



# A Comprehensive Framework for Evaluating Tourism Entrepreneurs' Performance in India: A Review and Synthesis

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## ARTICLE INFO

## ABSTRACT

This research aims to develop and validate an instrument for measuring tourism entrepreneurs' performance in India. A comprehensive literature review was conducted to identify existing scales and instruments used to assess tourism entrepreneurs' performance globally. The identified scales were adapted and modified to suit the Indian context, ensuring content validity and reliability. The adapted instrument was reviewed and validated by thoroughly examining its content and relevance. This research contributes to developing a standardized tool for measuring tourism entrepreneurs' performance in India, addressing the gap in the existing literature. Tourism stakeholders, policymakers, and researchers can use the proposed instrument to evaluate and improve tourism entrepreneurship performance in India. This study's findings have implications for the development of tourism entrepreneurship in India, highlighting the need for context-specific measurement tools. The research's limitations and future research directions are also discussed.

**Key Words:** Tourism Entrepreneur, Business Performance, Innovativeness, Social Learning Theory, Human Capital.

## 1. INTRODUCTION:

The tourism industry is a key engine of economic growth in India, contributing significantly to the country's GDP and job creation. In the year 2023, the industry saw a record inflow of 9.23 million international tourists, creating significant revenue and supporting millions of jobs (**Ministry of Tourism, Government of India, 2023**). Recognizing the enormous potential of this industry, the Indian government has set aside a significant budget to build various tourism circuits across the country, thereby stimulating growth and development.

Despite the obvious growth and importance of the tourism industry, small-scale tourism accommodation businesses, such as homestays, bed and breakfast units, and houseboats, continue to encounter obstacles in analyzing and improving their performance. These enterprises play a significant role in improving tourist experiences and providing jobs, particularly in rural and remote areas. However, there is a notable gap in research on the measuring performance of India's small tourism firms.

The present research attempts to fill this knowledge gap by developing a robust model for measuring the performance of small tourism accommodation enterprises in India through a thorough literature review. The goals of this research are to identify critical variables, both dependent and independent, analyze existing measurement techniques, and propose a comprehensive framework for evaluating the performance of these small-scale tourism firms.

By carefully assessing the related literature and identifying the most relevant variables, this study hopes to give valuable insights to entrepreneurs, lawmakers, and scholars. The suggested framework will allow stakeholders to efficiently analyze and improve the performance of small tourism accommodation firms, resulting in long-term growth and development of India's tourism industry.

This study is particularly significant because it not only addresses the underexplored subject of small tourism business performance but also emphasizes the critical role these firms play in the larger context of economic development and job creation. This study aims to inform and guide strategic decisions that promote a more resilient and dynamic tourist sector in India by putting light on the specific challenges and opportunities faced

by small-scale tourism firms and providing scales for analyzing tourism enterprise performance, which can be used by future researchers.

### Types of Accommodation Businesses in India:

National Integrated Database of the Hospitality Industry (NIDHI) defines an accommodation unit as "An entity that provides a single room or set of rooms intended for providing accommodations to a visitor".

Subcategories of accommodating units are as follows

- **Hotel:** As per NIDHI a hotel is an accommodating unit that provides at least reception and accommodation and may or may not provide food and other ancillary services.
  - **Resort:** This is an accommodation unit located in a Tourist location such as a beach, hill station, or rural location which provides tourists with stay facilities and leisure activities
  - **Bread and Breakfast:** Tourist accommodation unit providing bread and breakfast.
  - **Homestay:** is an accommodation facility provided by the host in his house normally with a food facility.
  - **Timeshare Resort:** An Accommodation Unit in which numerous parties have the right to utilize the rooms, with each member having a set amount of time.
  - **Apartment Hotel:** A hotel that offers accommodation in rooms with additional space and amenities, such as studios or flats.
  - **Tented Accommodation:** A lodging facility with fabric-covered rooms for portability. These might be found anywhere, even at campsites.
  - **Guest House:** A lodging unit that provides tourist accommodation and meals.
  - **Farm Stay:** a lodging unit, usually found on a working farm in a rural area.
  - **Lodge & Tourist Home:** a lodging unit that is primarily found in an outlying or rural area.
  - **Houseboat:** Accommodation is provided on static or mobile boats equipped with catering facilities.
  - **Heritage:** Hotels operating in palaces, castles, forts, havelies, hunting lodges, or any size property erected before 1950. The facade, architectural characteristics, and overall construction should have distinctive attributes and an atmosphere that reflects the area's traditional way of life. After any expansion or renovation, the newly built-up area should not exceed 50% of the overall built-up (plinth) area, which includes both old and new structures.
  - **Motel:** An Accommodation Unit is placed on a main road or highway, with close parking facilities, and is primarily meant for tourists traveling by vehicle.
  - **Legacy Vintage:** Legacy Vintage: A hotel that has been built using materials from historic properties or buildings (those that were created, constructed, or erected before 1950), provided that at least half of the materials used in the construction of the hotel have come from historic properties or structures.
- Among the aforementioned hotels and lodges, houseboats, homestays, and bread and breakfast establishments can all be classified as small-scale businesses because they require little initial investment.

