



## A STUDY ON INCLUSION OF MICRO, SMALL, MEDIUM ENTERPRISES IN TOURISM INDUSTRY OF MADURAI

F. Shiny Gloriana<sup>1</sup>, Binod Mishra<sup>2</sup>

<sup>1</sup>Post Graduation Candidate, Research center and Department of Economics, Lady Doak College, Madurai, Tamil Nadu, India  
20ece043@ldc.edu.in

<sup>2</sup>Professor of English, Department of Humanities and Social Sciences. IIT Roorkee, Uttarakhand, India

[binod.mishra@hs.iitr.ac.in](mailto:binod.mishra@hs.iitr.ac.in)

### Abstract

Tourism is one of the leading industries growing globally at 10% per annum. This industry is like double-edged sword, it can benefit the host countries by increasing revenue and has the potential to degrade the environment, cause inflation. Thus this industry has to be regulated and must be sustainable and responsible considering its activities. This practise of achieving sustainable is advocated by both- the Sustainable Development Goals and the Ministry of Tourism, Government of India. The Ministry has also introduced various principles and indicators to measure sustainability and apply them for respective sectors of tourism industry. This study is an applied research, applying the principles to study if sustainability is achieved by tour operators sector in Madurai, Tamil Nadu. The result of the study says that on an average 100 percentage of the products and services consumed by tour operators are from local MSMEs. 90 percentage of the tour operators facilitate tourists to buy products directly from MSMEs. 100 percentage of the employees employed are local population of Madurai. If accessibility to MSMEs can be enhanced by setting up of outlets, 100% direct selling from MSMEs to tourists can be achieved, which will promote economic benefit to the home country's population.

**Keywords:** Sustainable Tourism, Economic Dimension, Micro, Small and Medium scale enterprises, employment, Local Development

### INTRODUCTION:

An inequality free economy is a desire for every nation. Local development is a means to achieve balanced economic growth. There are many industries which contribute to economic growth in the nation. One such industry, which plays a major role in every country's economy is the tourism industry, contributing 6.1% to the global GDP in the year 2021. It has immense forward and backward linkages in the economy with respect to creation of job opportunities, foreign exchange, cultural exchange, so and so. But it also has a dark side to it such as price rise in the home country, environmental damage and ethnocide. Tourism is a powerful tool that can alter the course of functioning an economy.

Thus, making tourism responsible and sustainable by way of ensuring environmental quality and non-degradation, reducing ethnocide and the enhancement of wellness and economic opportunities for the host country's local population is essential. These are the three dimensions of sustainable tourism- environmental sustainability, social sustainability and economic sustainability. According to World Tourism Organisation (WTO) the term sustainable tourism implies, "Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities".

Economic dimension of sustainable tourism implies that tourism has to be inclusive and beneficial to local entrepreneurs" and involvement of local residents within the components of tourism industry which includes tour operators, accommodation, transportation, hotels, entertainment. Goal 8 of the sustainable development goal (SDG) deals with promoting decent work and economic growth for all. In, goal 8, Target 8.9 urges the governments to formulate policies that promote local products. Thus, enhancement local entrepreneurs" role in the tourism industry will help to achieve target 8.7.

The Ministry of Tourism, Government of India, has published a report prescribing action steps, criteria, principles and indicators to measure the progress and achievement of sustainable tourism in India for the accommodation sector and tour operators sector. The principles and indicators prescribed by the Ministry of Tourism for tour operators sector, used in this research with respect to each objective of the research are listed below.

### **I) Indicators**

1. Company provides access to enterprises, including handicrafts, food and beverage, cultural performances, or other goods and services, to sell directly to guests.
2. Promotion of local products in marketing activities and services.
3. Number of local enterprises promoted.

### **II) Indicators**

1. Percentage of purchases of services and goods from local providers
2. Percentage of local owned restaurants, services, and shops utilised on tours

### **III) Indicators**

1. Percentage of local employees on staff, management and non-management
2. Percentage of payroll distributed to local employees
3. Number of internal promotions of local population
4. Retention rate of trained employees, part-time, seasonal and full-time
5. Ratio of local year-round employees to local temporary employees
6. Amount of monetary investment in training and educational assistance as a percentage of payroll.

