

CHALLENGES OF MSME IN TOURISM AND HOSPITALITY INDUSTRY

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Abstract

Worldwide dynamism and rapid evolution in tourism industry, call for a new entrepreneurial approach, both in new business development and existing businesses. This paper aims to identify the relationship and role of Micro, small and medium enterprises in the tourism and hospitality industry and their link to the socio-economic development of the local community. Micro, Small and medium-sized enterprises (MSME) are non-subsidiary, independent firms which employ lesser than a given number of employees. Micro, Small and medium enterprises (MSME) make up the vast majority of businesses in most countries. In the early stage of the tourism development, entrepreneurship has played a vital role, especially in the rural and ethnic community where the multinational firms and international hotel chains were less interested in investing because of comparatively-small size of the potential market. The objective of this report was to present an analytic report about the existing psychological, economic, legislative, and social problems in these types of businesses. The most notable disadvantage of MSME is, usually, the lack of financial resources, weak capitalization. The entrepreneurial challenges faced by the tourism industries need not be viewed as obstacles but they need to focus on strategies to help them combat this. The entrepreneurs can grab these opportunities by choosing the right field.

Key Words: *Tourism, MSME, entrepreneur, challenges, development.*

I. INTRODUCTION

Tourism and hospitality industry is a complex sector, a distinct field of activity, a component of economic and social life that offers multiple opportunities for small business development, but also capital intensive and highly competitive. Currently, entrepreneurship, business development

and innovation through MSME are important drivers for success in the tourism and hospitality industry, major sources of jobs. Worldwide dynamism and rapid evolution in this industry, call for a new entrepreneurial approach, both in new business development and existing businesses. This paper aims to identify the relationship and role of Micro, small and medium enterprises in the tourism and hospitality industry and their link to the socio-economic development of the local community. Entrepreneurship in tourism and hospitality industry must boost competitiveness, leading to increased productivity and economic development. Tourism entrepreneurship is a dynamic factor in the development of local society's economy. The aim of the article was to find problems in small tourism entrepreneurship. The objective of this report was to present an analytic report about the existing psychological, economic, legislative, and social problems in these types of businesses. The most notable disadvantage of MSME is, usually, the lack of financial resources, weak capitalization.

MSME

Micro, Small and medium-sized enterprises (MSME) are non-subsidiary, independent firms which employ lesser than a given number of employees. Micro, Small and medium enterprises (MSME) make up the vast majority of businesses in most countries. It may also vary from industry to industry. The strength of MSME is the high-capacity to adapt to changing business environments, the flexibility to redirect their activity. These are entities that are much easier to control due to their smaller