



Tourism Entrepreneurship In Karnataka – Issues And Challenges

Shruthi.B M.T.A, (MA), Guest faculty, Department of Commerce (MTTM), Bangalore University, Bengaluru, India.

Abstract: - Karnataka, one of the most progressive and well-developed industrial states in the country, is focused on development of trade and service sectors, through various initiatives and policies. It is home to several forts and architectural marvels and is blessed with a rich cultural heritage of over 1500 years. Other diverse visitor attractions include pilgrim sites, coastal landscape, wildlife / national parks, Eco Tourism, Wellness Tourism – Alternate Lifestyle/ Yoga, Voluntary Tourism and Adventure Tourism. Over the years, Karnataka has also emerged as a strong contender in the global market for Business Tourism. The State has been ranked as the 4th preferred destination among domestic tourists and is the 3rd preferred destination for attracting investments in the tourism sector.

Tourism has the potential to empower industry, it needs to focus on how to bring this about. Understanding tourists and tourism processes is the first stage to empowering the local community to make informed and appropriate decisions about their tourism development. Considerable investments are required in communication and trust building between the actors in tourism. In this context the study brings the Present Scenario of tourism industry which made Karnataka a Tourism entrepreneurship “Hub” and it provides the entrepreneurship opportunities and domains in tourism and travel industry, to make successful development of tourism is necessary to understand the opportunities of entrepreneurship. The study provides deep insights into the Challenges and opportunities faced by the tourism entrepreneurs in Karnataka.

Key Words: - Tourism, Entrepreneurship, Cultural Heritage and Travel industry.

I. Introduction

Tourism businesses have been identified as essential actors for creating jobs and generally growing the economy. Tourism has the potential to empower communities and the sustainable tourism agenda needs to focus on how to bring this about. Understanding tourists and tourism processes is the first stage to empowering the local community to make informed and appropriate decisions about their tourism development. Considerable investments are required in communication and trust building between the actors in tourism. In this context to make successful development of tourism is necessary to understand the importance of entrepreneurship and human resource management. Tourism businesses have been identified as essential actors for creating jobs and generally growing the economy. In context for new ventures, according to the researchers, are far more important in bringing new ways into economic process than are established firms. High-growth and high-potential small tourism businesses have positive impacts on economic growth. Possibility to understand entrepreneurship quality is very important in a way to discuss about essential meaning of entrepreneurial leadership, market and marketing orientation, differentiation and tourism destination development. This will enhance accessing high-quality entrepreneurship in tourism industry. Growth in the tourism industry will bring benefits which will facilitate job creation. The government views this as an opportunity to create employment and to bring in equality in the countries’ job market. Business with low capital investments could become sustainable,

depending on the skills and characteristics of the owner-managers of these businesses that represent human resource management.

In this context Karnataka is one of the fastest growing states in terms of Industries and facilities. The state currently ranks as the 4th most popular destination in the country. Around 18.26 crores domestic tourists and 1.28 lakhs foreigners visited the state during the year 2022, (Indian Tourism Statistics 2023, Ministry of Tourism, Government of India). The state attracts around 4% of the foreign tourist arrivals to India. Tourism industry in Karnataka employed around one out of every 10 jobs, 1.56 lakh people directly and 3.59 lakh people indirectly, generating revenue of Rs.1.39 lakh crore in the year 2022. A target of 10% annual growth in the sector has been fixed for the next 10 years. The Capital City Bangalore, presently known as Bengaluru can be termed as the IT hub of India. Everything in Karnataka is an intense experience for the tourist. Karnataka unfolds a variety of tourist destinations, from historic places to wildlife parks, religious places to spectacular waterfalls. Some of the main tourist places include Mysore Palace, Brindavan Gardens, Jog Falls, Pattadakal Temple, Shravanbelagola, Srirangapatna etc. These places indicate a variety and richness of attractions. In April 2002 the government decided it would be creating infrastructure in tourist places so that entrepreneurs could open resorts, hotels, amusement parks etc. One of the major attractions offered to entrepreneurs was to make available government land in all places barring in Bangalore city, at 50 per cent of the market value for opening resorts/hotels and for carrying out tourist related activities.

II. Objectives of the Study

- To study the concept of tourism entrepreneurship.
- To understand the relevance and benefits of Karnataka tourism.
- To know tourism entrepreneurship in Karnataka.
- To identify the issues and challenges faced by tourism entrepreneurship in Karnataka.

