

# **A Study to improve the participation of Hotel Management graduates in Hospitality Start-up Ecosystem**

Mr. Karan Lulla<sup>1</sup>, Mr. Salla Vijay Kumar<sup>2</sup>

**Abstract.** In the last decade Indian hospitality industry has witnessed a good number of hospitality start-ups that have emerged and have also made their presence felt at global level. India is an emerging market for start-ups with its young and inspired pool of entrepreneurs. The whole ecosystem is continuing to evolve and become more vibrant by technological advancement and adequate solutions. Despite the rising popularity of start-ups, new businesses are facing some key challenges that are very difficult to conquer. It is imperative to address these challenges for the start-up's conversion into successful businesses. A few common major problems which are troubling most start-ups are lack of clear understanding of policies, lack of funds, infrastructure, and experience in making good decisions, poor employee engagement and lack of guidance from experts. This study attempts to find out the reasons behind the problem of uneven participation and thereby suggest some coherent measures to be employed by IHMs to work upon for the hospitality graduates to take up the risk in the hospitality start-up ecosystem. There have been some significant steps taken by NCHMCT & some private institutes of hospitality education but there is a lot to be done in this direction.

An exploratory research was conducted on a pan India basis with the sample specific hospitality graduates from different institutes currently employed in the industry. The research data included structured questionnaire based on controlled quota sampling and 10 hospitality entrepreneurs having hospitality degree / diploma were surveyed using semi structured interview based on controlled quota sampling for the study. The findings suggest some urgent reforms needed in the hospitality education institutes and enhanced efforts like changes in syllabus, special programs for studious students, incubation centers, mentoring, Alumni outreach are some of the measures derived from the study. The growth stories of Indian hospitality start-up ecosystem is still at its nascent stage and IHMs & other hospitality institutes as the flag bearers of hospitality education have a much more significant role to play.

**Keywords:** Hospitality, Start-up, Institute, Entrepreneurs

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## 1 Introduction

In India more than 60 percent of the population is in the economically active age group of 15-59 years, commonly referred to as the demographic dividend. It is believed that we will have a strong 500 million workforces by 2025 (Sunita Sanghi & A. Srija, (2016) states that it looks like an advantage which can easily become a liability if we are not able to provide them with employment and decent standard of living. Growth of the businesses is the very important to achieve that. Entrepreneurship is not a new concept for India, in fact, more than 50% of the workforce in India is self-employed (Sabrawal M. (2018). But a majority of that is the part of the informal sector and are unorganized sector. It is for the economy to provide formal wage employment. Technological advancement is one of the cornerstones for the scaling up of the businesses today in a short span. The data suggests that the number of start-ups in the last decade founded by hospitality graduates' pales in comparison with the start-ups started by the people without formal education of hospitality which in itself is counter intuitive. As a result, the hospitality business has become boundless with people from all different spheres (technology, management or finance) starting business and making career in hospitality. But it also poses a question for the hospitality institutes that what is the reason behind this disparity? Although curriculum of hospitality and tourism programs have been examined in a plethora of research studies, little attention is given to hospitality programs housed in accredited institutes of hospitality education. Specific courses and credits become restricted to certain extent. As a result, there is a need to evaluate the curriculum and offerings of such programs separately from other hospitality and tourism management programs. Hence, it is a collective responsibility of industry, government and all the stakeholders to use it to our advantage and not allow converting into a liability. This research aims to find out the reasons behind this disparity and suggest some measures to increase the participation of hotel management graduates in start-up ecosystem.

## 2 Literature Review

Hazarika, & S M, Sivakumar. (2018) stated that in the challenges in start-up ecosystem, major problems which are troubling most start-ups are lack of clear understanding of policies, lack of funds, infrastructure, and experience in making good decisions, poor employee engagement and lack of guidance from experts, to address issues to sustain and grow in today's competitive market.

Hsu, Alex & King, Brian & Wang, Dan & Buhalis, Dimitrios. (2017) inferred in their research on established companies in conventional mass tourism may be concerned about the trade-off between technology investment and financial return, start-up entrepreneurs grab market opportunities to serve unmet tourist needs with innovative business models and technical expertise.

NCHMCT (2019). Introduction of Entrepreneurship Skill for students of hospitality (No.ST/EXAM/Entrepreneurship/19/NC)

National council guidelines dated 04th January 2019 on the topic Entrepreneurship & Enterprise: A collaborative learning experience for students is a great initiative to promote entrepreneurship which suggests a range of steps to be taken by the institutes.