## 2. REVIEW OF LITERATURE:

Various previous studies studied the performance of tourism enterprises using multiple independent variables. **Hallak et al (2014)** Explored the relationship between Entrepreneurial Self-Efficacy (ESE) and enterprise performance in family-owned and non-family-owned small and medium tourism enterprises (SMTEs) investigated in South Australia. After analysing 298 responses using a covariance-based structural equation model, the study discovered that ESE is a strong predictor of performance across both types of firms, despite differences in governance, management, and succession. **Şekeroğlu & Erol (2021)** investigated the success factors impacting tourist entrepreneurship and their relationship to performance, with a focus on sustainable tourism entrepreneurship. The survey included subjective and objective measures to examine organizational, environmental, entrepreneur, and enterprise-related characteristics. Historical and cultural environment perception, accessibility, financial resources, and consulting help were all shown to be significant, albeit accessibility did not have a direct impact on income. The study suggested expanding knowledge about support services to encourage entrepreneurship. **Reichel & Haber (2005)**, made a comparative analysis of small tourism firms in Israel, emphasizing accommodations, points of interest, and active recreation, and discovered that active recreation outperformed the other sectors, whereas accommodation ventures had higher revenue per employee and customer satisfaction. Industry segmentation was highlighted to understand the subsector's strengths and limitations

**Lerner et al (1997)**, studied women-owned businesses in Israel by found that five important variables—motivations and goals, social learning, network affiliation, human capital, and environmental factors—were significant predictors of performance. Economic necessity motivation was linked to profitability, while achievement motivation was linked to revenue. **Kusa et al (2021)**, In a study of Polish SMEs, employed a fuzzy-set qualitative comparative analysis was used to investigate how entrepreneurial orientation factors, motives, and opportunity perception affect performance. Proactiveness and receptivity to opportunities boosted performance, whereas innovation and various motivations played key impacts.

**Haber & Lerner (2002)**, attempted to study the small tourism enterprises in rural places and found that site attractiveness and institutional support had a significant impact on performance, while the impacts varied.

Better outcomes were advocated with desirable locations and appropriate institutional support. **Khalife & Chalouhi (2013)**, examined the performance of male- and female-owned firms in Lebanon, revealing that female-owned enterprises had lower gross sales but comparable income levels to male-owned businesses. Educational background and business experience were some of the factors that drove these discrepancies. Another study applying data from Tunisia **Zaouali et al (2015)**, investigated how opportunity and necessity motivations influence sector choice among entrepreneurs, showing that personal factors such as age, gender, and education greatly affect sector selection.

**Šišara et al (2013)**, examined performance assessment systems in small and medium-sized tourist, hospitality, and leisure firms and recommended a balanced scorecard approach. Four important success drivers—budgetary control, customer relationship management, strategic internal process management, and collaboration—were identified, with a proposed framework encompassing financial, customer, internal process, and innovation perspectives.

These studies collectively highlight the multifaceted nature of performance measurement in small tourism enterprises, emphasizing the importance of entrepreneurial factors, location, institutional support, and sector-specific strategies in driving success and sustainability.

