).

- Previous occupation in business, nature of promotion, age of the entrepreneurs and choice of service line are moderately positively associated (0.3 < Q < 0.6).

- Large scale operation is highly negatively associated with entrepreneurial success (-0.6 < Q < -1).

- Owning management responsibilities, sales promotion, single goal orientation and early establishment are highly positively associated with entrepreneurial success (Q > 0.6).
While testing the above statements with the help of Z-score computed for Yule's coefficient of association, it is found that only in five cases the Z-score is significant. Hence it is concluded that success of entrepreneurship in hotel industry in Nagaland is associated with early establishment, single goal orientation, direct supervision with own managerial responsibility, and sales promotion while large scale investment without own managerial responsibility has resulted in failure of the entrepreneurial endeavour.

**Major Problem Areas**

The major reasons for poor occupancy rate as revealed by the entrepreneurs are found to be law and order problem, too much competition and general decline in the economic condition of the people due to Supreme Court's order to ban timber business in the state. The analysis of the trend of tourist arrival in the state over a period of ten years suggests that both the domestic and international tourist arrivals are declining year by year and the principal reason for this is reported to be the deterioration in the law and order situation in the state. In addition to the above, the over-bridge construction, continuing for over six years at Dimapur has adversely affected the operation of nearly a dozen of the hotels in its vicinity. The implication of the problems confronted by the entrepreneurs in the hotel industry is found to be an alarming rate of mortality among the hotels causing loss of employment to the society and relatively a much lower rate of return to the entrepreneurs on alternative use of the hotel building.
It is found that majority of the entrepreneurs are dissatisfied with their hotel business. Educated entrepreneurs reveal that their business demands a lot of their time and energy for a very low return as compared to that of their friends in government service or political activities. On the other hand, a couple of entrepreneurs with less formal education reveal that they are quite happy with their business and given a chance they would like to modernise their hotel to serve customers in the upper end of the market.

Conclusion

The policy effort of the government to create favourable conditions for development of industrial activities in the state has paid dividend. Governmental incentives like central subsidy, development of infrastructure and financial assistance have initiated an accelerated process of industrialisation and encouraged some people to take up entrepreneurship as a career. However, due to lack of proper implementation of policies and continuous bureaucratic interventions most of the entrepreneurial initiatives sub-optimally contribute to the state economy. In fact, the underdevelopment of the state may be attributed to absence of right type of entrepreneurial personalities. The paucity of entrepreneurial personalities in the state is mainly on account of the non-conducive industrial climate that prevailed during the fifties and sixties. (The study reveals that the entrepreneurship is not strictly a psychological or social phenomenon, but also a product of the political and administrative behaviour of the state.) The government’s active involvement coupled with the individual economic aspiration has a tremendous potential to foster the
growth of industrial entrepreneurship in the state. The emergence of first generation local entrepreneurship with an imitative model confirms the theory that the dormant entrepreneurship can be activated through creation of a conducive environment.

The study with particular reference to hotel industry of the state reveals that the government has a visible intention to develop the industry, but when it comes to effort nothing significant is observed. Whatever little effort has been made, much of it goes in creating hurdles for the entrepreneurial pursuit in hotel industry. Instead of promoting the hotels in private sector, the government has acted as a competitor by providing alternative accommodation at a heavy loss. Further, it reveals that the upper section of the society grabs the benefits of the economies created in the state by the governmental agencies to develop small scale industrial entrepreneurship. Most of the entrepreneurs, particularly playing in the upper end of the market emerged from the upper strata of the society in terms of economic and political power in the state. The itch to be an entrepreneur is revealed to be not constrained with locational origin of the people, as many of the entrepreneurs have preferred to migrate into other relatively developed areas for quenching their entrepreneurial itch. The dominance of a particular tribe in the industry may not be attributed to the tribal characteristics of that particular tribe, it may be access to market and infrastructure that drive the latent entrepreneurial personalities of a particular tribe.

To be away from the primary occupation is an important precondition for development of entrepreneurship. The stimulation required to initiate this process can
be generated through deliberate creation of employment opportunities in other sectors of economy. The inter-generation occupational mobility trend suggests that the transition from primary occupation to industrial entrepreneurship is a gradual process that takes place between two or three generations. The process becomes quicker when the generation advances along with more and more profitable occupational opportunities offered from the two other sectors of the economy and the risk associated with them are reduced through intervening agencies. The process of occupational mobility in a tribal society, which is not caste-ridden can be initiated by introducing a section of them to an industrial culture.