The guidelines include making entrepreneurship a part of education like any other subject, and should be taught as a life skill rather than being taught as a management / economics subject, developing entrepreneurial spirit by motivating the students through live projects and teaching them to overcome challenges of entrepreneurship by experiential learning.

It also mentions some specific steps to be taken by the institute like:

- Interface of subject experts for guest lecture with students
- Arrange to send students to the events related to entrepreneurship & networking and attending ted talks to meet new people from industry and academia to get advice and motivation.
- Set up incubation centres to connect different stakeholders in the entrepreneurship ecosystem like students, young entrepreneurs, funding agencies, mentors, etc.
- Encourage students to take up online courses and training offered at other institutes.
- Start an entrepreneurship speaker series module to make the students aware about the current trends and challenges facing the industry.

### 3 Present initiatives taken in this regard by Organizations:

#### a. By NCHMCT

Like the entrepreneurship program run by the IHMs on the guidelines of ministry of tourism under the Scheme of “Capacity Building for Service Providers” (CBSP) by providing financial assistance to the Govt. sponsored Tourism & Hospitality Institutes. Under this scheme the short-term courses (150 Hours) are offered to in the trades like Cook, Tandoor, Barman, Baker, Home stay, Multi-Skilled Caretaker, Halwai – Indian Sweets. to make them self-employed. The main focus of this program is self-employment and not the creation of new and innovative start-ups.

- b. **The NIESBUD** conference held at IHM Mumbai in May 2019 in which it suggested all the institutes to set up an entrepreneurship cell.

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It also mentions some specific steps to be taken by the institutes in the field of entrepreneurship and networking:

- To interact with subject experts for prospective students
- To arrange to send students to the events, ted talks, industry professional interface
- To set up incubation centres to connect different stakeholders in the entrepreneurship ecosystem like students, young entrepreneurs, funding agencies, mentors, etc.
- To encourage students to take up online related courses and training certifications offered.
- To start an entrepreneurship speaker series module to make the students aware about the current trends and challenges facing the industry.

Some institutes under NCMHCT have already taken initiative in this direction:

SL. NO.	IHM	INITIATIVES
1	IHM Bhubaneswar	An incubation centre
2	SIHM Indore	Start-up cafes which are independently run by the students with initial support from the institute with an aim to make them self-sufficient.
3	IHM Hyderabad	Start-up cafes which are independently run by the students with initial support from the institute with an aim to make them self-sufficient.
4	IHM Chennai	An entrepreneurship cell
5	CIHM, Chandigarh	In the process of setting up an entrepreneurship cell

Few of the above-mentioned steps taken by different institutes will take some time to bear results. It is imperative to mention that for the scale and the magnitude at which we expect the start-ups to grow needs more focused and concerted efforts. In order to better understand the perspective of the hospitality students and the institutes a survey was conducted for hotel management graduates. The data produced from survey of hospitality institutes & hospitality entrepreneurs who also happen to be hotel management graduates show the following reasons behind the scenario:

The number of students opting for the entrepreneurship out of the total batch size is a meagre sum. The reason behind the same among others is

- ❖ Lack of any inspiration and platform from the institute at the undergraduate level towards entrepreneurship,
- ❖ Lack of practical understanding of the day to day business affairs,
- ❖ Over emphasis of the curriculum on operational / skill-oriented training, etc.

Also, there is no authenticated data on institute records available of the number of students turning to successful entrepreneurs out of the total batch size after they pass from the institute. Many of the students prefer to work for few years, gain experience and then start their own venture. But by then they completely lost their contact with the institute. There can be a system to update current profile of pass out students in the institute's records for reference. So that students can approach the institute for right guidance at an appropriate time for needful guidance. This could enable them to face and overcome many problems and often overcome the failure of the project due to lack of experience and/or experienced guidance.

Many IITs and IIMs in India have achieved commendable results from their incubation centers meant to promote entrepreneurship like (i) SINE at IIT Bombay and (ii) CIIE at IIM Ahmedabad. Considering these premier institutes as the benchmark and to learn from we had a discussion with them in order to implement the good practices developed by them.

