

# Exploring the Entrepreneurial Engagement of Hospitality Students in Nepal: A Case Study Approach

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## Abstract

*The paper examines the tourism entrepreneurship in Nepal's Kathmandu Valley, focusing on three case studies. The paper has followed a qualitative research design to analyse the data gathered through case studies. It highlights the importance of education, resource management, innovation, and family support in entrepreneurship. The study highlights the integration of Newa (Newari) ethnic cuisine with modern culinary practices, the resilience of entrepreneurs, family support, and cultural alignment. It also highlights the need for robust policies supporting education, vocational training, financial incentives, and networking platforms. The study also suggests promoting cultural preservation, addressing systemic barriers, and encouraging public-private collaboration to enhance the tourism ecosystem. These insights provide a foundation for stakeholders to create a supportive environment for sustainable tourism entrepreneurship in Nepal.*

**Key Words:** Case study, entrepreneurial practices, hospitality student entrepreneurs, tourism entrepreneurship.

## Introduction

The establishment of tourist enterprises, which supply products and services in facilitation, transportation, attractions, lodging, catering, and travel-related retail sectors, is responsible for such amazing achievements and performance. The establishment and operation of tourism businesses provides new job possibilities, actual money, tax revenue, and promotion of other sectors and productive activities in the local/regional economy. However, this entrepreneurial activity is not an act of nature, but of the tourism entrepreneur (Koh & Hatten, 2002).

SMEs are crucial in the tourism industry (Getz et al., 2004; Williams & Shaw, 2011), meeting clients' unique needs and providing customized services (Novell et al., 2006). They are essential for developed, growing, and developing countries and contribute to the growth and competitiveness of tourist destinations or regions. SMEs and micro firms are the most important units of offering in most destinations, while big businesses like tour operators significantly impact the type of goods offered to markets. They are essential units of offering in most destinations and places, making them essential for the growth and competitiveness of tourist destinations (Getz et al.; Thomas, 2007).

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Nations are prioritizing the development of entrepreneurial activity to drive economic development, regardless of their wealth, power, or development. Entrepreneurship and the creation of innovative businesses are crucial for societal wealth and progress. Entrepreneurship is essential for a robust and prosperous national economy, and it is believed to contribute to a high level of well-being in society (Obschonka et al., 2011; Saiz-Alvarez et al., 2014).

Szivas (2011) found that the success of tourism entrepreneurship depends on pre-tourism work experience, followed by skill and job-diversity relevant to tourism. Similarly, the case study by Pokharel (2018) on Nepalese tourism entrepreneurs concluded that geographical location determined the stability and success of tourism entrepreneurship in Nepal. Tourism entrepreneurs in Nepal face a range of challenges, despite the country's rich cultural heritage, diverse landscapes, and significant potential for tourism development. Tourism entrepreneurs in Nepal face challenges such as poor infrastructure, limited access to finance, and skill shortages, compounded by natural disasters, environmental degradation, and political instability. Seasonal tourism and bureaucratic hurdles affect business sustainability, while global competition and inadequate marketing hinder growth. Health, safety, and cultural barriers, along with the lingering effects of the COVID-19 pandemic, further impact the sector. Shrestha (2021) disclosed that the bachelor's degree in hotel management course had a discrepancy between expectations and reality. Additionally, hotel professionals stated that Nepalese graduates in the hospitality industry are qualified for entry-level roles but lack the leadership skills necessary to oversee departments and organisations. The tourism entrepreneurship in Nepal can serve as a vital driver for economic growth, cultural preservation, and sustainable development, and a limited study on tourism entrepreneurship picture out the gap of study on tourism entrepreneurship. The present study aims to explore the challenges and opportunities faced by hospitality-students' entrepreneurs balancing academics with entrepreneurship. Therefore, it deals with the multiple cases of tourism entrepreneurship in the Kathmandu Valley.

## **Review of Literature**

This section presents the review of literature concerning the study topic.

### **Tourism Entrepreneurship**

Tourism entrepreneurship offers unique and promising chances; nonetheless, its survival is difficult and necessitates an awareness of its varied intricacies. These arise from the interactions between internal and external factors, characterised by certain key elements: resource management (Banki & Ismail, 2015; Jaafar et al., 2015); destination dependence, including infrastructure and safety (Lun et al., 2016); the regulation environment (Ahmad & Muhammad Arif, 2016; Carlisle et al., 2013; Liang & Bao, 2018); seasonality and unpredicted circumstances (Honggang & Shaoyin, 2014; Williams et al., 2020); and market and social contexts (Ahmad & Muhammad Arif, 2016; Chandra & Kumar, 2021).

The commercialisation of tourism products is not a spontaneous process, but rather the outcome of various interconnected components that can influence one another through cumulative causation (Kloosterman, 2000; Kloosterman et al., 1999). The commercialisation of tourism is dependent on legislative and institutional frameworks at many levels (Rath, 2007). The chances provided by the environment for tourist business operations are the result of political-institutional factors influencing the position of business economies, as well as those that shape the trajectories of diverse entrepreneurial activity (Kloosterman, 2010). The marketing of cultural diversity in tourism, as well as the long-term viability of tourism firms, necessitate supportive rules, policies, and institutional frameworks.

## **Empirical Review**

Sharif and Lonik (2017) in the context of Malaysia, found that the local tourism operators have several challenges, including capital and financing, marketing, company management, and infrastructure. At the same time, the entrepreneurs anticipate that government participation will play a significant role in expanding the island's tourism business. At the same time, local tourism businesses expect the government and other authorities to work together to expand the island's tourism economy.

