



**Research Article**

## **Empowering Tourism Entrepreneurship in Northern Province of Sri Lanka- Prospect and Challenges in a Post-war Environment**

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### **Abstract**

*In the Northern Province of Sri Lanka, many tourism opportunities are available to develop the tourism and hospitality sector, but the area suffers from a lack of effective and efficient entrepreneurship. This study aims to identify the prospects and challenges affecting tourism and hotel entrepreneurship performance in post-conflict areas, in the Northern Region of Sri Lanka. The study was conducted with 66 tourism and hotel entrepreneurs who were selected on a simple random sampling basis and were contacted through a structured questionnaire. In addition, key informant interviews with five tourism experts were conducted to get experts' opinions. The findings of this research reveal that financial, marketing and technical challenges, particularly inadequate credit line, unfavourable business environment, poor infrastructure, lack of R&D, lack of ICT and creativity & innovation mainly affect the performance of tourism and hotel entrepreneurship. On the other hand, environmental, geographical and human capital prospects, particularly enormous geographical location, seasonal environment, improvement in the security situation, the more significant contribution from war-torn areas, accelerated infrastructure development, public-private partnerships for infrastructure development, potential growth in the services sector: ICT, health and education are primarily available to support the tourism and hotel entrepreneurship.*

**Keywords:** Tourism Entrepreneurship, Prospects and Challenges, Empowerment, Sustainable Development, post-conflict area, Northern Province of Sri Lanka.

## Introduction

Tourism is the fastest-growing industry in the world (Loss, 2019). It greatly affects developing countries by providing many economic opportunities (Sankar and Sasirekha, 2019). On the other hand, entrepreneurship has been recognised as an essential element for creating job opportunities, generating income, increasing the standard of living and generally growing the economy (Omar et al., 2014). Entrepreneurship is considered a critical factor in tourism development regionally and globally.

Hotel entrepreneurship is defined as the professional application of knowledge, competencies and skills and monetising a hospitality-related new idea by an individual or a set of people by launching an enterprise or diversifying from an existing one, to pursue growth while generating employment, wealth and social good (Adám, 2017). According to Premaratne et al., (2017) Sri Lanka's SMEs, in general, are facing many challenges such as lack of finance, an unfavourable business environment, poor infrastructure, lack of enough emphasis on modern education, and no R&D. Further they noted that improvement in the security situation, the greater contribution from war-torn areas, accelerated infrastructure development, increased Public-private partnerships for infrastructure development, potential growth in the service sector: ICT, health and education are the prospect for SMEs development.

In Northern Region, hotel entrepreneurs engage in different entrepreneurial activities such as opening small and big hotels, Curio shops, and many activities to support tourist activities. However, there is a lack of inter-

coordination and fewer relations and proper skills development tasks among the developers to improve the tourism sectors and motivations (Sivesan, 2017).

Empowerment approaches to finding effective ways to support entrepreneurs and enable them to mobilise for change comes from within them, not from outside. According to Tosun (2000), "Empowerment" is widely used in tourism development, and the term is further used in many other community development contexts. In the Sri Lankan context, empowerment is about providing proactive assistance to the poorest segments of the population effectively and efficiently. According to Strietska-Ilina and Tessaring (2005), the tourism and hospitality sector has inadequate effective and efficient entrepreneurs with professional and working skills for improving the quality and increasing the products for regional and nations' development. This is a long-run observable problem in the Northern region of Sri Lanka. Northern Regional development also is at a deficient level compared with other regions of the country (Sivesan, 2017). However, more fundamentally, empowerment should be provided support for constructive self-help in ways that will be sustainable and viable in the longer term in the tourism and hospitality sector in Northern Region. Therefore, empowerment should be widely recognised and accepted as a road to the development of the Tourism and hospitality sector in the Northern Region.

Successful skilled entrepreneurs can create wealth with their entrepreneurial ventures. Such ventures help them to improve their quality of life and their families (Boldureanu et al., 2020). Furthermore, the Northern Province has been paid the least attention to

promoting tourism and hotel entrepreneurship by the respective authorities. Based on the previous studies, it can be noted that the Northern Province has enormous potential for tourism and hotel entrepreneurship development. However, the prospects and challenges have not been scientifically studied. Therefore, this research mainly focuses on identifying tourism and hotel entrepreneurship prospects and challenges in the Northern Province of Sri Lanka.

There is no doubt that Tourism prospect promotes several benefits for organisations (Schaupp and Bélanger, 2014). Different studies about entrepreneurship development and its prospects and challenges in the tourism and hospitality sector have been conducted at the international and national levels. There is few research related to this theme (Mathivathany and Sasitharan, 2012). However, there are no studies available on how to empower entrepreneurs in the Tourism and Hospitality Sector and their importance for regional and country development in Northern Region. There has been a significant research vacuum in this area. Therefore, this study tries to fill this empirical gap.

The Northern Province was selected for the study as the research area geographically covers just over 13% (or 8,847 sq. km) of the total land area of Sri Lanka and contains five Districts, Jaffna, Kilinochchi, Mannar, Mullaittivu and Vavuniya. The province encompasses the northern parts of the country, which are mainly flat and low. The province features a lengthy coastline, several inhabited tiny islands, and abundant natural resources, including forests, mineral deposits, and coastal resources. It features large protected forest and woodland areas, coastal

and wetland sanctuaries, significant mineral deposits, and a coastal belt with access to fisheries, ports, and aquaculture, as well as tourism possibilities. However, there are challenges to the performance of tourism and hotel entrepreneurship to increase performance.

The main objective of this study is to identify the challenges and prospects which affect the performance of tourism and hotel entrepreneurship in the Northern Region of Sri Lanka. The study also aims to find out the availability of the empowering system and needed empowering methods to increase the performance of tourism entrepreneurship in the Northern Region

The study is timely and significant for several reasons. First, as noted above, tourism is one of the world's fastest-growing industries and has become the leading source of foreign exchange earnings and employment for several emerging countries (Hossain, 2020). Therefore, the study findings might be useful in empowering tourism entrepreneurship and improving entrepreneurs' role in developing the post-conflict region. The Northern Province. Second, the findings of this research might go a long way in sensitising communities to take a leading role in making the tourism sector sustainable and environmentally friendly. Third, this study will influence policy formulation and decision-making concerning the tourism and hospitality sector. Finally, the current study will broaden the mind of researchers. This will help tourism sector developers, planners, designers, administrative and marketing field experts, and other professionals.