### **OBJECTIVES**

1. To know the inclusion of MSMEs in tour itinerary.
2. To find the percentage of procurement of goods & services by tour operators from MSMEs.
3. To find how much local population i.e. residents of Madura are employed in this sector.

### **METHODOLOGY**

This research is an applied research, which is done by studying if tour operators in Madurai involve purchase of products and services from local MSMEs and to how much of local residents are employed in

their companies. For fulfilling the first objective the study use, the first set of indicators mentioned above and for subsequent objectives respectively. 20 tour operators were found through snowball sampling technique and data was collected from them through telephonic interviews during the period May 2023 to June 2023. The tour operators have offices in Madurai and also have offices all around the country and state depending on the scale of business. All tour operators had tour packages for either Madurai city alone or an itinerary that starts with Madurai and covers other pilgrim centres in Tamil Nadu and site seeing places in Tamil Nadu. But the data collected from them are only specified to Madurai's geographical boundary, so as to measure- the number of local residents employed in their company in Madurai and if they promote local MSMEs of Madurai.

## FINDINGS

- PROVISION FOR MSMES TO SELL GOODS AND SERVICES DIRECTLY TO TOURISTS

**Table 1: Direct selling of goods to tourists by MSMEs**

PRODUCTS OR SERVICES	YES	NO
Handicrafts	90%	10%
Food/ Beverages	90%	10%
Cultural performances	0%	100%

Source: Primary Data

**Table 2: Purchase done by tour operators**

	LOCAL PROVIDERS/ SUPPLIERS/ ENTREPRENEURS	NON-LOCAL PROVIDERS/ SUPPLIERS/ ENTREPRENEURS
Purchase done by tour operators	100%	-

Source: Primary Data

**Table 3: Promotion of Enterprises**

PROMOTION	YES	NO
Goods	50%	50%
Services	100%	

Source: Primary Data

**Table 4: Ratio scale of year round and temporary employees**

	YEAR-ROUND EMPLOYEES	LOCAL TEMPORARY EMPLOYEES
Ratio	50	50

Source: Primary Data

**Table 5: Retention rate of employees**

Re	PART TIME EMPLOYEES	SEASONAL EMPLOYEES	FULL TIME EMPLOYEES

Retention rate	10%	-	100%
----------------	-----	---	------

Source: Primary Data

## INVOLVEMENT OF LOCAL POPULATION IN TOURISM INDUSTRY

**Table 6: Engagement of local population in sectors which tour operators work**

SECTORS	LOCAL POPULATION	NON-LOCAL POPULATION
Restaurants/ services/ shops	75%	25%
Staff, management, non-management	100%	0%
Distribution of payroll	100%	0%
Internal promotion	100%	0%

Source: Primary Data

## DISCUSSION

- PROVISION FOR MSMES TO SELL GOODS AND SERVICES DIRECTLY TO TOURISTS

With respect to Table 1, data collected from tour operators via telephonic interviews tour operators are so minded in taking tourists to MSME outlets for shopping since the Government has advocated them to do so. But the problem arises when the itinerary is short and busy, MSME outlets do not function on a daily or on a scheduled basis. Thus it is not feasible for tour operators to facilitate direct selling from MSMEs to tourists. Regarding the products or services which MSMES/ local entrepreneurs sell are indigenous food items. Handi-crafts, hats, clothes, accessories and cosmetics. These products are also fancied by out-bound tourists. There are also a good number of local performers available but as per law, these kinds of informal cultural performances are restricted to protect the dignity of workers and restrict any kind of trafficking that may rise from this informal sector.

- PURCHASE BY TOUR OPERATORS FROM LOCAL PROVIDERS/ SUPPLIERS/ ENTREPRENEURS

With respect to table 2, Purchasing policy of the tour operators gives top priority to purchasing from local providers. All the cars, gift hampers, welcome sweets such as peanut chikkis are bought from local providers. Since the Government has mandated every industry to use and produce only those products which are environmentally friendly and that are locally made, the purchasing policy is framed to buy 100% locally made goods. Tour operators also consider that buying from local entrepreneurs are cheaper and more appealing to tourists „cause giving away gifts such as shawls, sweets that are locally made gives tourist a rich experience of the local traditiona and cultural practices.