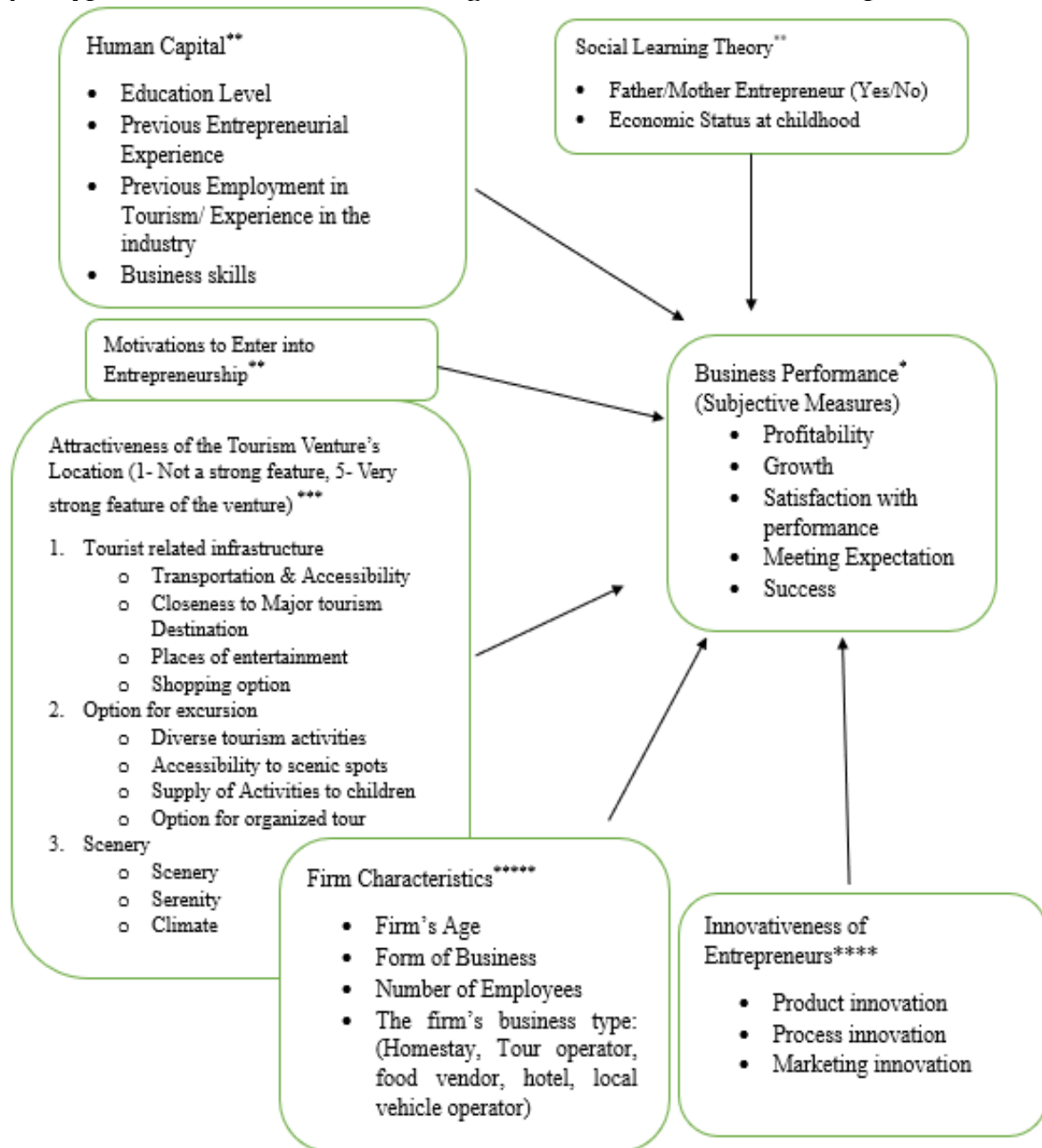
### 3. RESEARCH GAP

Despite substantial studies on numerous aspects of small and medium-sized tourist enterprises (SMTEs), significant gaps exist in our understanding of these businesses' overall success, particularly in India. Existing research primarily focuses on particular regions, such as South Australia and Israel, or specific variables such as entrepreneurial self-efficacy, geographical attractiveness, and institutional support. There is a significant lack of integrated frameworks that take into account the unique challenges and opportunities faced by small-scale tourism accommodation enterprises in India, such as homestays, bed and breakfasts, and houseboats. Furthermore, while some research emphasizes the importance of subjective and objective performance measures, a comprehensive model that includes a wide range of factors—from customer satisfaction and revenue growth to operational efficiency and the impact of governance structures—has yet to be developed.