#### **4 Government policy support**

Government has an equally important role in promoting start-ups. For the new budding entrepreneurs financial aid is one of the challenges to overcome. Recognizing this the government has provided the platform "start-up-India" which provides support to the entrepreneurs in multiple areas like research, networking with mentors, other start-ups and investors, patent application, funding, income tax exemption, self-certification, etc

##### **a. National Initiative for Developing and Harnessing Innovations (NIDHI) is an umbrella program conceived and developed by the Department of Science & Technology (DST), Government of India**

Some Schemes run by individual departments like department of technology has launched National Initiative for Developing and Harnessing Innovations (NIDHI) programme. National Initiative for Developing and Harnessing Innovations (NIDHI) is an umbrella programme conceived and developed by the Department of Science & Technology (DST), Government of India, for nurturing ideas and innovations (knowledge-based and technology-driven) into successful start-ups. Under this initiative, DST has launched NIDHI- Promoting and Accelerating Young and aspiring innovators & start-ups (NIDHI-PRAYAS) program.

The program caters to idea-stage entrepreneurs with a physical product offering, who require support for prototyping. It would also facilitate the innovators with the Physical infrastructure, Technical Guidance, Business Mentorship etc. DST aims to support 500 such innovators through PRAYAS centers in established TBIs every year for next few years. 10 centers, each supporting 10 innovators each year, will be set up over the next 5 years. The PRAYAS centers

should ensure that innovators who apply to seek fund support should be incubated/to be incubated with STEP/TBI.0. DST has nominated Society for Innovation and Entrepreneurship (SINE) IIT Bombay, at the national level to act as a Program Management Unit (PMU) of the PRAYAS program (DST-NIDHI-PRAYAS – PMU. (n.d.))

**b. “Capacity Building for Service Providers” (CBSP) by providing financial assistance to the Govt. sponsored Tourism & Hospitality Institutes by Ministry of Tourism, Government of India. It is also called as “ENTREPRENEURSHIP PROGRAMME”.**

Under this scheme the short-term courses (150 Hours) are offered to in the trades like Cook, Tandoor, Barman, Baker, Homestay, Multi-Skilled Caretaker, Halwai – Indian Sweets. And the objective of this program is to promote self-employment.

## 5 Research objective

This study aims to assess and suggest ways to improve the participation of the hotel management graduates in hospitality entrepreneurship ecosystem.

## 6 Methodology

It is very important to take into consideration all the stakeholders in order to understand different perspectives and bring about a comprehensive result. Hence, the study includes the findings from different relevant data sources.

- Data was collected from hospitality entrepreneurs who also happen to be the hotel management graduates. This specific group was surveyed to find out their experience of starting a venture after hotel management course. This data will help us discover the real challenges faced by them and will help us overcome them.
- Hospitality education institutes (Mainly IHMs under NCHMCT) were surveyed to find out the present situation of entrepreneurship development program of different institutes.
- Also, the premier institutes like IIT Bombay & IIM Ahmedabad who have taken some admirable steps in the form of setting up incubation centers SINE and CIIE respectively. So, learning from the initiatives taken by them will help us a great deal to emulate the steps taken by them to improve the start-up culture at IHMs.

## 7 Results & Discussion

### Results from the questionnaire for entrepreneurs:

**Q1.** Did any of the faculty/ your college motivate you/ was the inspiration behind your decision to become an entrepreneur?

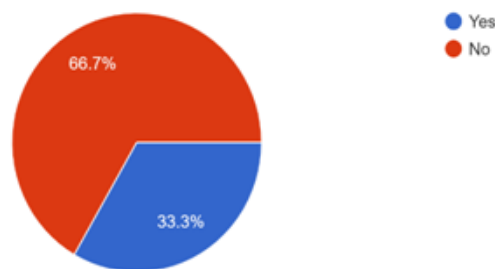


Diagram 1

- Only 1/3<sup>rd</sup> of the respondents believe that the institute was the motivation factor in becoming an entrepreneur.

**Q2.** What was the time duration between you passing hotel management and starting your venture?

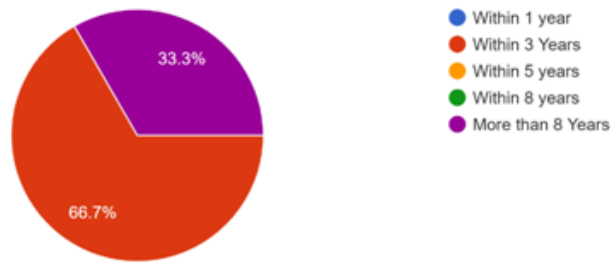


Diagram 2

Ans. The variance in the initiation was because the current curriculum prepared one to become an Operational Hospitality Professional, rather than aspiring to be an entrepreneur.