The remainder of this article is structured as follows. The second section reviews the theoretical and empirical literature on the

tourism and hotel industry, focusing on its challenges and prospects. The third section presents the methodology employed in the study. While the fourth section presents the study's findings, the fifth section produces discussion and policy implications. Finally, the conclusion and recommendations will be in the last section.

### Literature review

#### Overview of Tourism and Hotel industry

Entrepreneurship, innovation and business development are essential drivers for success in the tourism and hospitality industry, major sources of jobs. In recent years, tourism entrepreneurship has become one of the simple ways to provide strategic support for stabilising business development, especially in developing countries. Tourism can be considered an economic and social phenomenon. It has become a force, representing a major source of income for many developing countries (Iuliana et al., (2016).

Wall and Matheson (2006) defined tourism as the activities of people travelling away from their usual habitat, of the establishment which response to the requirement of travellers and the impacts that they have on the economic, physical and social well-being of their host. According to the WTO (2001), tourism is defined as the activities of persons travelling to and staying away from places of their usual environment for not more than one year and not less than 24 hours for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited. Tourism can be conducted in different forms such as game viewing, bird watching, canoeing, walking safaris, camping and

mountain climbing. The environment is often referred to as the vital tourism component because it is the heart of any tourism development. According to Besekey (2013), the hospitality industry includes lodgings, food and beverage services, event planning, theme parks, transportation, cruise lines, travelling etc.

Tourism is one of the leading businesses for lashing economic expansion and economic revolution in developing countries. The industry generates employment opportunities for skilled and unskilled workers. In addition, tourism generates foreign exchange and encourages cultural activities (Patel, 2012).

The tourism and hospitality industry today are changing significantly with the application of information technology in its fundamental to strategic activities, it is driven by the competition inherent within the industry as well as the evolving innovative ideas and practices (Khatri, 2019). Social media is gaining popularity among hotel operators as one of the essential platforms to market their facilities and establish relationships with customers (Hashim and Fadhil, 2017).

An entrepreneur is a person who creates a new business or enterprise by spotting a new opportunity (Frederick & Carswell, 2001). The role of the entrepreneur appears central to the innovative activity. An entrepreneur is an individual with vision, someone who works hard and dares to try something new even if it means failing (Frederick and Carswell, 2001).

Tourism entrepreneurship is activities related to creating and operating a legal tourist enterprise. Legal enterprises are businesses

that operate on a profitable basis and seek to satisfy the needs of tourists (Saayman, 1998).

**Challenges for Tourism and Hotel entrepreneurs**

Tourism entrepreneurs face various challenges (Appiah and Singh, 1998), which revolve around: marketing, geological, human capital, and organisational and financial issues. Hentschel et al. (2002) identified the challenges faced by tourism entrepreneurs under seven broader categories: (1) geological, (2) legal, (3)

technological, (4) organisational, (5) human capital, (6) marketing and (7) financial challenges (Table 1).

According to Hossain (2020), the significant challenges of Bangladesh tourism and hotel industry are the lack of infrastructure facilities, modern and sufficient recreation facilities, security and safety, proper training and HR, proper planning from the government, marketing and information, product development, tourism awareness, security and safety, and political instability etc.

**Table 1: Challenges of tourism entrepreneurs**

|   |  |
|---|--|
| <p><b>Geological challenges:</b></p> <p>Lack of appropriate ore bodies<br/>Lack of geological information</p>                                   | <p><b>Human capital challenges:</b></p> <p>Unskilled labour force<br/>Lack of knowledge<br/>Lack of cultural understanding</p>   |
| <p><b>Legal challenges:</b></p> <p>Lack of political stability<br/>Inappropriate investment climate<br/>Lack of formalization of the sector</p> | <p><b>Marketing challenges:</b></p> <p>Access to market only via Intermediaries market barriers<br/>Market regulations</p>   |
| <p><b>Technological challenges:</b></p> <p>High use of labour intensive technology<br/>High losses of values and time</p>                       | <p><b>Financial challenges:</b></p> <p>Inappropriate feasibility studies<br/>Uneconomic investment decisions<br/>Lack of accurate bookkeeping and cost analysis<br/>Lack of capital<br/>Limited access to investors and equity capital</p> |
| <p><b>Organizational challenges:</b></p> <p>Lack of umbrella organization<br/>Lack of coordination and cooperation</p>                          |  |

**Conceptualising the challenges of tourism and hotel entrepreneurship**

The problem underpinning this study can be best described using the conceptual model which is based on the literature as a lens to view challenges and prospects for tourism and hotel entrepreneurship in both starting and growing their businesses. Figure 1

presents the conceptual model. The model suggests that some challenges hinder a tourism business from being sustainable in raising finance and utilising appropriate equipment for business success. The model is categorised into four stages. The first stage is where tourism entrepreneurs face different challenges hindering the tourism industry.