### 4. RESEARCH METHODOLOGY:

The present study employed a quantitative research approach, utilizing an instrument development and validation design. The study design used was Instrument Development and Validation, which included a diligent and thorough examination of existing literature, and adaptation and modification of existing scales. Initially, a thorough assessment of the available literature was done to identify and analyze measures used to assess the success of tourist entrepreneurs. This was an exhausting procedure that entailed searching for relevant publications in several respected databases, including Scopus, Google Scholar, and Web of Science. The literature review intended to ensure that the scales used in the study were supported by existing research and theory.

Relevant literature was extracted using keywords such as tourism entrepreneurship, performance assessment, performance measurement of tourism entrepreneur and scale validation. This guaranteed that the scales chosen were not only relevant but also comprehensive, encompassing multiple aspects of tourist entrepreneurs' performance. Scales of which validity and reliability were examined in different research settings were taken for developing the model to measure the tourism entrepreneur's performance. How these scales should be used in measuring tourism entrepreneur performance is discussed in the next section of this research paper.

**Fig. 4.1. Hypothesized Model for Measuring Performance of Tourism Entrepreneurs**

**Source:** Compiled from \* Hallak et al (2015), \*\* Lerner et al (1997), \*\*\* Lerner and Haber (2001), \*\*\*\*Oly Ndubisi and Iftikhar (2012), \*\*\*\*\*Man et al (2008).

## 5. RESULTS AND DISCUSSION:

### Hypothesized Model for Measuring Performance of Tourism Entrepreneurs

Fig. 1. Demonstrate the hypothesized model for measuring tourism enterprise performance. This is done using scales used in multiple other entrepreneurial studies. In the above model, Business Performance can be considered as a dependent factor that can be measured against other independent variables mentioned.

#### Dependent Variable:

**1. Business Performance:** To measure the business performance of Small and Medium accommodating units the following subjective measures can be employed, collecting actual financial data using objective measures often leads to non-response from the respondents as they tend to avoid relieving those data (Runyan, Droge, & Swinney, 2008). Also, financial information cannot be cross-verified. (Haber & Reichel, 2005). There is also evidence that shows subjective measures showed high co-relation with objective measures. (Dess & Robinson, 1984). The following scales have been adopted from Hallak et al (2015). and can be used for measuring the performance of the accommodating tourism business. By using a 5-point Likert scale following items should be measured

- Profitability – “Our business has made a profit” / “Business has been profitable”/ “Business has seen significant growth in Sales”.
- Growth – “Business has seen rapid growth in the last few years”
- Satisfaction with performance – “I am satisfied with the performance of my business during the last few years”.
- Meeting Expectations – “We have met our expectations from our business” / “Our business has fully met expectations”.
- Success – “Our business has been successful”

### Independent Variables:

1. **Human Capital:** It can be measured by the Owner’s educational qualification, previous entrepreneurial experience, and skill possessed by the owner. **Lerner et al (1997)** in their study proved that the level of education co-relates with business performance. Also, many studies (**Brush and Hisrich 1991**) adopted it thus it is vital to adopt the “Education level” in measuring the human capital. As per **Lerner et al (1997)**, many previous studies found a relationship between entrepreneurial experience and performance so it is also necessary to measure that relationship in the case of tourism entrepreneurs, and while measuring the experience both entrepreneurial experience (from any sector) and experience from tourism industry (Either employee or entrepreneur in tourism sector) should be measured. In addition to that business skills also should be measured as a component of human capital. The following scales can be used for measuring the human capital of Tourism entrepreneurs.

- Highest educational qualification – a 7-to-8-point scale can be used from no formal education (Lowest) to Ph.D. (Highest)
- Previous Entrepreneurial experience – Yes or No Question
- Previous Experience in the Tourism Sector – Yes or No Question
- Business Skills – Likert scales

2. **Motivation to Start the Business:** Motivation to start the business has an impact on the business performance (**Lerner et al 1997**). As per **Szivas (2001)** Tourism was viewed as a sector that provides a better lifestyle, a higher standard of living, an appealing place to work, and high levels of interaction between people. There can be other motivations that influence the decision to start the tourism business in Indian Context. The following Scale can be adopted to measure the motivation to enter into the tourism business.

