



Tourism Entrepreneurship

(A Review on Challenges in Small Tourism Businesses in Sri Lanka)

¹Jayasooriya S. S. W. & ²Perera K. J. T.

¹Jayasooriya S. S. W. & ²Perera K. J. T.

¹Department of Tourism & Hospitality Management, Sri Lanka Institute of Advanced Technological Education

²Department of Management Sciences, Uva Wellassa University, Badulla, Sri Lanka

Abstract: Tourism industry is the major business attracting and catering the needs of people who travelling and staying outside from their home. Therefore this vast industry crating a lot of business opportunities specially for development of the small-scale entrepreneurs in Sri Lanka. This paper presents theoretical investigation on challenges in small scale tourism business in the country as the tourism industry is viewed as the agent of change in economic and social changes. Paper accomplishes research propositions in line with the empirical justifications encouraging future research priorities.

Keywords: Entrepreneurship, Tourism, Tourism industry, Development.

1. INTRODUCTION

Tourism industry is one of the largest and fastest growing industry in the world (Travel and Tourism Investment ASEAN, 2016). And it is significantly contributing to the economies of both developing and developed countries. Tourism is a sector that can play an important role, not just in increasing gross domestic product (GDP), but also in reducing poverty (Meedeniya & Fernando, 2009). Tourism act as a business for creation of employments opportunity and service focused industry generate colossal profits to the individuals, society and the nation as a whole (Shimray & Nongsiej, 2017). Past researches still argue that the entrepreneurship is the engine that drives any successful industry or economy. In the rapidly evolving hospitality, tourism and leisure sector worldwide this is particularly true and tourism industry plays important role in business development, hospitality and leisure industries, in the first place based on entrepreneurship. Furthermore, the SME sector plays a pivotal role, being breeding grounds and nurseries for small enterprises to become big corporates by gradual creation of entrepreneurial skills of nations. SMEs are generally labor intensive and can be established with a relatively less capital. Therefore, this sector helps economies to address major issue of unemployment problem to a greater extent and fair distribution of wealth (Development of SMEs in Sri Lanka: Are we serious about SME classification, 2018).

1.1 Purpose of the Study

Some studies argue tourism industry is very important to increase small business and entrepreneurship within a country. Therefore, this paper attempts to investigate the possibilities and challenges related to small business in tourism industry. Additionally, this paper contributes to existing knowledge as a conceptual review to synthesize the possibilities and challenges to develop entrepreneurship in Sri Lanka and claimed in future research directions.

1.2 Methodology

This paper based on deductive approach in which arguments and explanations are mainly supported by empirical evidences and associated theoretical contents. Alongside, authors reviewed journal articles and industry publications to review the concepts and applications related to challenges, possibilities in small tourism business in Sri Lanka. Accordingly, literature review was employed as the main research tool. Finally, authors discuss and conclude the paper by suggesting future research directions in line with the synthesized discussions.

2. THEORETICAL REVIEW ON CHALLENGES AND POSSIBILITIES IN SMALL TOURISM BUSINESSES IN SRI LANKA.

2.1 Tourism Industry

Tourism is a part of people's lives at present and it is important to every country, since it has a positive economic impact on the balance of payments (Creaco & Querini, 2003). It is an important alternative to diversify and develop poverty ridden regional economies in developing countries. Remote hinterlands of many developing countries have unique attraction for tourists due to their unspoiled culture, fauna and flora, landscapes, historical monuments, wholesome rural products and clam and quite lifestyle. The tourism industry generates job opportunities for village community while giving higher priority and values for hither to marginalized resources and skills. This will bring higher living standards for the local community by forcing them to nurse and nature the very sources of their income, especially the environment they live and the culture and values they have fostered for generations. (Silva & Wimalaratana, 2015).

2.2 Sri Lankan Tourism Industry

Sri Lanka is an island country and god has given to Sri Lanka blessings of nature blue seas, green hills, sandy beaches, abundant wildlife, cascading waterfalls, a riot of flowers and fruits, coconut groves, tea estates, spice gardens. Here one's day can be gloriously lazy by a palm cool lagoon or full of joy, swimming, snorkeling, and fishing or sailing like a brilliant jewel in the sparkling waters of the Indian Ocean. Sri Lanka is in a strategically considered naval spot on the world map. This significant situation creates a path for a major sea route. (Sri Lanka Tourism Problems and Development, 2018). Furthermore, SLTDA Report (2017) emphasized Tourist arrivals to Sri Lanka during the year 2017 amounted to 2,116,407, registering a 3.2% increase since 2016. Reported number of nights spent in 2017 by international tourists was 23,068,000, showing an increase of 10.27%, with an average duration of 10.9 nights. (Annual Statistical Report, 2017) and Sri Lanka's tourist arrivals during the year 2018 has registered a healthy growth of 10.3% reaching to 2,333,796 million tourists compared to 2,116,407 million tourist arrivals in 2017, according to official data released by the Sri Lanka Tourism Development Authority (SLTDA). Additionally, In the promotion of tourism internationally, it is suggested Sri Lanka ideally should be represented as a rural holiday destination. This concept makes sense. It is a fact that in coming to Sri Lanka, visitors are motivated by the perception of beautiful virgin scenery, opportunities for sightseeing, and relaxed pace of life. It is necessary therefore to take account of the global trends in tourism, which may impact on the sector in Sri Lanka, and especially on tourism flows to rural areas (Wijesiri, 2010).