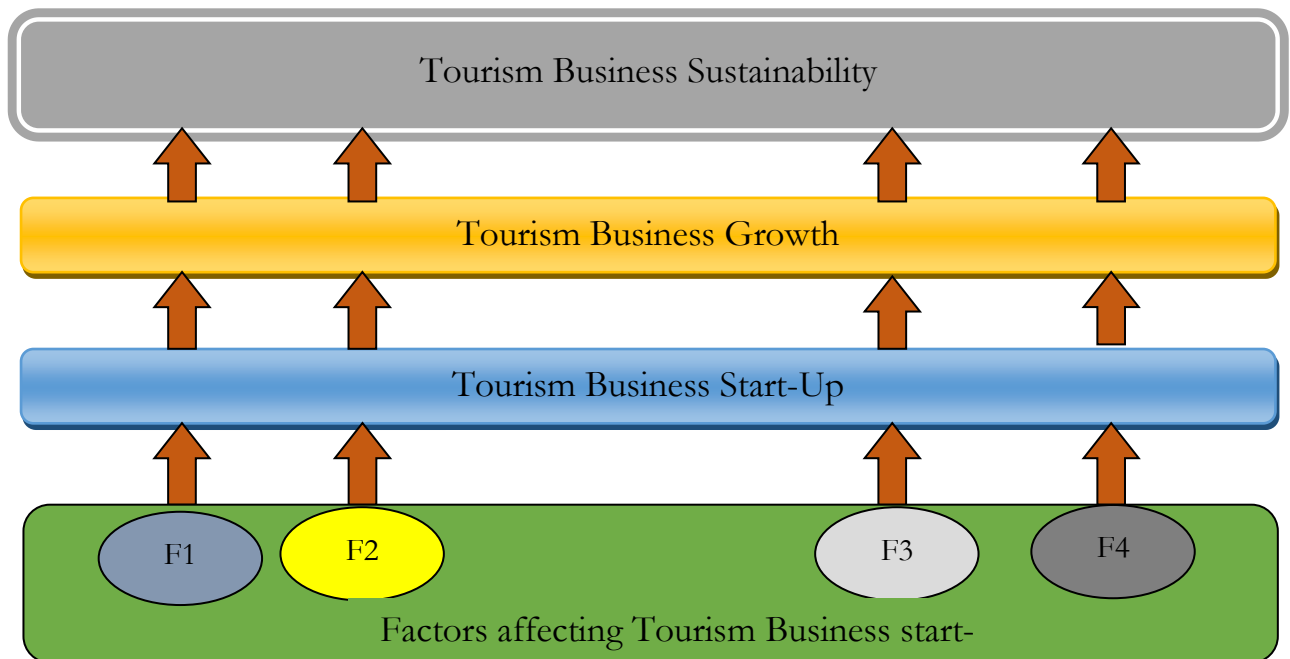


Figure 1: Conceptual model,  
Source: Adapted from Mkubukeli, 2016

The following (second) stage is the tourism business start-up. The third stage is the tourism business' growth and the fourth considers the tourism business' sustainability phase. The four circles marked with F1, F2, F3 and F4 in the first element of Figure 1 are the challenges that reduce the performance of tourism entrepreneurship from establishing successful businesses to their sustainability phase.

These are a lack of geological information (F1), access to markets (F2), lack of human capital (F3) and financial capital (Fa4). The start-up, growth and sustainability diagrams indicate the resources available to tourism entrepreneurs to build sustainable businesses. The relationship between challenges and start-up, growth and sustainability factors is that if these challenges are mitigated successfully, a successful business start-up will emerge.

Furthermore, if each of these phases is successfully achieved, the next phase will follow, and the venture will be a successful tourism business. Thus, when those challenges are met, a business start-up will successfully emerge, followed by growth and sustainability.

### Prospects for Tourism and Hotel entrepreneurs

Figure 2 presents some of the prospects for tourism businesses. The prospects available to tourism entrepreneurs are interrelated. It also shows that the prospect of a thriving tourism business depends on a willingness to operate in a legal environment. Once tourism business operations are managed successfully, tourism business entrepreneurs have a strong chance of venturing into other tourism-related businesses if they can sustain strategic relationships.

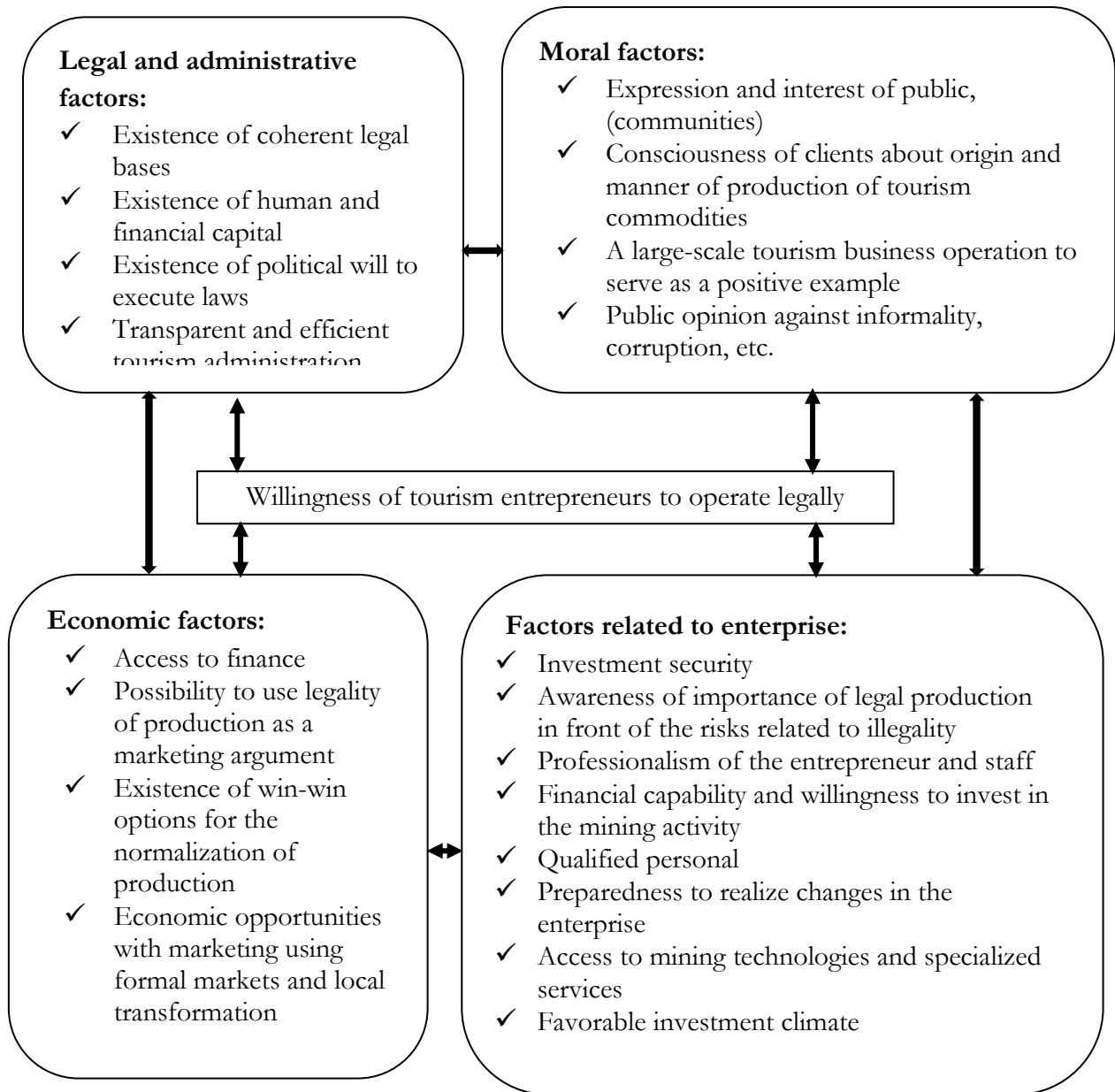


Figure 2: Factors influencing the willingness of tourism entrepreneurs to operate legally  
 Source: Adapted from Hruschka, 2002

### Empowerment Theory

Empowerment as a concept originates from the development aid world, where the participation of local citizens in development processes is seen as a prerequisite for success. In third-world contexts, empowerment is about providing proactive assistance to the poorest segments of the population

effectively and efficiently. Empowerment is always embedded in the issue of community empowerment which is in many cases discussed under the topic of tourism development, especially community development through tourism (Beeton, 2019).