III. Research Methodology

The present study is completely based on secondary data. It is mainly descriptive and analytical in nature. The necessary data have been collected from various sources such as journals, articles, websites, and reports of Ministry of Tourism Government of Karnataka and Indian Tourism Statistics, Ministry of Tourism, Government of India, 2023.

IV. Tourism Entrepreneurship

An entrepreneur is one who plays significant role in the economic development of a country. The definition of tourism entrepreneurship; we believe that the most useful and convincing way to define tourism entrepreneurship is to establish its congruence with entrepreneurship it has emanated from. Accordingly, tourism entrepreneurship can be defined as the professional application of knowledge, skills and competencies and/or of monetizing a tourism related new idea, by an individual or a set of people by launching an enterprise de novo or diversifying from an existing one (distinct from seeking self-employment as in a profession or trade), thus, to pursue growth while generating wealth, employment and social good. In other words, tourism entrepreneurship refers to the activities of the major group of stakeholders of this service sector primarily designed for the effective and profitable interaction of demand for and supply of tourism products; at the same time assuring competitive professionalism and gainful socio-economic status.

In simple words, it embraces all sorts of activities involved in creation and operation of a legal tourism enterprise. A legal tourism enterprise excludes all forms of tourism or tourism like activities which are against the generally accepted laws of the Land. For example, in India, wildlife hunting, flesh-trading (prostitution), drug trafficking, etc. are considered illicit and illegal and hence, do not fall within the purview of tourism enterprises.

Entrepreneurial leadership in tourism industry

(ENTREPRENEURSHIP IN TOURISM INDUSTRY LEAD TO BUSINESS BENEFITS-Nako Taskov, Ph.D., Full Professor University “Goce Delcev”- Shtip, Faculty of tourism and business logistics)

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 an 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. These elements of entrepreneurship on one hand, and innovation orientation on other hand, are positively linked to various measures of organizational performance. In this context, many studies suggest that the performance of a small tourism enterprise could be determined by the personality of its entrepreneur. So, owner-managers are the people who recognise the potential of a particular project. When they do it, further take the necessary action to implement the innovation. The importance of the owner-manager is essential in small tourism businesses because of the inseparability of production and consumption (Hill, J. & McGowan, P. 1996).

Gupta (2004) defines entrepreneurial leadership as “leadership that creates visionary scenarios used to assemble and mobilize a „supporting cast” of participants who become committed by the vision to the discovery and exploitation of strategic value creation”. So, owner manager has a vision for using all potential from tourism industry. That’s why he is recognised as person who initiate, develop and manage entrepreneurial organizations which is an important component in achieving success. Some researchers posit that technical skill is a competency that needs to be acquired by the owner manager. In this context, the owner-manager should implement all the technical attributes. The owner manager of a small tourism business has to have the technical competence. The knowledge that owner-managers of small tourism businesses have of how to gain and understand the entrepreneurship quality, entrepreneurial leadership, market and marketing orientation, differentiation and tourism destination development will be related to the successful use for purposes in tourism industry. Also, other mentioned important element is alliance. The importance of alliances is that can take a number of forms and include personal contact networks, social networks, business networks, industry and marketing networks. Alliances are used to describe these cooperative relationships. Alliances play a crucial role in small business marketing by reducing uncertainty, facilitating trust, reducing the risk for all the parties. Small tourism business uses these networks to access market information as small businesses often do not have the time or resources to buy market information or solicit the services of business consultants. They also have an influence on its decision-making.

V. Opportunities in Karnataka Tourism for the investors

(Government of Karnataka, Ministry of Tourism & Culture, Department of Tourism)

Karnataka Tourism Department wants to tie-up with landowners and investors to boost tourism in the state. For tourism-based projects the government would like to make land conversions less cumbersome. About 150 government owned properties have been identified for investment for boosting tourism. Investors can develop projects ranging from lodging, hotels, amusement parks, amenities centers etc. Loss making KSTDC properties will be auctioned to private players. The government would like to open up three segments for investors – Heritage Tourism, Eco Tourism and Coastal Tourism. 1,134 acres of government land spread across 13 districts and 2,365 acres of private land is available for development of tourist infrastructure. There is a proposal to promote coastal tourism from Mangalore to Karwar. Lately cruise tourism had picked up with about 7000 passengers travelling in 30 vessels in 2021.

