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The Impact of Influencing Factors on The Hoteliers Opting For Hotels in Tamil Nadu

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Abstract

In the service sector of the Indian economy, Tourism is the most important industry. It is one of the world's fastest-growing industries, and it plays a vital role in accelerating the economic development of the country, which is widely recognized. For every four jobs created directly, 18 jobs per room are created indirectly. That the 'Knowledge Oriented Services' was significantly influenced by the level of decision making by hoteliers.

Keywords: Human Labour, Entertainment, Accommodation, Finance, Communication, and Hygiene

Introduction

In general, the Hotel Industry and Tourism industry are interwoven. Historically viewed as an industry, providing luxury service valuable to the economy only as a foreign exchange earner, the industry today contributes directly to employment (directly employing around 0.15 million people) and indirectly facilitates tourism and commerce. Before the 1980s, the Indian hotel industry was a slow-growing industry, consisting primarily of relatively static, single-hotel companies. However, the ASIAD, held in New Delhi in 1982, and the subsequent partial liberalization of the Indian economy generated tourism interest in India, with significant benefits accruing to the hotel and tourism sector in terms of improved demand patterns. As hotels grew in various dimensions, tourism also has spread its wings in all spheres.

In the service sector of the Indian economy, Tourism is the most important industry. It is one of the world's fastest-growing industries, and it plays a vital role in accelerating the economic development of the country, which is widely recognized. It has generated several social and economic benefits, promotes national integration and international understanding, creates employment opportunities to a large number of people, and foreign exchange earnings. Tourism also supports local handicrafts and cultural activities. For many developing countries, particularly the small country. They are mainly dependent upon tourism; this tourism offers a more reliable source of income.

Many numbers of factors, such as population growth, shorter working days, larger paid holidays, an increase in general awareness among people for traveling, and the need for recuperation from tensions of modern life have created favorable conditions for the growth of tourism. So this industry has registered tremendous growth all over the world during the last few years. Tourism has emerged over the years as a major segment of the Indian economy, contributing substantially to the foreign exchange earnings and creating large-scale employment opportunities.

Review of Literature

Pangi, in his study entitled “Goa Daman and Diu: Tourism Promotion Authority,” has pointed out how, during the last two decades, tourism has emerged as the world’s largest and fastest-growing industry. The economic study conducted by him, on this aspect has led him to conclude that each tourist rupee spent in India, tends to create a transaction worth ` 3.5. In addition to this, the tourism industry, according to Pangi, plays a vital role in the development of tourist spots and the creation of infrastructure and marketing facilities. Francesco Frangialli, in his study entitled “Five Challenges for International Tourism up to the Turn of the Century,” has strongly put forward five challenges for international tourism up to the turn of the century. They are to benefit from socio-demographic factors favorable to international tourism and to incorporate technological changes that foster development to take advantage of the current trends in consumer behavior, to opt for a strategy of sustainable development, and to develop and improve human resources. Vivek Sharma attempted a study entitled “Tourism: Its Socio-Economic Importance.” The author stresses that the economic importance of tourism can be studied about its contribution to an increase in income, foreign exchange earnings, employment, return on investment, and conservation of resources. Shiva Shankar Bhat contested a study entitled “Promoting Indian Tourism” the tourist traffic gives a boost to the production of handicrafts and products of small and village industries and has its spin-off effects on all village industries. Anand in his study entitled “Tourism and Hotel Industry in India – A Study in Management,” has listed down in an orderly manner those bottlenecks in accommodation that may hit the tourist industry adversely or excess accommodation that would result in a loss to the hotel industry. He has found out that 77 percent of entrepreneurs priced their service based on the market price that is according to their competitors, while 10.26 percent of entrepreneurs priced theirs based on their cost, and the rest of them fixed their price arbitrarily. No entrepreneur followed the Hubbert formula in fixing hotel tariffs. Sharma, in his study on “Tourism Industry, Needs Revamp,” has found that the tourism industry will have its spin-off effects on the all-round

economic and social development of a country only if environmental changes like better transportation facilities and communication system are brought about with systematic care. In the absence of such environmental changes, the tourism industry would always remain under-developed.

Statement of the Problem

The hotel industry plays a dominant role in developing tourism and vice versa. To the global slowdown and over supply, the hotel industry at present has been facing a lot of challenges. With the increasing number of players and the entry of foreign chains, the one factor that needs to be focused upon is the positioning. One needs to create an image in the minds of the travelers, to bring them back to the same hotel the next time. Today, even the business traveler is looking out for value for the money he is spending. Therefore, the word ‘quality’ has become important today. But in India, the general lack of concern for the customer is quite prevalent. The hotel industry becomes important for the economy because it generates employment across the nation. For every four jobs created directly, 18 jobs per room are created indirectly. The industry boosts the all-around economic activity and is a demand driver for products of more than 100 industries.

Objectives

1. To study the impact of influencing factors on the hoteliers opting for hotels in Tamil Nadu and
2. To offer suitable suggestions based on the findings of the study.

Methodology

To study the impact of influencing factors on hoteliers opting for hotels in Tamil Nadu for primary data, 120 hoteliers were randomly selected with the help of the Ministry of Tourism, Government of Tamil Nadu. Responses collected from 120 hoteliers through the interview schedule based on the convenient sampling technique adopted.