Hotel entrepreneurship in Nagaland has emerged as a diversified occupation at a later stage of the life of the entrepreneurs, particularly, after accumulating funds from their previous occupation. Only a marginal percentage of the hotel entrepreneurs have established their hotels by conceiving a single unified goal. Prior contact is found to be common with the less educated entrepreneurs and a major source of this are friends and their previous occupation in the business. Family assistance is one of the most important factors, in entering into entrepreneurship at an early age. Entrepreneurship of migrated people has been positively influenced by family help. Family assistance extended to the native entrepreneurs mostly comprises of land and to the inter-state migrants it is family contact and to the inter-district migrants it is direct finance.
Desire for higher or additional income (along with the income from previous job) has been an important consideration for starting hotel units as an independent job or along with the previous job. This consideration is prominent in almost all categories of entrepreneurs. The need to enhance the financial status and self-employment are the two most important influencing factors for entrepreneurial development in Nagaland. Yet a sizeable proportion of the total entrepreneurs has had the desire to promote their own enterprise. Parents' influence have had negligible impact in the choice of occupation by their children. Although, financial consideration as a motivating factor is positively associated with all types of previous occupation, the degree of association is found to be the highest with business occupation. Thus, it is revealed that the motive to make money gets reinforced for entering into business.

Entrepreneurship in most of the cases is based on the financial power of the entrepreneurs without proper scientific evaluation of the opportunities and business-oriented decision process. Most of the entrepreneurs had prepared the project report only for the requirement of the financial institutions and the relevance of the project report in planning and control of their enterprise seems to be dismal. The entrepreneurial choice regarding product, scale, location has been influenced by their educational status, and migration characteristics. While making the choice function the educated migrant entrepreneurs take into consideration the technical factors that affect the feasibility and viability of an enterprise and the native entrepreneurs with lesser formal education consider psycho-cultural factors like designing the service for a narrow range of customers confining to their own tribe or own people. With regard
to capital structure it is found that the entrepreneurs have chosen a very simple capital structure as their finance has been obtained from either a single source or two sources. People becoming rich through political or business activities or government service feel deprived of quality of life in their native place and develop in them an urge to migrate into the more developed town for permanent settlement and look for entrepreneurial opportunities where they can have additional income to sustain if not to enhance their affluence. The risk capital, therefore, depends on the magnitude of their accumulated fund generated in previous occupation and naturally follows a skewed pattern of income distribution in the state. Because of simplicity and avoidance of legal complexities and the urge to be the sole owner most of the entrepreneurs have preferred sole proprietary form of organisation.

With regard to the promotion of the hotels the entrepreneurs have taken two paths; some entrepreneurs have started their units in a planned way by acquiring land and constructing the building as per the hotel plan whereas some have taken roadside large buildings on long-term rent arrangement and modified them to function as hotels. The later type of entrepreneurs have taken lesser time as compared to their former counterpart, but the mortality rate is found to be higher in case of the former type. Thus, absence of long term entrepreneurial commitment leads to not only early, but frequent entrepreneurial transition.

The study further reveals a serious market problem due to law and order problem and general decline in economic activities in the state. Along with this there
is a wide seasonal variation in occupancy rate of the hotel enterprises in Nagaland. The occupancy rate during the first quarter is slightly higher than the two middle quarters owing to business tourists (on governmental work, business and school admission). The higher occupancy rate during the last quarter of the year is due to better weather conditions and Xmas visits. The overall occupancy rate is below 50 percent with a wide seasonal variation and around two-third of the capacity generated remains unutilised for around nine months. Migrated entrepreneurs with moderate formal education, previous business experience, and a choice of multiple service line have shown a better performance than other entrepreneurs in creating market.

