Entrepreneurship in India and Its Link with the Hospitality Industry

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Abstract:
Several advances and breakthroughs have been made in the past few years on the link between entrepreneurship and economic development. This research analyses the multiple factors that influence entrepreneurship in countries with an emerging economy, especially India. Entrepreneurship successfully introduces an element of dynamism in an economic system. Moreover, the story of Entrepreneurship in India is filled with paradox. Therefore, this research paper primarily talks about Entrepreneurs in India and further connects it with the Hospitality Industry.

Keywords: Entrepreneurship, Emerging Economies, Economic System, Hospitality Industry.

I. INDIA AND THE SCOPE OF ENTREPRENEURSHIP
Entrepreneurship successfully introduces an element of dynamism in an economic system. Moreover, the story of Entrepreneurship in India is filled with paradox. Earlier entrepreneurs were considered as a trader-money lender merchant bound by cast affiliations and religions. However, now the importance of Entrepreneurship has become crystal clear. However, the history of Entrepreneurship started right from the Indus valley civilization. Around the third decade of the 19th-century factors such as lack of effective communication and political and social stabilities left a negative impact over Entrepreneurship in India. To encourage indigenous Entrepreneurship in India after Independence, several economic development programs were launched. Talking about the current scenario, with the professional technology network also came to India by the support from Foreign Countries. Since the past few years, an ecosystem similar to that of the foreign countries is being developed in India by the people with new and innovative perspectives. Research from GEM (Global Entrepreneurship Monitor) stated that it is not just the multi-spectrum firms which contribute towards the economy but the small enterprises; the family business holds an equal position. As per the additional results, 11.98% of the youth are involved with the early-stage entrepreneurial firms, and around 6.55% of people of the country are holding complete ownership that is their own Business Organization. GEM even states that there are very few people who take risks and start their Business Companies all over the world and rest are entrepreneurial employees. The Business Discontinuation rate in India is quite high. It was even told that the global economy entertains all sorts of Entrepreneurs. After surveying several people, it was analyzed that around 6.8% of people are owner managers of Entrepreneurial firms, and a large number expand their family business. India’s Entrepreneurial existing rate is the second-lowest among all the GEM countries. This is because in India there is a lack of a robust institutional framework, lack of confidence and risk-bearing capacity.

II. FUTURE OF ENTREPRENEURSHIP
Entrepreneurship is the lifeblood of any economy. Indian Entrepreneurs are more about overcoming barriers, obstacles, inspiring and surmount in their fields. Entrepreneurship is one of the essential segments of Economic growth. Innovation is a critical factor that an Entrepreneur brings in an overall change through innovation for maximum social growth. With industrialization across the Globe, technology has become a vital part of an Entrepreneurial Venture as it offers them both a chance to go with strategy or with central planning of their Business Firm. With the internet, nowadays everything seems to take shape. Future of entrepreneurs involves smart working strategy and not just the hard-working plans. It would inevitably involve high-performing entrepreneurs. The commercialization of an idea has now become quite easy because of the useful tools such as the internet and social media. Marketing has now become more manageable. As the internet revolution advances, so does Entrepreneurship. Internet and a device which makes it accessible are two valuable possessions which can turn just an idea into a brand. In the case of an Entrepreneur, life is not a bed of roses. Many obstacles stunt their way but correctly said that the first lesson that an Entrepreneur needs to learn is that success is never attained before failure.

III. INDIA- A NATION ON THE VERGE OF ECONOMIC DEVELOPMENT
The Economic Development of a Nation Depends on its industrial development. Moreover, Industrial Development is based on Entrepreneurial competencies of the people. The concept of building Entrepreneurship is the need of the hour. The rise of India as an Emerging Economic power is increasingly in the global headlines. All this is due to its large population and impressive growth rates not just in the past three years but the past decade and a half. Not only this, but it is even due to India’s increasing scientific and technological capabilities. The Indian Economy has had an impressive performance between 2015 and 2018. In the past three years, it has increased slightly over 8%. However, India is still a poor developing country. Its share of global GDP is only 2%. India is a rising economic power, but one that has not yet integrated much with the global economy. It has much strength but at the same time faces numerous challenges. The World Economic Forum has made three bifurcations of all the nations in the world based on their state of development namely factor driven, efficiency-driven and innovation-driven economies. Efficiency-driven economies are those who mend out benefits by producing highly efficient and advanced goods. Possess a
healthy business environment and strong governing institutions. The innovation-driven economies are those which capture the lead in creating the most advanced and technically innovative products. And, last ones, that is, the Factor Driven Economies are the ones which are dependent on natural resources for survival. India being a developing economy is classified as a factor driven economy, primarily focusing on sustainability whereas the rest of the nations can be put under the category of efficiency-driven Economies. However, with scientific and technical advancements India is now heading its way towards the efficiency-driven economies.