- Previous job experience in similar business
  - More income
  - Personal satisfaction
  - Desire for independence
  - The tourism business had **tremendous opportunities in our area**
  - Family encouragement to start the tourism business
  - Flexibility of lifestyle
  - Enjoyable things to do in the tourism business
  - Dissatisfaction with the previous job
  - Inspired by the success of others in the business
- The above-mentioned points can be measured using a 5-point Likert scale.

3. **Attractiveness of the Tourism Venture’s Location:** Various studies show the importance given to the location of the venture since it significantly influences business performance, especially in tourism businesses. **Lerner and Haber (2001)** specify that environmental features are vital in assessing the performance of the tourism business. They also divide the attractiveness of the Tourism venture’s location into 3 parts, which are Tourist infrastructure, Options for excursion, and Scenery. The Following Likert scales can be used for measuring these 3 items. (A 5-Point Likert scale can be used where 1- Not a strong feature, 5- Very strong feature of the venture)

- Tourist-related infrastructure
- Transportation & Accessibility
- Closeness to Major tourism Destination
- Places of entertainment
- Shopping option
- Option for excursion
- Diverse tourism activities
- Accessibility to scenic spots
- Supply of Activities to children
- Option for organized tour
- Scenery



- Scenery
- Serenity
- Climate

**4. Social Learning Theory:** Social learning theory states that a person's success and motives are influenced by his childhood. So, it is necessary to measure the influence of social learning theory on enterprise performance. It can be measured by simply asking about the childhood status of entrepreneur and by asking whether their parent had been in business.

**5. Firm Characteristics:** Firm characteristics are measured through the following

- **Firm's Age:** The age of the enterprise significantly influences the business performance of the enterprises. The older the enterprise it is likely to perform well compared to younger enterprises. So, it is important to measure the performance of the Tourism business against the business performance.
- **Form of Business:** The form of Business carried out will also have a significant impact on business performance. Therefore, it is advisable to measure the form of Business against business performance. whether it is a sole proprietorship or partnership etc., will have a role in business performance.
- **Number of Employees:** It also has an impact on the performance of business. Whether a greater number of employees will have a positive or negative effect on tourism enterprise performance should be measured.
- **The firm's business type (Homestay, Tour operator, food vendor, hotel, local vehicle operator):** There will be differences in service offerings between different tourism entrepreneurs, so it is necessary to measure the Business performance against the nature of the Tourism business carried down by the entrepreneur.

**6. Innovativeness of Entrepreneur:** The Innovativeness of any entrepreneur is measured by how they are innovating in providing new services and goods, how they are implementing novel methods in their operations, and how their marketing is different from the competitor which is offering them an advantage. Similarly, the innovativeness of tourism entrepreneurs can be measured as an independent variable against the dependent variable Business performance.

- Product innovation
- Process innovation
- Marketing innovation

The performance of tourism enterprises can be measured using the independent scales listed above. However, the scale could be modified to fit the needs of various research areas. For example, an entrepreneur's promotional strategies for attracting tourists may differ depending on the geographical area. As a result, a scale should be validated and a reliability check should be performed using various statistical approaches, and alterations can be made accordingly.

## 6. CONCLUSION:

There are very few studies measuring the performance of tourism entrepreneurs in India, the present study aims to provide the variables that possibly can influence the business performance of tourism entrepreneurs. All the instruments/Scales given above have achieved both reliability and validity in a different context, however, while using these scales for measuring the performance of accommodating tourism entrepreneurship in the Indian context it is advisable to do the pilot test and reframe the questionnaire as needed for a particular region.

This research contributes to the development of context-specific instruments for measuring tourism entrepreneurs' performance in India. The recommended scales/instruments provide a foundation for future research and practical implications. By employing these tools, stakeholders can accurately assess performance, identify areas for improvement, and support the growth of tourism entrepreneurship in India. Future research should continue to refine and validate these instruments, ensuring their effectiveness in diverse tourism contexts.

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