Low frequency of cleaning operation in a significant number of hotels leads to an inference that the entrepreneurs pay a low order of priority to the operational aspects of their units and succumb to customer dissatisfaction. As most of the hotels are promoted by the local entrepreneurs and managed by hired managers, there is a high degree of managerial dependency among the local entrepreneurs and in the absence of close supervision the operational aspects of the hotels suffer from customer dissatisfaction. Increased managerial dependency followed by poor supervision by the entrepreneurs and the absence of scientific accounting records not only affects adversely the entrepreneurial performance, but also encourages leakage in entrepreneurial rewards. On the level of a marginal wage difference, the incidence of high labour turnover at the workers level and low turnover at the managerial level establishes the suspicion of entrepreneurial reward leakage.
The performance of the entrepreneurs in various aspects of functional management is not satisfactory. In the absence of any formal contract or service condition the employees feel insecure and continue their job without any loyalty till there is another opportunity. On the line of marketing there is neither any entrepreneurial effort to create market through service augment, promotional efforts with a marketing approach nor pricing strategy to take care of seasonal fluctuation in occupancy rate. The entrepreneurs are yet to envision that a part of the market remains unserviced in the industry. There are many stranded passengers reluctant to go to the hotels in Dimapur guided by their own perception of security, cleanliness and other service quality of the local hotels. In fact many tourist promotion activities particularly in the academic and cultural sector are not entertained due to lack of accommodation in the local market. The entrepreneurs do not go to the market to invite the guests, they simply wait for the guests to come from the market without caring for whether the guests are coming. Hence there exist gaps, of communication and creating confidence in the market. There are many ways to raise occupancy rate, but there is no effort from either the entrepreneurs or the government to discover them by diagnosing their origins. Lack of long run growth perspective of the entrepreneurs seems to have created stumbling blocks for such initiatives.

The entrepreneurs in most of the cases have arranged finance from their own sources and any shortage of finance to actualise their business idea has been managed by suitable alteration in their original plan. Some entrepreneurs, particularly in the influential section of the society, have availed institutional financial support but it is
discouraging to note their repayment behaviour. Due to increased financial irregularities by the majority of the institutionally financed entrepreneurs there is a great loss of credit worthiness of these entrepreneurs in the perception of the institutional financiers that has not only affected the past entrepreneurs but also the loan arrangement by the future entrepreneurs in the state.

With regard to the hypothesis that small scale industry is more suitable, it is concluded that in the hotel industry the choice of a particular scale is not found to be superior to others on every front. While the entrepreneurial choice for small scale is advantageous on the ground of employment generation and capital productivity, it is disadvantageous for enhancing the productivity of the employees. However, in both the cases the market response is similar. In Nagaland context since the local labour force passes on the employment in private sector to assiders undermining the prevalent wage structure, the choice of scale in some cases should be towards larger side to enhance the application of technology for increased labour productivity and higher wage in return. This again needs entrepreneurial skill enhancement to promote and manage units of large size.

The relative success of entrepreneurship in hotel industry in Nagaland is associated with early establishment, single goal orientation, direct supervision with own managerial responsibility, and sales promotion while large scale investment without own managerial responsibility has resulted in failure of the entrepreneurial endeavour. So there is a need to orient the entrepreneurs towards developing a
positive attitude towards owning managerial responsibility and acquiring the skills necessitated for this by participating in various training programmes.

There are problems confronted by the entrepreneurs in the hotel industry of Nagaland. Some of the problems are avoidable at the level of the entrepreneurs, but instead of putting efforts to overcome such problems, they feel that the government should step in and solve them. When they follow the tendency of explaining the difficulties or shifting the responsibility they overlook their role towards gap filling and input completing functions as propounded by Liebenstein (1968).

The entrepreneurs finally deserve admiration for their risk taking ability. To start an enterprise in the context of Nagaland is not a matter of joke for the pains that a person has to take to do so. Every moment, there is possibility of facing a problem. The transition of Nagaland state from “there is no hotel” to “there are many” has been possible in a span of two decades because of a strong drive on the part of the entrepreneurs as revealed in the study. However, this drive could not be honed at the state level for expanding the industry. This demystifies couple of hitherto assumptions that the local people lack entrepreneurial skill and they are careless regarding money. But it may be proved wrong when one comes across their understanding of the problems and prospects of the industry which are genuine. However, the entrepreneurs should do self-introspection in those areas where the onus of responsibility lie on them, not on any outside agency. With introspection comes a clear vision for progress. Alongside, the governmental policies and
programmes should be made more transparent to facilitate the growth of hotel industry in Nagaland. Finally, it is the true spirit of entrepreneurship that should prevail over other factors.