IV. GETTING ACQUAINTED WITH THE ENTREPRENEURIAL EDUCATION

Entrepreneurial education is a process of imparting entrepreneurial knowledge and teaching skills to potential entrepreneurs who can in future seek opportunities and directly or indirectly help to contribute to the economy of the country. Entrepreneurial knowledge and skills are essential to be transferred to young people especially in the 21st century. In demanding a choice between a white collar and building a business, the latter is the least choice. In a study by Nchu (2015), it is observed that small Business Owners stipulated that aspects such as creativity, self-innovation, and problem-solving skill should be incorporated in the curriculum of entrepreneurship education. In a study on the entrepreneurial skills amongst the students in Chennai by Rengamani and Ramachandran, entrepreneurs are not deemed to emerge on their own. Instead, the educational institute is a perfect place in motivating learners to venture self-employment rather than being employed. Entrepreneurs not only play a crucial role in the development of the industrial sector but even in the agriculture and service sector. A balanced approach to nurturing entrepreneurship will result in a positive impact on the economy. India has a high rate of youth percentage. As per the UN reports, the world’s biggest youth populace is in India. And the rate of unemployment is higher among them. Therefore, in such scenarios, there is a solid requirement of Entrepreneurship in India. Our country needs more work produces rather than work seekers. Entrepreneurial education is essential to reduce the rate of unemployment. It causes a nation to wind up fiscally and technologically independent. One entrepreneurial firm impacts a significant number of lives directly or indirectly, and foreign cash flows into the economy through faires. Entrepreneurial knowledge is essential to be taught as it would help to eradicate the social and economic problems of a nation. In a nutshell, teaching this skill to students helps in motivating students to create jobs and to convince them to shift their perspective from seeking jobs to creating them.

V. HOSPITALITY INDUSTRIES IN INDIA

When we connect Entrepreneurship and Hospitality Industries, it is usually found in the Food and beverage industries and the Tourism sector, and it is said to be amongst the top 10 sectors in India which attract the maximum Foreign Direct investment (FDI). When we connect the Hospitality industry with technology, a few years back, it meant to introduce new products or improvising the services. However, in this 21st century, India has witnessed a massive growth in this dimension, the consumer technology development or the food tech startups. The credit for this development can be solely given to Digitalization. For instance, companies such as Swiggy, Uber, food panda are the best examples of the same. E-commerce has re-molded this field of Hospitality Industry. Recently, the Cloud Kitchens are in trend, where the chefs can directly serve their customers. All these things are slowly gaining pace and opening many doors of opportunities for the Food and Beverage Industry.

VI. ISSUES FACED BY ENTREPRENEURS IN THE HOSPITALITY INDUSTRY

The experience of hospitality sector of many areas of the world has demonstrated that, on a long-term basis, the planned approach to developing this service sector can bring out benefits without significant problems, and maintain satisfaction level of the respective market. Still, the Hospitality Sector of India goes through challenges in three areas, namely the Financial area, human resources, and developmental issues. This study, therefore, aims to study each of these three areas.

• ISSUES RELATED TO FINANCE

Managers of the Hotel firms often encounter a situation where available cash resources are not sufficient to finance investment in productive assets. Investment in the hotel business require a relatively large initial cash expenditure. The cash return on the investment, however, tends to be spread out over many years in the future. The amount of money needed in the form of capital investment depends on the size of the Business firm. A number of investments need to be looked out. Usually issues related to funds or capital arise mostly when the business is being expanded or the budget exceeds. Apart from all these a quality level needs to be maintained in order to continue its standard as a luxury chain. When talking about India, the Funding organizations and formalities are extremely complex as compared to advanced economies and there is a shorter loan term period and higher interest rates. All this force the owner to invest more in order to pay back the debts instead paying them from the revenue of the hotel. While strong post-rescission gains appear to be cooling off, the hotel sector was projected to sustain strong 5-6% growth throughout 2018, setting up the industry to hit a record-breaking $170 Billion in gross bookings. While positive signs continue, some local markets continued to face hurdles in 2018. It has been diagnosed that the Hotel deals including mergers and acquisitions picked up in 2018 as many premium hotel properties were sold. In 2017 there were huge investments in terms of private equity. In the past 5 to 6 years the Hospitality industry has changed into a profitable business and not just risky, high-investment sector. Moreover, the consumer technologies such as Trivago, Stayzilla, are now gaining much more attention than previous years and researchers even predict it to be a high-investment field in future. Hoteliers should generally focus on innovation in order to keep the market captured. Developing economies deal with geopolitical tensions and economic problems that have a negative impact on the Hospitality Industry. In India most of the firms have been established using the money raised from private equities. By exhausting both internal and external sources of funds, the pattern of a large initial cash expenditure and delayed cash return strain a firm’s ability to make additional investments. One accepted solution to a shortage is limiting investment to a level that can be supported by available funds. Capital rationing is one action available to the firm for dealing with a limited supply of financial resources.

• ISSUES ARISING DUE TO DEVELOPMENT

The hotel industry is ever evolving and challenging not by its nature but due to the need of the hour. New concepts have
evolved into the market with time leading to innovation. It is well known fact among the local and international investors that India is a difficult country to start a business due to the issues related to licensing. The current regulatory environment in the country makes hotel development a difficult terrain for owners. When talking about the land acquisition, the archaic laws differ from state to state. India is a fast-growing country in terms of the tourism sector and the infrastructural development. The Hospitality Industry shares a relationship with a number of sectors including transportation, entertainment, etc. And therefore, this industry can become a major contributor. It even requires a large amount of support from the governmental institutions. Governmental support in the reduction of taxation and incentivization is really required to encourage growth in the Industry. Hospitality Industry in India is a high-taxed industry, and this is affecting the growth of the industry. The availability of land is the overall requirement for the development of the hotel industry. It is true that the best suits or the hotel is generally the best suite in the locality and probably the most expensive. The Entrepreneur often shrink the idea of mobilizing capital for setting up a hotel because the magnitude of capital required to set up hotels, especially in large and medium sector is high. The investment in accommodation units is primarily an investment in land and building. Non-availability of land makes it a highly capital industry. High land prices, construction and increase in tax have made it very difficult for business to build affordable hotels. Along with the cost of construction there are several factors which we need to keep in mind, such as inventory guidelines. With the industry’s contribution directly affects the GDP and the government still thinks that the Hospitality industry does not affect the Socio-economic development of the society.

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