2.3 Entrepreneurship

Entrepreneurship emphasizes opportunities to create and operate businesses and organizations (Bygrave W. D., 1993). Furthermore, entrepreneurship has a significant influence on the evolution of tourist destinations (Ranasinghe, 2015). In simple terms, entrepreneurs conceive an innovative idea or see an opportunity and pursue it, resulting in them establishing a business (Bygrave, 1993). Such behavior explains the influence of entrepreneurs on tourism development. Entrepreneurship plays a vital part in transforming the supply of leisure and recreational opportunities (Shimray & Nongsiej, 2017). Khanka (1999) stated that 'tourism entrepreneur' is a person or a group of persons producing and managing tourism products. Tourism entrepreneurship has been recognized as the basic way to provide strategic support for maintaining business development especially in rural areas (Khanka, 1999). Koh & Hatten (2014) claimed that it is only when tourism entrepreneurs exist a society's environment, landforms, flora and fauna, historic artifacts, and cultural heritage enclaves become

tourism resources which can be renovated and transformed into tourist attractions and destination. Tourism produces a great deal of profit, and it is the fastest growing sector in the world.

2.4 Small Business in Sri Lanka

Empirical studies still argue SMEs are the primary component of liberal economy and social stability. The importance of SMEs lies in their role in growth at various phases of economic development. SMEs not only contribute to output, fulfill social objectives, attract considerable foreign reserves into a country but also have a clear importance in providing employment, which means that they are the backbone of the private sector all over the world (Al-Mahrouq, 2010). Mainly, Small businesses are the lifeblood of the economy. They are at the forefront of this government's efforts to promote enterprise, innovation and increased productivity. Small firms are vitality important because of their role in the supply chain, the competition they stimulate and the ideas and product and products they bring to the marketplace (Ball, 2005). The Government of Sri Lanka recognizes SMEs as the backbone of the economy, as it accounts for more than 75% of the total number of enterprises, provides 45% of the employment and contributes to 52% of the Gross Domestic Production (National Policy Framework for SME Development). According to the report of National Policy Framework for SME Development, identified small business as a enterprises which employ less than 300 employees and which have an annual turnover not exceeding Rs.750 Mn. In this context, micro enterprises are also read with SMEs for any policy related measures.

2.5 Challenges on Small Tourism Business in Sri Lanka

A growing sector in an economy always faces challenges and the Sri Lankan tourism sector is no exception. These challenges have been highlighted by various commentators from time to time. An attempt is made here to highlight six challenges confronting the sector and the need to address them by both the tourist industry and the Government. (Key challenges facing the tourism sector in Sri Lanka, 2014).

According to the investigation of the past researches, the inability to access funds from the so called funding support systems through national government support programs for small entrepreneurs, lack of collateral or credit track record stifles enterprise development is major challenge for the development of the business (Chili & Mabaso, 2016). Economic instability can identify as a key issue for all concerned is to recognize that the development decisions made by them do have wider economic consequences for Sri Lanka. It is therefore imperative that investors recognize the implications of their actions in the overall interest of the long-run economic sustainability of the tourism sector and to increase the quality of the business entrepreneurs need to develop human resources, particularly indigenous personnel, both for reasons of delivering quality services for tourists, as well as enhancing general skills of the local workforce. (Wijesiri, 2010). As political risk introduces additional elements of uncertainty into the rules governing tourism business. Political risk also negatively influences the timing and pricing of the tourism production process. Negative images, lack of foreign exchange for tourism development, lack of skilled manpower, weak institutional frameworks for tourism planning, political instability caused by communal violence, civil war conflicts, seasonality are inhibitors to tourism development, those can directly discourage the development of the new blood within the tourism industry.

3. CONCLUSION AND RECOMMENDATION

Entrepreneurs are exceptionally imperative in dropping unemployment rate of the skilled and unskilled workers. Tourism industry is one of the key industries for driving the nation economy (Shimray & Nongsiej, 2017). To sustain tourism industry it required, a substantial long-term government support, extensive training, research and planning processes in order to grow and flourish. Entrepreneurship success leads to upliftment in society livelihood in term of economic gain (Koh & Hatten, 2014). Alongside great focus on financial planning and value based strategic approach within the specific context of tourism marketing is required to development of the small business. Additionally, by providing enough knowledge on develop a manual Business Planning & Feasibility Study and a guide for developing and improving effective marketing strategies based on market research can apply as a tactic in developing entrepreneurship in Sri Lankan tourism Industry.

Thus, future research works are encouraged to investigate the entrepreneurial success factors for developing SME tourism business in Sri Lanka, exploring the potentials to develop tourism business and innovation related to tourism entrepreneurship.

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