**Suggestion**

Conclusions arrived at, on the basis of this study of hotel entrepreneurs of Nagaland, emphasise that persons with a strong determination, commitment, perseverance and having contact with business world have better capabilities to achieve success than others. These conclusions goad us to suggest environmental and physical improvements that will not only augment the supply of entrepreneurial talent but would also improve chances of their success. In a developing society like Nagaland, entrepreneurial talent is a very scarce resource and, therefore, once the talent is identified, environmental and support facilities must be available for such a talent to flourish. Thus, the need of the hour is to have a coherent and integrated approach to developing environmental facilities that would encourage and induce the youth to be participants in the economic growth of the state as successful entrepreneurs.

For developing an enviable entrepreneurial culture in the society, a social transformation is necessary that calls for a social engineering with the concerted efforts of parents, social workers, political leaders and the government with the objective of converting the youngsters into independent, self-made agents of economic growth. The value of competition should be imbibed among the
youngsters to take on the challenges and to climb the ladder of success so as to come at the top. Parents must ensure that the virtues of honesty, hardwork, open-mindedness, capacity to take decision, having the ability to face odds and challenges, are inculcated in their children as a deliberate and regular practice of child-rearing to shape them into lion-hearted persons to take up industrial ventures. Development of a national character in the line of the Japanese can go a long way in the direction of economic welfare of the state. Social workers by their efforts can motivate the youths to have the passion to embrace independent vocations. Political leaders have a twin role to play: to shape and implement the policies of the government for making the entrepreneurial task less difficult and to induce many more to accept entrepreneurial career by rewarding the successful ones. What is more important is to synchronise and co-ordinate these administrative and attitudinal efforts for synergy.

As the running of a moderate size enterprise needs technical and managerial skills there should be provision for specific training. It is a matter of surprise that not a single entrepreneur operating in the industry under study has undertaken any training. Insisting on a training programme of at least three months' duration as a precondition to sanctioning of institutional finance can screen out many escapers and thus prevent the flow of public sector financial assistance to undeserving persons. In the context of Nagaland, the training should be industry specific and need-based. As a curative measure there is a need to impart the existing entrepreneurs training covering various aspects of functional management. Given the technical knowledge to the entrepreneurs particularly in the field of pricing, record management, cost-benefit
inter-district sports, cultural and academic activities at various towns during the off seasons can avoid to a great extent the seasonal variation in the occupancy rate. Establishment of honeymoon villages to attract newly married couples, arranging horse riding camps, poet meets and many other activities on these lines can create a large market for the hotel industry. In fact the performance of the hotel entrepreneurs shall depend on the developmental efforts in their mother industry tourism. The important point is that the entrepreneurs should look beyond their front office to get a market for their services. All these suggestions may not have much financial implications. Expansion of entrepreneurial vision and a change in mind-set are the keys to the successful implementation.

Last but not the least, importance of the tourism industry in Nagaland cannot be undermined particularly in the light of geo-physical conditions of the state. This sector has an advantage over others as the sector’s success depends much on the psychological and political environment in the state rather than the financial and material resources. The hilly topology and the demographic features of the state may be disadvantageous to manufacturing or other machine-based industrial processing but very much congenial to developing tourism in the state. The state’s features hence should be strategically viewed while launching any developmental activities. The proper blending of traditional virtue of hardwork and modern technical know-how shall go a long way in paving the state on the path of development. This calls for an entrepreneurial outlook that views all threats as opportunities and takes up development as a way of life.
analysis, organisational behaviour and business policy, the performance status of many of the hotels can be altered in a desired manner.

The problems faced by the entrepreneurs can be overcome through a collective and concerted effort. These efforts can be institutionalised by promoting an association of all the hotel owners in the state. They can develop standards for service quality, set the norms for ethical conduct, issue certificates to the marketing agents of various hotels, take up industry problem with appropriate authorities, negotiate with leaders for restoring a congenial atmosphere for industrial operation in the state and arrange specific training programme by drawing support from various developmental organisations.

The grave problem for all hotels is marketing. The entrepreneurs can improve their occupancy rate by means of marketing efforts. Targeting a particular market segment, improvement in service quality by self supervision so as to satisfy the target customers, and building image of their respective hotels, and seasonal pricing strategy are some of the steps that can improve the flow of guests. The state government has also to launch an aggressive tourism marketing to attract adventurous and anthropological tourists into the state. Many international tourists visiting India are now fed up with the traditional tourists spots and are intending to enjoy the scenic beauty of the hills. Given a liberal permission, these international tourists can visit Nagaland and develop the market and turn the occupancy rate of many quality hotels in the state including those two in the public sector. Arrangement of inter-state and