**Q3.** Do you believe that the financial and economic education is necessary for an entrepreneur is missing from hotel management syllabus?

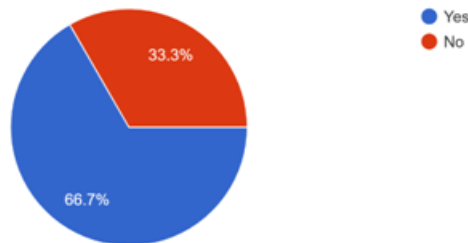


Diagram 3

Ans. In addition to requirement of financial implications and sustainability the respondents also emphasized inclusion of labour laws, government mandatory requirements (licenses) for entrepreneurial purposes.

**Q4.** Did you approach your / any other hospitality institute/college for the guidance/ some information regarding statutory (Govt related) project related or any guidance to start your venture?

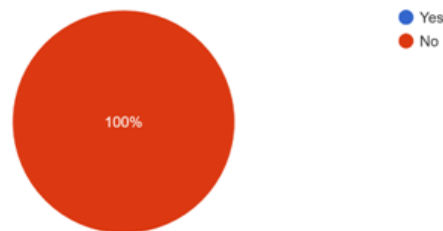


Diagram 4

Ans: None of the respondents looked up to the institute, instead seek help from the friends, family, personal networking and even engaged in short term (part time) courses.

Results from the questionnaire for hotel management institutes:

**Q5.** Does your institute keep a year wise record of how many students go on to actually become entrepreneurs either immediately or after few years of passing?

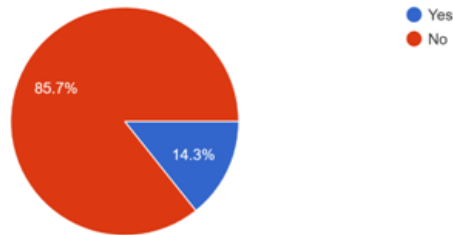


Diagram 5

Ans: Only 14 % of the institutes studied in this research study, kept a record of the entrepreneurial prospective students.

**Q6.** Does your college/ institute run any special course program on entrepreneurship?

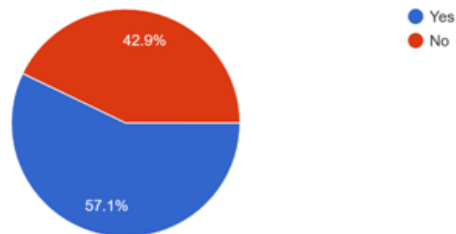


Diagram 6

Ans. 57% of the institutes runs some kind of entrepreneurship programme, which includes entrepreneurship course in bakery, Indian sweets, tandoor, etc, and organizing guest lectures on entrepreneurship.

**Q7.** Does your institute have an Entrepreneur Cell/ Incubation Centre?

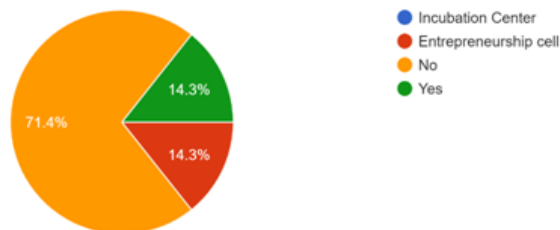


Diagram 7

Ans. It was found that lesser than 30% of the institutes have the entrepreneur cell.

**Some of the suggestions to improve the start-up ecosystem in the institute:**

- IHM as a platform as a whole for the prospective students
  - Specialized faculty sessions on entrepreneurial education & case studies.
  - Organize field visits to start ups, guest lectures, seminars.
  - Setting up an incubation center.
- Industry Interface
  - To device and design discussion sessions between successful entrepreneurs and budding ones, to share their success, learning from failure and failure-to-success story.
- Subject delivery
  - To upgrade current hotel management syllabus with entrepreneurship related subjects: Legal, Financial, Feasibility and Funding aspects of a new venture
  - To understand and analyze the financial implications through tie-up with financial institutions (from loans, sustain breakeven and profit).