According to Rappaport (1984: P54), empowerment may occur at multiple levels of analysis: “Empowerment is viewed as a process: the mechanism by which people, organisations and communities gain mastery over their lives.” This does not provide details about the process across levels of analysis. These definitions suggest that empowerment is a process in which efforts to control are central. These conceptual definitions suggest that participation with others to achieve goals, efforts to gain access to resources, and critical understanding of the socio-political environment are primary components of its construct. The empowerment may include organisational processes and structures that enhance member participation and improve organisational effectiveness for goal achievement. At the community level of analysis, empowerment may refer to collective actions to improve the quality of life in a community and to the connections among community organisations and agencies.

### Research Methodology

The study used the deductive approach, considered more appropriate for the very purpose of this research as it involves testing the theoretical assumptions that empower the tourism enterprise sector- prospects and challenges. This study employs mixed-method: qualitative and quantitative.

Based on the available literature, the operationalisation of the variables, dimensions and indicators were developed. Table 2 shows the operationalisation of the variables related to challenges. There are some indicators for every dimension of the Prospects and Challenges of Tourism and Hotel entrepreneurship. Financial, marketing, technological, human capital,

geographical, environmental, legal, political and cultural indicators were recognised as the dimension of the challenge.

**Table 2: The operationalisation process of Challenges**

| Indicators          | References/Sources                                |
|---------------------|---|
| Finance             | Hentschel et al. (2003), Mutemeri, et al., (2010) |
| Marketing           | Appiah and Singh(1998), Hentschel et al. (2003)   |
| Technology          | Hentschel et al. (2003), Mutemeri, et al., (2010) |
| Human capital       | Appiah and Singh (1998), Hentschel et al. (2003)  |
| Organizational      | Hentschel et al. (2003)                           |
| Political and Legal | Mutemeri, et al., (2010), Hentschel et al. (2003) |
| Geography           | Hentschel et al. (2003)                           |
| Culture             | Hentschel et al. (2003), Mutemeri, et al., (2010) |
| Environment         | Hentschel et al. (2003)                           |

Source: Compiled by Author (2020)

**Table 3: The operationalisation process of prospects**

| Indicators                     | References/Sources                      |
|--------------------------------|---|
| Entrepreneurship               | Hruschka (2002), Mkubukeli (2016)       |
| Cultural and Moral             | Hruschka (2002)                         |
| Finance                        | Mkubukeli(2016), Hruschka (2002)        |
| Marketing                      | Hruschka (2002),                        |
| Human capital                  | Hruschka (2002),                        |
| Geography and environment      | Wachama et al., (2020), Hruschka (2002) |
| Organizational and Environment | Hruschka (2002), Wachama et al., (2020) |
| Legal and Political            | Wachama et al., (2020)                  |

Source: Compiled by Author (2020)



Entrepreneurship, cultural and moral prospects, finance, human capital, geographical and environmental and legal and political indicators were recognised as the prospects' indicators (Table 3). Empowering practice and institutions include reputation as the main indicators for this dimension. Generating new customers, increasing sales, sales areas and repeated web purchases were selected as the indicators for the business performance.

**Table 4: The operationalisation process of association-related characteristics**

| Indicators  | References/Sources                 |
|-------------|------------------------------------|
| Practice    | Hruschka, (2002), Beeton, (2019)   |
| Institution | (Beeton, (2019), Hruschka, (2002), |

Source: Compiled by Author (2020)

### Research population sampling procedure and sample size

Among the tourism entrepreneurs, the population is the hotel entrepreneurs, who had formal registration on the Northern provincial tourism bureau database and District secretary office in 2018. 81 tourism hotel entrepreneurs have been registered in Northern Region. Samples of the stakeholders were selected based on the stratified sampling method. Gay and Diehl (1992) suggest that for descriptive research sample should be at least 10% of the population. Therefore, based on the Gay and Diehl criteria (1992), this study's total sample size is 66 respondents.

### Data collection methods

Secondary data was obtained from various documents such as books, theses, journal articles, and unpublished documents. Primary data included information collected

from respondents through interviews, questionnaires, and direct observation. Transport and tour guide owners, hotels and restaurant owners, accommodation and homestay owners and tourism-related product owners are interviewed to gather information on how entrepreneurs contribute to tourism in the Northern Province of Sri Lanka. In addition, 05 experts from various tourism-related fields were selected for the in-depth interview. The researchers conducted the interviews to obtain more detailed information about the challenges and prospects of tourism entrepreneurs in tourism development.

In this study, content analysis<sup>1</sup> was used to analyse the collected data. According to Blumberg et al. (2011), content analysis is a technique often used to categorise the information in the transcribed data into meaningful themes. Each research question was converted into a theme. For instance, the main question guiding this research is: What are the challenges and prospects available to hotel entrepreneurs in the Northern Region of Sri Lanka? However, the main research question was divided into three themes: prospects, challenges and empowering methods. This paved the way for analysis.

### Reliability and validity

Reliability and validity are both concerned with measuring whether the data-generating instrument meets specific criteria. Reliability is a measure of the consistency with which a data generating instrument would elicit comparable data (Gray, 2009). To ensure reliability, the research instruments were tested on different occasions with hotel managers in Northern Province, an organisation governing hotel entrepreneur,

to ensure that hotel entrepreneurs could understand what they were being asked.