Investors will be given an opportunity to develop 30 beaches along the coastline. There is a shortage of 2500 hotel rooms along the coastline. The state has remarketed a 200-acre patch at Bangalore for the development of a golf course and a 300-acre plot at Mangalore to investors to develop backwater tourism.

5.1 Home Stays in Karnataka: - A network of home stays will be developed across the state and branded as 'Atithi Devo Bhava'. The home stays will be minimally regulated and will be treated as a non-commercial venture. One could compare it with the "Bed & Breakfast" you see in the western countries.

5.2 Heritage Tourism in Karnataka:- Hampi , Pattadakal, Aihole ,Badami will be given preference for Heritage tourism. Investment in identified lands will be either through long-lease or joint ventures. In Hampi, a 232-acre patch located in close proximity to the heritage site is readily available for a heritage village. A standardization and classification program will be undertaken with Diamond Star Mane (for international standard, heritage property) and Gold Star Mane (for international standard, re-created heritage property) and Silver Star Mane (for quality heritage home).

5.3 The State Tourism Policy on women entrepreneurs: -Tourism – the highest employer: Tourism sector is the highest employer of manpower in the country. As per the estimates of Department of Tourism this sector currently employs 4.2 million persons, 2.5 million directly and 1.7 million indirectly. The special feature of this employment is that it employs a large number of women and young persons and the network of hotels, restaurants and other tourism services are widely spread in the rural areas of the country. As per released estimate by the Department of Tourism, that every Rs.10 lakhs of new investment in hotels and restaurants creates 89 new jobs, compared to 12.6 for manufacturing & 44.6 for agriculture. The state tourism policy also encourages women participation in the mainline tourism activities by making provision of additional concessions to Special Categories of Entrepreneurs which includes women. An additional subsidy of 50% of the value of fixed assets subject to a ceiling of rupees one lakh is being extended to these selected special categories. This additional subsidy will be applicable to all tourism units other than 5, 4 and 3star hotels in category B & C locations and will be over and above the normal investment subsidy as per the policy.

Unlike other states, three states of Gujarat, Haryana and Karnataka witnessed a decline in Unemployment rate. In the case of Karnataka, it dropped from 4.94 to 4.57 per cent. (Source: The Times of India, July 29, 2002). Newly released data from the 2001 Census of India provides a slightly different picture of rural employment growth over the period 1991-2001, than had emerged from the National Sample Surveys.

5.4 Employment generation for Women: - As most of the major tourist destinations in the state are located in the rural and semi-urban places, there exists a great potential to involve local mass participation and help them generate more and more income from the tourism activities. Women participation can greatly be encouraged to many of these activities befitting the nature and style of the women folk. Hospitality and Service industry in particular (Hotels, Restaurants, Call centres, Reservations, Tour coordination, even Tour guides etc.) can encourage and provide ample opportunity For women employment. However proper and effective state intervention in the policy and Implementation stage need to be thoroughly considered so as to avoid a situation like power-looms silk weaving in Karnataka which is characterised by low productivity and profitability. Even interventions made by NABARD and various cooperatives in the area had been ineffective. IT and Training segments also have high potential so far as women employment generation is concerned. As per a study on reviewing macro trends in the 1990s for women particularly with special reference to urban informal employment, it was found and suggested that there was greater reliance on subsidiary rather than primary activity and important concerns relating to the quality of employment need to be recognised. There is also a need for policy interventions to consider / rationalise the extent and reasons behind gender wage gaps.

5.5 Entrepreneurship Option: - In a thriving industry like Travel and Tourism, there are always multiple tangent businesses which serve this sector and thrive. Giving you the ability to leverage most any interest or passion, the wide array of proven travel and tourism business opportunities presents a terrific way to get started running own business right away.

Following are the main options or areas for Entrepreneurship

5.5 (a) Tourism-related businesses

- ✓ Travel and tour operators
- ✓ Hotels
- ✓ Motels
- ✓ Guest houses, B&B
- ✓ Travel/tour agencies, (sub agencies)
- ✓ Guiding services
- ✓ Traditional cuisine-restaurants, cafes, food stalls/ outlets,etc.
- ✓ Transport/ transfer services for tourists
- ✓ Horse/ camel/elephant riding
- ✓ Tourist campsites/picnic sites
- ✓ Houseboats
- ✓ Camping equipments
- ✓ Boat station
- ✓ Traditional bars
- ✓ Cultural centres
- ✓ Dance and theatre groups.