Regarding promotion of MSME products by tour operators, not every tour operator promote MSME's products since they feel it falls out of their business and time does not permit them. But some tour operators promote specific shops by issuing pamphlets or taking tourists directly to their shops.

- SEASONAL EMPLOYMENT IN TOURISM INDUSTRY

Tourism industry is an industry where demand for its service is seasonal. It operates on full capacity only during holidays or peak seasons and on other times of the year it works below its capacity. Tourism industry is a labour intensive industry where both skilled and unskilled labourers are required for its smooth functioning.

In this research, the following tables show how much the Tourism industry is favourable to the local population with respect to providing employment benefits. The term „local population“ refers to the residents of Madurai district.

Through telephonic interview with tour operators in Madurai, it was realised that out of the total staff only 50% of the staff work round the year and 50% are temporary part time workers, employed on hire and fire principle. During peak seasons they hire more part time workers to meet the demand.

Retention rate of full time employees is 100% since they work all round the year and are considered as permanent employees. They are generally few in numbers, and are deployed for positions like management, coordinators, marketing, etc.

The retention rate of part time employees is low because they are hired only during the peak seasons and minimal of them are retained to maintain the subsistence functioning needed. Seasonal employees are never retained since they are hired only on the peak seasons to keep-up with the demand. Once the hectic demand seasons comes to haul, these employees are fired.

- **INVOLVEMENT OF LOCAL POPULATION IN TOURISM INDUSTRY**

As tourists travel around the city, the tour operators stop by hotels, motels to taste the cuisines. 75% of the hotels and shops such as tea stalls utilised are locally owned by citizens of Madurai. But some tour packages cover cities such as Kodaikanal, Kanyakumari, Rameswaram in their itinerary along with Madurai, at those times they utilise shops outside of Madurai district.

In the case of employment it provides to the local population, the industry is much in favour of local residents of Madurai. Every staff member among the tour operators are local residents of Madurai itself. It is because the local population are well aware of the routes, geography, tourist spots, shops, etc.

Hence, payroll distribution and internal promotion are also in favour of the local population.

- **PROVISION FOR TRAINING PROVIDED BY TOUR OPERATORS**

Tour operators generally don't facilitate any training for their employees. They hire tour guides who work in the informal sector, based on demand. These tour guides pose fair knowledge about the locations, historical & cultural significance of the monument and folklores about them.

## **RECOMMENDATIONS**

1. Opening of MSME outlets near tourist sites to enhance accessibility.
2. Taking tourists to visit these MSME outlets can be made mandatory as part of the itinerary.
3. Organising expo at peak tourist seasons such as during Pongal festival, May to August.
4. Tour guides can be trained and deployed in tourist places which can improve the quality of tour experience.

## **CONCLUSION**

With respect to the facts that Madurai has 32,546 „udyams“, and it attracts around 2 crore visitors annually, enhancement and facilitating participation of these udyams in Madurai’s tourism industry ensures a balanced regional development and granting small local entrepreneurs a better economic life.

## **BIBLIOGRAPHY**

1. Manhas PS. SUSTAINABLE AND RESPONSIBLE TOURISM: TRENDS, PRACTICES AND CASES. PHI Learning Pvt. Ltd.; 2012.
2. M NFMS, Khan NS, Nambiar NR, Kumar NSP. Sustainability Certifications for Tourism, Travel and Hospitality (TTH) and the Indian industry response. International Journal of Engineering Technology and Management Sciences [Internet]. 2023 Jan 1;7(1):390–410. Available from: <https://doi.org/10.46647/ijetms.2023.v07i01.057>
3. CRITERIA AND INDICATORS APPLICABLE TO ACCOMMODATION SECTOR AND TOUR OPERATORS Ministry of Tourism, Government of India SUSTAINABLE TOURISM CRITERIA AND INDICATORS. (n.d.). Available at: <https://tourism.gov.in/sites/default/files/2020-01/Document.pdf>.
4. Dhar S. Gender and Sustainable Development Goals (SDGs). Indian Journal of Gender Studies [Internet]. 2018 Jan 15;25(1):47–78. Available from: <https://doi.org/10.1177/0971521517738451>