Validity is only achieved once the data collection instrument achieves the aims and objectives of the research (Gray, 2009). Validity criteria include the following elements: content validity, criterion-related validity, construct validity, face validity and external validity (Brynard and Hanekom, 2006). The research items (questions) were reviewed several times by the researchers to ensure that there was a correlation between the research items and the research objectives. There are some limitations to this study. Concerning the qualitative method, due to time constraints, the sample size seems to be small, but it is still representative of the tourism and hospitality industry in the Northern Province since the sample is 82% of the population.

## **Findings**

According to the respondents, 74% of hotel entrepreneurs were the sole managers and owners of their businesses. Hotel entrepreneurs with no business partners are unlikely to expand their managerial competencies or businesses. Proprietors with partners are more likely to develop managerial competencies and have the resources to expand their businesses.

Twenty-six per cent (26%) of hotel entrepreneurs were either in partnerships or had joined co-operatives: hence a significant proportion of entrepreneurs faced fewer challenges than their peers who were sole proprietors. However, even sole proprietors with more than five years of experience were less able to overcome the challenges.

Meanwhile, thirty-six per cent (36%) of the entrepreneurs stated that their family members are involved in hotel entrepreneurship as motivators/ advisors, while nine per cent (9%) of the entrepreneurs articulated that their family members are working as full-time workers. Further, Twenty-six per cent (26%) of the tourism entrepreneurs expressed that their family members are working as part-time workers. Further, twelve per cent (12%) of the Hotel entrepreneurs express that their family members are working as financial supporters for the businesses. Seventeen per cent (17%) of the hotel entrepreneurs expressed that their family members were not ready to work with them as part-time workers or other workers.

## **Influencing Factors on the selection of Business Location**

Several factors are considered when choosing a location for a hotel business venture. First, 100% of the respondents indicated that utilities and other costs are mainly influenced when selecting their business locations. Proximity to other businesses and other services to other competing businesses are crucial to the success of the business location (97%). Finally, employees are often a business's most significant asset; thus, choosing a location that's lacking in required talent may be the start of our business's downfall (94%).

83% of the hotel entrepreneurs stated that business location must be accessible by local transport links, particularly main roads and motorways such as cars, buses and even train to employees. These all are important considerations and critical factors in recruiting the right people into the business. Accessibility and parking facilities must be

important and business locations must be selected in more commercialised commercialised areas, so there are certainly cost benefits. 79% of the entrepreneurs stated that building infrastructure was another factor in choosing the business location. The attraction of the sites with good images and history is another considered factor for the business location (64%). Figure 3 displays the influencing factors in the business location of hotel entrepreneurship in the Northern region.

4% of the hotel entrepreneurs completed a bachelor's degree, while 35% of the tourism entrepreneurs were below O/L qualification. 23% of the hotel entrepreneurs have certificates/ diploma qualifications. 20% of the tourism entrepreneurs obtained A/L qualifications. The remaining 18% have only O/L qualifications.

42% of the hotel entrepreneurs did not have any work experience when they started their businesses, while 12% of the entrepreneurs had managerial level work experience to commence hotel entrepreneurship. 26% of the hotel entrepreneurs had labor positions as work experience. On the other hand, 20% of the hotel entrepreneurs had clerical-level working experiences. The study found that the tourism entrepreneurs who have no work experience are most likely to commence their hotel businesses due to the difficulties in finding a proper job, feeling work as independent, poor family conditions and social norms, while 12% of the hotel entrepreneurs who have managerial level work experience to start the new entrepreneurs in tourism sectors due to the unsatisfied with ownership, feeling to work as independence and like to create the personal wealth.