5.5 (b) Unconventional tourism-related businesses

- ✓ Photographic safaris
- ✓ Walking trails
- ✓ Bird watching tours
- ✓ Ranch, farm, cattlepost lodgings
- ✓ Traditional storytelling and games
- ✓ Hot air ballooning
- ✓ Parachuting
- ✓ Desert 4X4 trails, and 4-wheelers
- ✓ Desert/ bush survival courses
- ✓ Fishing camps (commercial)
- ✓ Traditional music
- ✓ (Hunting safaris)

VI. Challenges faced by the Tourism entrepreneurship in Karnataka

Potential for the travel and tourism industry in Karnataka is enormous. However, at the same time, the industry faces numerous challenges, of which the most critical is lack of proper infrastructure. Different degrees or levels of entrepreneurial intensity and drive depend upon how much independence one exhibits, the level of leadership and innovation they demonstrate, how much responsibility they shoulder, and how creative they become in envisioning and executing their business plans. Karnataka specific Tourism Entrepreneurship Challenges are:

1. Characteristics of Tourism products: - Heterogeneity, Complexity in Marketing, High amount of Risk, Diverse Motivation and Industry is inflexible in Nature.
2. Financial Challenges: - The fund allotment to the start-ups is poor and tax is still high on tourism enterprises. For example, the GST on hotel accommodation is 18%, which is quite high.
3. Lack of infrastructure: - Good infrastructural facilities in transportation, communication, electricity supply, water supply were needed for the successful running of tourism entrepreneurship in Karnataka.
4. Access and connectivity: - The government is not paying enough attention to the facts behind the struggles of tourism entrepreneurship. Roads and connectivity is still not developed to such an extent that could give the tourist the thought to travel Karnataka without any difficulties.
5. Amenities: - There is a lack of tourist facilities in the state like tourist information centers, tourist safety and security, ATM facilities, network problems, hospital facilities etc
6. Human resources: - In the state people do not prefer business; rather they concentrate more on government jobs. Though in some institutes, courses are provided on entrepreneurship, their demand is not increasing.

Besides, Indian education system is such that it is making people to hanker after jobs. People in the state are seen to prefer searching for jobs till the age limits over to start a business of their own.

7. Marketing and promotion: - There is also a need of more innovative tourism products, marketing, promotion of the mystery or unexplored spots, accessible packages, tour packages for students and tourist.
8. Taxation: -Corruption prevailed in the state make the procurement of licenses, permits, goods, and services from government agencies and even payment of taxes without giving bribes.
9. Policies and proper implementation: - Karnataka has good tourism policies and planning but the government failed in the implementation of those, this is one of the major challenges what the state is facing.
10. Other Challenges: - Like Lack of Credit Facilities, Domination of corporate, Lack of government advertisement, Lack of government incentives, Law and order problems, Inadequate bank loan assistance, Lack of skilled workers, Poor traffic management, Poor civic facilities, Power shortage, Water scarcity, Unfriendly tourism culture, Lack of site seeing/Entertainment, Poor operation of KSTDC, Lack of co-ordination between the department of tourism and Bureaucracy.

VII. Conclusion

The country's economic policy environment must be favorable for organizations to achieve efficiencies in today's global market. It should enable the entrepreneurs to provide a magical touch to an organization, whether in public or private or joint sector, in achieving speed, flexibility, innovativeness, and a strong sense of self-determination. They bring a new vision to the forefront of economic growth of a country. Through this way Karnataka cabinet recently approved New Tourism Policy 2024-29 with an aim to create a high-quality tourist-centric ecosystem. Investment Goals: Targeting investments of Rs 1,500 crore. Expected to create 47,000 direct jobs and over 1 lakh indirect jobs. The study of entrepreneurship has relevance today, not only because it helps entrepreneurs better fulfill their personal needs but because of the economic contribution of the new ventures. More than increasing national income by creating new jobs, entrepreneurship acts as a positive force in economic growth by serving as the bridge between innovation and market place.

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