## 8 Conclusion & suggestions

### Entrepreneurship cell

Setting up an entrepreneurship cell and an incubation center is already a part of the guidelines of NCHMCT but less than 30% institutes have been able to start it because of the various reasons about the structural and functional responsibilities of entrepreneurship cell.

Based on the learning from the existing entrepreneurship cells at IIT Kanpur following are some of the suggestions about functioning an entrepreneurship cell.

**Setting up a core team of entrepreneurship cell** including students under the guidance of a faculty.

**Creating a database of mentors-** The cell should focus on networking with the industry experts for guidance and the alumni who are now entrepreneurs and other executives this will become the database of mentors for the aspiring entrepreneurs.

**Organizing a yearly entrepreneurship fest-** An event including different competitions, organizing panel discussions, lectures and similar activities to promote entrepreneurship.

**It should be a platform** for the aspiring entrepreneurs to connect with the current stakeholders.

**This can also help fund** with a start-up plan to seek funding from the investors.

**The networking cell** should again have different smaller teams of 2 to 3 students working on different activities like - networking with the industry and alumni who are entrepreneurs, research team working on research and innovation in the area of hospitality.

**To be initiated under the guidance of faculty members** and over the period it should become self-reliant and run by students.

### Special training sessions for interested students

Identifying the students who have a resolve to become entrepreneur in future and then running a dedicated program for them to teach them about the intricacies of entrepreneurship. The training should be imparted in the specific areas of finance, policy, taxation, government initiatives to benefit from, etc. Saturdays are the suitable days for these special sessions.

### Motivation towards entrepreneurship:

- As, the data suggests that very less students opt for entrepreneurship due to lack of motivation. It is very important to create the right environment in the institutes by motivating the students

### Good alumni connect:

- Keeping a strong alumnus connect is also very imperative for the entrepreneurship development. As, the data suggests that more than 85% institutes don't keep a record of the number of students who become an entrepreneur after passing. And on the other hand, all the entrepreneurs are ready to extend their support to help the institutes in entrepreneurship development in their personal capacity. For this there must be an alumnus in charge at the



**Practical exposure**

- Apart from theoretical learning it is very important to provide practical exposure to the students of entrepreneurship. This can be done as follows:
- Making the students work on the practical problems of the industry and solve them. Every establishment is always facing some disruption so, approaching them and helping them to solve their problems.
- By training the students in start-ups – it is a notion that training should only be done in five-star deluxe hotels which is also important but, the students who wish to be entrepreneurs must be facilitated by the institute to train them in the start-ups. This will certainly give them a practical exposure of running
- On campus entrepreneurship activities like student café run by the students commercially and organizing food fests for students to put their stalls.

**Strong research culture in the institutes:**

- Since, entrepreneurship is closely interrelated to the research and innovation the students should be motivated to research, innovate and offer the product / service as per the new trends.

**Faculty development:**

- All the respondents believe that the faculties have a very important role in motivating the students. So, it is very important that the faculties must be trained through special sessions who will in turn motivate the students.

**Uplifting the quality of strategic subjects:**

- Subjects like strategic management, food and beverage management, food & beverage control, hotel accountancy, etc.

**Keeping connect with and mentoring the students after passing who are**

**employed and want to start a venture after few years of experience:** As the data suggests that most of the entrepreneurs prefer to work for few years before starting their venture. This is the period when most of them need handholding to plan the things before taking the leap and prevent them from getting demotivated and drop the idea.

**Eliminating the fear of post failure depression:**

- Many of the students have this fear of failing in their career in case the start-up is not successful by providing them differed placement support. So, in case the venture fails then the institute should help them in getting the job.

## 9 Limitations

This study covers a very small sample for study and analysis, in comparison to the mushrooming umpteen number of hotel management institutes in India. A study like this can ignite the responsiveness of other like-minded to carve a platform, a medium of exposure and indulgence, through guidelines and guides under the single hospitality roof. We are sure this information derived from this study will help a future course of research and come up with many more implementation points. Meanwhile we assure to present alternative methodologies to fill in the gaps by expanding the sample size of respondents, institutes and a more detailed and structured questionnaire covering aspects of scope of new subject in the current syllabus frame, time bound, expertise facilitators, cue forward to entrepreneurial studies.

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