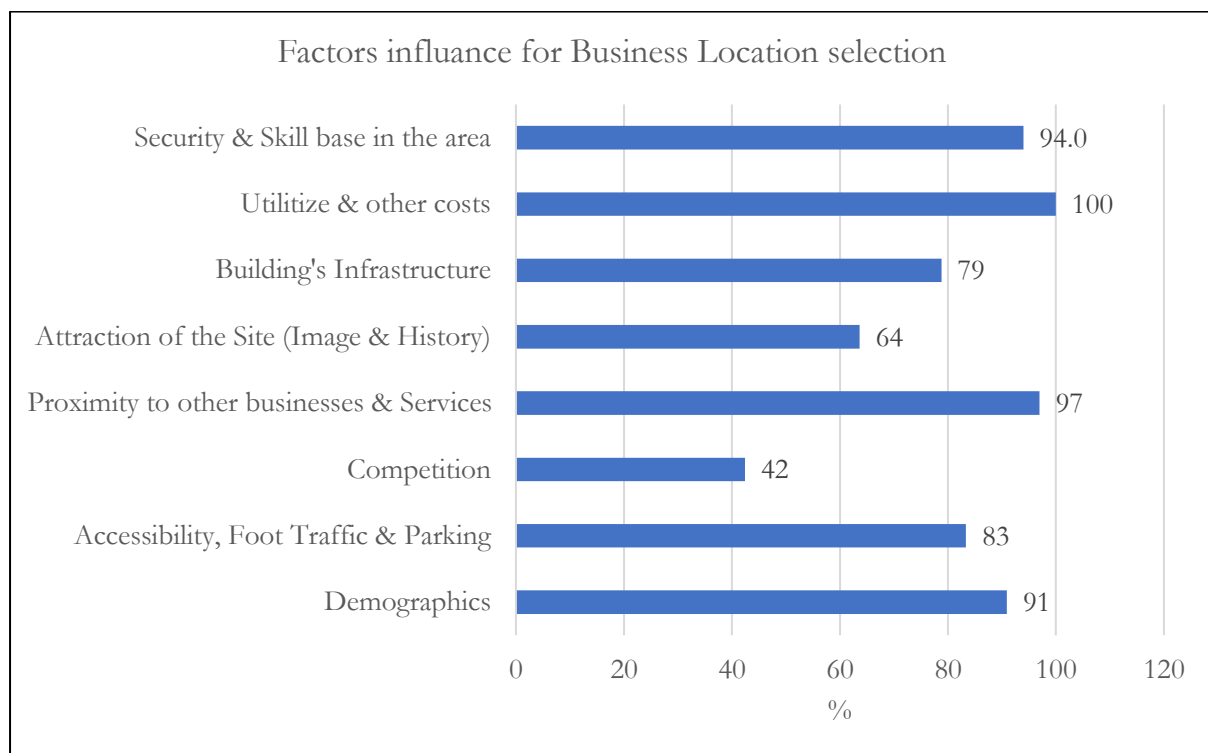


Figure: 3 Influencing factors for business location

Source: Sample survey, 2020

### **Operational Period of Entrepreneurs' Firms**

Fifty-nine per cent (59%) of the hotel entrepreneurs had been in business within 1-5 years, while two per cent (02%) of the hotel entrepreneurs had been in business within 20-25 years. 27% of the hotel entrepreneurs had been operating within 5-10 years. A further 9% of hotel entrepreneurs had been in business within 10-15 years. The remaining 3% have been in business within 15-20 years. Most of the entrepreneurs were still handicapped by a lack of proper training facilities, managerial skills, equipment and lack of finance. Many would assume that after years of operations, most entrepreneurs would have at least raised the capital needed to invest in developing their businesses. However, this was not the case for these tourism entrepreneurs. Hotel entrepreneurs who had been in business within 15 - 20 and 20-25 years were still using traditional methods of operating the hotels and hospitality sectors.

### **Prospects of Hotel Entrepreneurship in the Northern Region of Sri Lanka**

**Financial Prospects:** 87% of the tourism entrepreneurs said that access to finance is a core financial prospect in the Northern region, providing many opportunities directly for the entrepreneurs and their businesses. Finance can be accessed from Development Banks (Regional and National), Commercial Banks, Financial agencies, International Assistance Agencies, and micro-financing through loan systems, helpings and grants. Furthermore, 85% of the tourism entrepreneurs suggested that getting development opportunities and financial assistance to war-torn areas are another opportunity in hotel entrepreneurship.

Though various intuitions are functioning with the concern of financial assistance, there is less inter-coordination among those with many conditions, which is a major barrier for the hotel tourism entrepreneurship development.

Nearly 72% of the respondents said that the government's financial policy is also a good prospect for regional development and hotel tourism entrepreneurs' development. Those financial policies assist in addressing the investment gap for sustainable tourism and hospitality development, build the capacities of the entrepreneurs and provide better coordination and actions to improve. In addition, they can help secure local infrastructure's economic viability. Further, 36% of the tourism entrepreneurs believed that national and international financial support is another prospect which can provide financial and technical assistance to cover a wide range of needs, from support for research initiatives to feasibility studies and assistance with the provision of infrastructure. Crowd-funding is one of the potential sources of finance.

**Market prospects:** Market prospects can be good or bad and favourable or unfavourable. The high-value agricultural products like fruits, vegetables, fish and livestock are showing higher prospects which is indicated by 94% of the tourism entrepreneurs. Agro-processing is critically vital for ensuring the food security of communities, particularly in terms of culturally acceptable foods; community-based tourism is essential for diversification and income generation during the off-farm season. Agro-processing and community-based tourism are essential as a livelihood diversification strategy because of the seasonality of farming.

Secondly, economic opportunities using formal & local markets are suggested as market prospects by 79% of the tourism entrepreneurs. Investors and creditors tend to look at market prospects, liquidity, solvency, profitability, and other performance metrics when evaluating future performance.

58% of the hotel entrepreneurs proposed that the capital market liberalised is another prospect of tourism entrepreneurship. Processing farm produces (fruits, vegetables and livestock), and forestry products as well as aquacultural products add value and can create jobs, expand markets, generate income and improve livelihoods. It also generates revenue/profit for hotels and income through salaries and wages for employees. These automatically help access the international markets suggested by 46% of the hotel entrepreneurs. The Northern region has the opportunity to be an international trade Centre.

**Cultural and Moral Prospects:** Culture describes a collective way of life or way of doing things. It is the sum of attitudes, values, goals, and practices shared by individuals in a group, organisation, or society which vary over periods, between areas and geographic regions, and among groups and organisations. 92% of hotel entrepreneurs suggested that different religious festivals and temples are the higher-level prospects in the Northern region.

64% of the entrepreneurs said that historic places and archaeological sites are other prospects to improve entrepreneurial products. The satisfactory intellectual groups and expression of interest of the public (communities) are the next important prospects in hotel entrepreneurship (60%).

Finally, 49% of the hotel entrepreneurs suggested that multi-cultural and ethnic groups are opportunities for the Northern region.

**Entrepreneurial Prospects:** Seventy-eight (78%) of hotel entrepreneurs agreed that a favourable investment climate and security are critical. In addition, 43% of the hotel entrepreneurs suggested that access to modern technologies and specialised services provide the chances to foreign-owned firms in the northern region.

**Human capital Prospects:** 82% of hotel entrepreneurs stated that the availability of high human capital is a good prospect in the northern region. Areas of enhanced entrepreneurial education, motivation & training, such as Tourism and Hospitality Management, are the next tourism human capital-related prospects (43%). Finding paid part-time work opportunities in the tourism sector is relatively easy, especially in travel agency work. Potential growth of the services sector, such as ICT, health and education, is another human capital prospect (39%).

**Organisational and Administrative Prospects:** 65% of the hotel entrepreneurs said that accelerated infrastructure development like communication, transportation, electricity and other social infrastructure is a key organisational and administrative prospect. 58% of the tourism entrepreneurs said that the different institutions' function is another organisational and administrative Prospect. Transparent and efficient entrepreneurial administration is another Organizational and administrative Prospect in the future of hotel sector entrepreneurship (42%). Finally, 40% of hotel entrepreneurs

stated that changing the behavioural pattern is another organisational and administrative prospect.

**Legal and Political Prospects:**

Improvement in the security situation is a higher political prospect in Northern Region (95%). The post-conflict situation turns into opportunities for entrepreneurs in the region. Entrepreneurial Networks are considered a meaningful way to create opportunities and transfer knowledge. Government-free and good health care services are an alternative opportunity to tourism entrepreneurship (68%). In addition, 56% of the respondents said that trade regulation under the political and legal system is a prospect in the tourism hotel sector. 42% of hotel entrepreneurs said that the existence of coherent legal bases of

the political and legal bodies are highly supportive and provide adequate services without interruption.

**Geographical and Environmental Prospect:**

89% of the respondents indicated that Suitable weather condition is highly significant for the industry. 86% of the respondents suggested that a great destination is another environmental prospect of the northern region, which offers various visiting points covering almost all types of tourist attractions.

**Challenges faced by hotel entrepreneurs**

The industry faces various challenges. These challenges scan broadly be categorised into nine groups as shown in Figure 4.