Analysis

After finding the factors involved in influencing the respondents, the next step is to find the relationship between the factors and the influence

on the respondents in the study area. The Multiple Regression Analysis has been carried out to identify the relationship between the factors and the overall factors influencing the respondents which take the following form

$$\log y = \log b_0 + b_1 \log X_1 + b_2 \log X_2 + \dots + b_y \log X_y + e^u$$

where

Y - Overall score on factors influencing the respondents

X₁ - Facility Oriented General Services

X₂ - Communication Oriented Services

X₃ - Hygiene Oriented Services

X₄ - Entertainment Oriented Service

X₅ - Knowledge Oriented Service

X₆ - Accommodation Oriented Services

X₇ - Finance Oriented Services

X_y - b₀, b₁, b₂,.....by are parameters of independent variable to be estimated

b₀ - Regression Constant

e - Error term

To term the significance of the estimated parameters b₀, b₁, b₂ by, t-test of the following formula has been used,

$$t = b_1 / seb_1$$

where

Seb₁ = Standard error of b₁

The regression co-efficient of the independent variables has been estimated, and the results are shown in Table.

Table: The Impact of Influencing Factors on the Respondents Opting for Hotels

Sl. No.	Factor	Notation	Elasticity of Co-efficient	Standard Error	't' Value
1.	Overall Scores on decision making	Y	-		
2.	Constant	b ₀	11.562*	0.629	12.946
3.	Facility Oriented General Services	X ₁	4.626**	0.226	5.814
4.	Communication Oriented Services	X ₂	3.946**	0.110	21.431
5.	Hygiene Oriented Services	X ₃	4.567**	0.082	6.591
6.	Entertainment Oriented Services	X ₄	-0.112 ^{NS}	0.040	-1.763
7.	Knowledge Oriented Services	X ₅	0.135*	0.041	4.944
8.	Accommodation Oriented Services	X ₆	2.978**	0.035	5.886
9.	Finance Oriented Services	X ₇	2.007*	0.034	4.629

Source: Computed data, * - Significant at five percent level; ** - Significant at one percent level; NS - Not Significant

It is evident from Table that among the various factors analyzed, factors such as Facility Oriented General Services, Communication Oriented Service, Hygiene Oriented Service, and Accommodation Oriented Services have proved to be significant at one percent followed by the factor knowledge Oriented Service and Finance Oriented Services were significant at five percent and remaining factor Entertainment Oriented Services is not significant.

The R² has been 0.890, and the value of the F test was 446.721.

It could be inferred from Table that the 'Facility Oriented Services' was significantly influenced by the level of decision-making ability by the hoteliers. One percent increase in the Facility Oriented Services made available to the respondents, keeping all other

factors constant, would increase the overall factors influencing the behavior of the hoteliers towards opting for hotel business by 4.626 percent from its mean level.

It could also be inferred from Table that the 'Communication Oriented Services' significantly influenced by the level of decision making ability by the hoteliers. One percent increase in the level of Communication Oriented Services made available to the respondents, keeping all other factors constant, would increase the overall factors influencing the behavior of the hoteliers towards opting for hotel business by 3.946 percent from the mean level.

Decision making was also influenced by the factor of 'Hygiene Oriented Services.' The co-efficient of Hygiene Oriented Services was 4.567,

which was significant at a one percent increase in the Hygiene Oriented Services. This shows that one percent of Hygiene Oriented Services would increase the overall factors influencing the behavior of the hoteliers towards opting for hotel business by 4.567 percent from the mean level.

In the case of Accommodation oriented services are significantly influenced by the level of decision-making ability by the hoteliers. One percent increase in the level of Accommodation Oriented Service made available to the respondents; keeping all other factors constant would increase the overall factors influencing the behavior of the hoteliers towards opting for hotel business of 2.978 percent from the mean level.

Decision making was also influenced by the factor "Finance Oriented Service." The Co-efficient Finance Oriented Service was 2.007, which was significant at a five percent increase in the Finance Oriented Service. This observed that five percent of Finance Oriented Services would increase the overall factors influencing the behavior of the hoteliers towards opting for hotel business by 2.007 percent from the mean level.

It could also be inferred from Table that the 'Knowledge Oriented Services' was significantly influenced by the level of decision making by hoteliers. Five percent increase in the level of Knowledge Oriented Services provided to the customers, keeping all other factors constant, would increase the overall factors influencing the hoteliers towards opting hotel business by 0.135 percent from its mean level.

Summary of Findings

The impact of influencing factors on the respondents of hotel business opting for Hotels reveals that various factors were analyzed. Factors like Facility Oriented Services, Communication Oriented Services, Hygiene Oriented Services, and Accommodation Oriented Services have proved to be significant at one percent, followed by the factor Knowledge Oriented Services and Finance Oriented Services were significant at five percent, and factor like Entertainment Oriented Services was not significant. The R^2 has been 0.890 and the value of the F test was 446.721.

Suggestions

1. It is suggested that the hotel's owners should have more professional knowledge.
2. Hoteliers should analysis their customers and their expectations.
3. The hotel owners may be advised to open a 24 hours customer care center in their respective hotel.
4. It is suggested that the hotel association should disseminate information among its members to realize their strengths and weakness, and they should be made aware of the opportunities and threats for their business.

Conclusion

The present study was undertaken mainly to help planners and decision-makers to take up certain policy decisions for the development of the hotel industry in Tamil Nadu. This study has brought to light pertinent problems faced by the hoteliers in Tamil Nadu. The suggestions presented in the study will mitigate the problems of the hoteliers in the study area in particular and all hotel business in India in general.

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