Figure 4: Hotel Entrepreneurs' challenges in Northern Province of Sri Lanka

**Financial Challenges:** Eighty-nine (89%) of tourism entrepreneurs agreed that their main financial challenge was the financial capabilities of financial organisations. Tourism entrepreneurs have more access to finance in various ways, such as through government, private, and microfinance companies. Eighty-six (86%) of tourism entrepreneurs identified the instability of the tax system as another challenge. 71% of the hotel entrepreneurs said they had inappropriate financial feasibility studies when starting their businesses. 62% of the tourism entrepreneurs said they had limited financial products.

**Marketing Challenges:** Eighty-nine per cent (89%) of hotel entrepreneurs agreed that their key marketing challenge was inadequate marketing information. 81% of the hotel entrepreneurs said they had inadequate marketing strategies when starting their businesses. 75% of the respondents identified marketing regulations as key marketing challenges. 67% of hotel entrepreneurs indicated that lack of access to the international market was another marketing challenge in the northern region. 52% suggested that the informal and under-world 'economy' practices were their marketing challenge.

**Technological Challenges:** 90% of the tourism entrepreneurs agreed that the shortage of highly skilled persons is a main technological challenge in the Northern region. 87% of hotel entrepreneurs indicated that weak technological innovation was another challenge. 64% of the entrepreneurs identified the lack of knowledge of how to use Apps and devices as a critical challenge. 51% of the entrepreneurs said that outdated technology was another challenge for hotel entrepreneurs. Information technology was an essential tool to promote their hotels, but

conventional techniques such as word of mouth and signboards were still significant.

**Human Capital Challenges:** 94% of the hotel entrepreneurs agreed that unskilled labour (entrepreneurial & managerial) is a primary human capital challenge in the Northern region which directs to unproductive and uncreative ideas in businesses. 74% of hotel entrepreneurs agreed that seasonal employment was another challenge in tourism. 68% of the hotel entrepreneurs said the lack of vocational training, internship and development capabilities were vital human capital challenges in the northern region.

**Organisational Challenges:** 89% of the tourism entrepreneurs identified poor early warning systems and information as an organisational challenge where they cannot overcome disaster situations and do not have any preventive measures in their businesses. 79% of the entrepreneurs indicated that inadequate /poor infrastructures such as road network, telecommunication, electricity, water supply and sanitation were other challenges in tourism entrepreneurship.

**Political and Legal Challenges:** 87% of the tourism entrepreneurs agreed that the regional development/regional disparity is a prominent political and legal challenge in the Northern region which entrepreneurs are unable to emerge, innovate and establish new economic activities. Regional development also is very lack compared with other regions. 86% of the tourism entrepreneurs stated that lack of political stability (law and order) was another challenge. 84% of the entrepreneurs that the instability of the government policy system was another challenge in tourism entrepreneurship. 78 % of the tourism entrepreneurs believed that a lack of a proper social protection system was another

challenge in tourism entrepreneurship. Finally, 70% of the tourism entrepreneurs said that the lack of formalisation of the sector was a challenge in tourism entrepreneurship.

**Geographical Challenges:** 82% of the Hotel entrepreneurs agreed that the lack of geological information is a main geographical challenge in the Northern region. 67% of the tourism entrepreneurs suggested that strategically location of other regions with high infrastructural facilities, built-up areas and harbour and airport functions was another challenge in tourism as a geographical challenge. 35% of the tourism entrepreneurs said that the high-security zone was another challenge in tourism entrepreneurship in the northern region where entrepreneurs cannot use the potential places for their high product businesses because some prominent potential places are declared as a high-security zone by the Sri Lankan forces.

**Cultural Challenges:** 87% of the Hotel entrepreneurs agreed that the lack of entrepreneurial culture and education is a crucial cultural challenge in the Northern region, where entrepreneurship is considered a 'bad or 'sin''- labour exploitation. 49% of the tourism entrepreneurs identified social norms and behavioural pattern as key cultural challenges.

**Environmental Challenges:** 86% of the hotel entrepreneurs agreed that poor access to information regarding environmental changes is a core environmental challenge (climate change) in the Northern region which affect the tourism entrepreneurs and their businesses, such as unpredictable drought, flooding, tsunami and other disasters directly. 68% of the tourism entrepreneurs suggested that rigid

environmental protection law was another challenge. Finally, 55% of the tourism entrepreneurs identified the thread of natural and man-made disasters as a critical environmental challenge in the northern region.

The study's results categorised all the challenges into nine different aspects: financial, marketing, technological, human capital, organisational, political and legal, geographical, cultural and environmental challenges in the northern region of Sri Lanka. 53% of the respondents said that financial challenges are the top priority challenge in the northern region.

### **Empowerment Practices on Hotel entrepreneurs**

Empowerment opportunities or actions are essential for the development tasks like education and tourism management. In this study, four empowering functions were discovered: (1) developing individual ability, (2) educational functions, (3) awareness building and (4) mobilising entrepreneurs to participate in development projects. Most of the respondents were getting empowerment from INGOs and NGOs (50%), and government institutions (49.5%). On the other hand, only 4.5% received empowerment support from other sources, such as the private sector.

These institutions use mainly four different empowering practices: (1) entrepreneurial education and attitude development practices (34.5%), (2) trade exhibitions (30%), (3) training and mentorship for the entrepreneurs (20%), and (4) building the network with various organisations (11%). Therefore, this study revealed that in Northern Province, Sri Lanka, the best approach used by government and NGOs



toward the empowerment of tourism entrepreneurs is bottom-up. In the bottom-up approach (the grassroots approach) the participation is active, effective, dynamic and self-mobilisation; thus, high empowerment can be achieved. Experts highlighted that this approach is the best way to empower tourism entrepreneurs in Sri Lanka.

### Discussion and implication of the study

In the study area many opportunities are available to promote tourism entrepreneurship. However, they need to pay more attention to how utilise these opportunities (Improvement in the security situation, the more outstanding contribution from war-torn areas, accelerated infrastructure development, increased Public-private partnerships for infrastructure development, potential growth in the services sector: tourism, ICT, health and education).

The main challenges facing hotel entrepreneurs were financial, marketing and technological (lack of enough credit line, challenging business environment, poor infrastructure, lack of enough emphasis on modern education, lack of R&D and lack of ICT and creativity & innovation). This can be addressed by establishing a tourist police task force, boosting health services at tourist destinations, improving infrastructure, building tourist circuits, and training. This study discovered a variety of services for tourism and hotel companies, ranging from training to government parastatals finance to a big market ready to be exploited. However, getting access to these chances can be challenging. Tourism and hotel entrepreneurs must either know people

within the parastatals or have finances ready to take advantage of these changes.

Empowerment tactics include developing individual capacity, educational functions, raising awareness, and organising entrepreneurs to join in initiatives, but they also require developing mental habits, managing fear and danger, and creating trust. Although, some of these functions may be similar, it is impossible to define each organisation's function exclusively. These functions include developing individual abilities, instructional activities, awareness raising, and organizing organising entrepreneurs to participate in initiatives.

Empirical research in empowering tourism entrepreneurship in the Northern Province of Sri Lanka - prospects and challenges in a post-conflict environment are limited. Tourism entrepreneurship generates new job opportunities for society and influences the provision of innovative management solutions to the business world. Even though tourism entrepreneurship can be identified as having many benefits and advantages, there are many benefits and advantages, but there are still barriers and challenges to the development of the tourism sector when they stand as entrepreneurs, especially in the tourism industry.

Value creation is one of the lacking areas in the tourism industry in the Northern Province of Sri Lanka. The industry requires a comprehensive value chain analysis<sup>2</sup> to explore potential areas for value creation. The Porter and the global value chain (GVC) approaches can be employed to understand the role of different stakeholders in the improvement of the enabling business environment for tourism and hotel entrepreneurship development because the GVC in particular provides new practical

insights on governance structures and upgrading opportunities of the individual firms in the value chains of the industry, and is widely used as a tool for integrating small firms into the GVC as well as a tool for small enterprise development. Integrating into the value chain is one of the key concepts in the modern industrial development theory of networking.

Porter's approach provides only an insight into how the activities within an organisation perform and links them to the organisations' competitive position. Porter (1985) distinguishes between primary activities and support activities. Primary activities are directly concerned with creating or delivering a product or service. Each of these primary activities is linked to support activities which help to improve their effectiveness or efficiency. Both activities fall under the internal business environment, as shown in Figure 5.

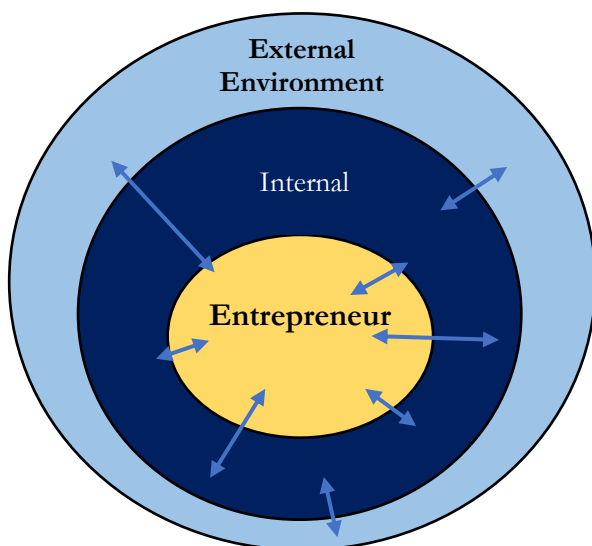


Figure 5: Integrated Model for tourism and hotel entrepreneurship development

Any enterprise development depends on the capabilities and development of the three components as shown in Figure 5. The three

components include (1) entrepreneurs' characteristics, (2) internal business environment, and (3) external environment.

Therefore, this model provides a strong message for the stakeholders engaged in developing tourism and hotel entrepreneurship in the Northern Province of Sri Lanka.

## Conclusion and Policy Implications

The following findings emerged from this study (1) financial, marketing and technological challenges (lack of enough credit lines, demanding business environment, poor infrastructure, lack of enough emphasis on modern education, lack of research development and lack of IT and creativity and innovation) effect on the performance of Tourism and hotel entrepreneurship; (2) geographical, environmental and human capital prospects (Improvement in the security situation, the more significant contribution from war-torn areas, Accelerated infrastructure development, Increased Public-private partnerships for infrastructure development, Potential growth in the services sector: ICT, health and education) are primarily available to develop tourism and hotel entrepreneurship in the study area; and (3) there are many supportive empowerment methods available to tourism and hotel entrepreneurship such as training, workshops and network building.

This study proposes four recommendations: First, the STDA and NPTB should provide potential hotel entrepreneurs with training and education. Secondly, the Sri Lankan government should establish a business incubation programme for emerging tourism

and hotel entrepreneurs. This may help to develop young entrepreneurs. Third, the Business Consultancy Service Unit at NPTB should provide tailor-made advice for Hotel entrepreneurs. This would help enable tourism and hotel entrepreneurs to do business planning and feasibility studies. Finally, the government's main responsibility must be to set up an enabling business environment. The Porter and the global value chain (GVC) approaches may provide a practical oriented conceptual framework for the stakeholders that are interested in developing tourism and hotel entrepreneurship in the province.

This study was done in the early stage of the COVID-19 pandemic. Today the situation in the country is entirely different. Future research should be geared toward investigating the challenges that lead to the closure of the tourism and hotel entrepreneurs in the Northern province in this current economic-social and political context. This would shed light on how hotel entrepreneurs could increase their ability to overcome challenges, and through proper empowerment, they could use the available prospect for business development.

Further, future research should consider including all scholastic classifications (e.g. Tourism product owners, tourism transport owners, travel agencies, farmers and tour guides and expand to other hospitality programs within the Northern Province or Sri Lanka. Establishing expectations and perceptions with the same respondents using a longitudinal study might help to understand better how these concepts change each entrepreneur and throughout one's career.

There are some limitations to this study. First, concerning the qualitative method, due

to time constraints, the sample size seems to be small, but it is still representative of the tourism and hospitality industry in the Northern Region..

**Footnotes:**

1. Content analysis is the one of the classical procedure for analyzing textual material range media products to interview data on this essential feature is the use of categories which are often derived from theoretical models (Flick, 2006).
2. The basic concept of the value chain is a business perspective seen as a chain of activities which transforms inputs into a valuable output for the customer. The value chain originally used by Porter (1985) and its various value chain conceptualizations are used to analyze either a given industry or a company behavior.

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