Pokharel (2018), in the context of Nepalese tourism business environment explored the entrepreneurial process in the tourism and hospitality enterprise creation in semi-urban area of Nepal. The paper has done a single case study analysis and concluded that the innovation based on the location specific business could lead success to tourism entrepreneurs in Nepal.

Wang et al. (2019) discovered that relevant personal factors include cognitive beliefs, intrinsic needs, and demographic factors, while environmental facilitators include changes in the tourism market, changes within the industry, and changes in setting/location that motivate people to become entrepreneurs in the tourism sector.

The transformation dynamic in tourism lifestyle entrepreneurship research is complicated and influenced, as Zhang et al. (2021) discovered that Naked Retreats Enterprise (NRE), a well-known Chinese tourism lifestyle company, has gone from an entrepreneurial drive to a consumer product and then to enterprise capital.

Catana and Toma (2021) developed a guide for hospitality industry specialists and individuals interested in entrepreneurship in general, and the hotel company in particular. The study emphasised that a tourist entrepreneur must be visionary in this market. The company becomes the market leader by considering a variety of factors, including the number of rooms, EBITDA, and enterprise value. Business success is mostly determined by the entrepreneur's hard work and talent.

Oka and Abe (2023) examined the entrepreneurship and longevity of tourism businesses in Itoshima, Japan, focusing on relationships among businesses. Since 2000, tourism

businesses had grown due to factors like the natural environment, proximity to Fukuoka City, and local food ingredients. Personal connections, cooperation, and community involvement also contributed to satisfaction and business longevity. The study confirmed that intra-industry networking can influence migration, entrepreneurship, and business longevity in the tourism industry.

## **Research Methods**

To achieve the objective of the paper, a qualitative method has been employed, using a biographical approach to develop cross-case studies within this context. Case studies research designs are used in evaluation, involving detailed analysis of a case or individuals over an extended period, defined by specific timeframes and activities, and collected through various data collection methods (Creswell & Creswell, 2018). The cases included in this paper were selected from Nepalese hospitality-specialised students who turn into entrepreneurs in the same field, i.e. hospitality and tourism. The sampled interviewees for the case studies are Nepalese undergraduate students pursuing degrees in hospitality and tourism while simultaneously managing their own hospitality-based businesses, exemplifying student entrepreneurship.

A total of three case studies were included, ensuring the anonymity of the interviewees. All the interviewees operate restaurants and cafes within Kathmandu. In-depth interviews were conducted with each participant after obtaining their consent regarding their start-up of enterprise in the tourism and hospitality sector. The interviews were conducted with the sampled entrepreneurs regarding their initial stage of establishing their business to existing opportunities and challenges they have been facing as tourism entrepreneurs.

## **Case Analysis**

This section presents case studies of hospitality student-entrepreneurs in Nepal.

### ***Case I: Getting a Higher Degree in Tourism to Entrepreneur***

ECR, located in Tokha, Kathmandu, represents the entrepreneurial vision of its proprietor, Entrepreneur-1, who transformed his passion for food and hospitality into a thriving business. Rooted in a love for culinary arts and a desire to deliver an exceptional dining experience, he developed a unique restaurant concept that highlights Newa (Newari) ethnic cuisine. His approach combines authenticity, cultural storytelling, and innovative fusion dishes, all set within a thematic ambiance that reflects the rich heritage of the local community. Leveraging his academic background in hospitality and tourism with a degree from both Nepalese and international based curricula, alongside practical training, he integrated theoretical insights into financial management, customer service, and menu optimisation, ensuring operational excellence. The restaurant's success is further bolstered by meticulous resource management, dynamic menu strategies, and the adoption of technology, such as POS systems and online platforms, to streamline services and gather customer feedback.

Despite facing challenges like high startup costs, intense competition, and fluctuating demand, his resilience and strategic approach have sustained the restaurant's growth. Support from family and the local community has played a vital role in overcoming obstacles and building a loyal customer base. ECR remains a symbol of cultural pride, blending traditional Newa (Newari) flavours with contemporary practices to cater to evolving customer preferences. Looking ahead, he envisions expanding the restaurant, diversifying the menu, and adopting advanced technology to enhance operations. By continually adapting to market conditions and prioritising customer satisfaction, ECR is poised to remain a distinguished name in the Kathmandu food scene, exemplifying how passion and education can fuel sustainable entrepreneurial success.

### ***Case II: Journey of FR, Nayabazar from Basic Training to Hospitality Entrepreneur***

FR, a restaurant in Sorhakutte Link Road, Nayabazar, Kathmandu was founded by Entrepreneur-2, a visionary owner with limited formal training. The restaurant aimed to provide a dining experience that resonated with local culture and tastes. He integrated his business into the ethnic cuisine, considering societal and economic factors and consulting with experienced individuals to ensure the restaurant's offerings reflected the community's preferences and cultural identity. This approach not only differentiated FR from competitors but also fostered a sense of authenticity and belonging among customers. Despite initial challenges, such as financial resources, Entrepreneur-2 managed these through disciplined budgeting, reducing personal expenses, and saving additional income from family contributions. He meticulously planned purchases, aligned resources with his team's skills, and sought external assistance when necessary. His hands-on experience allowed him to quickly adapt to the demands of running a restaurant and learn from shared knowledge.

Throughout his journey, Entrepreneur-2 faced several obstacles, such as understanding operational nuances, incorporating new items into the menu, and handling customer complaints. However, he addressed these challenges with persistence and a problem-solving mindset. Family and community support played a significant role in overcoming challenges and establishing the restaurant's foundation. The menu at FR is crafted based on the food habits of the local Newa community, with entrepreneurs personally overseeing recipes and hiring skilled staff. This meticulous attention to detail has been a cornerstone of the restaurant's reputation for quality. Customer feedback is central to the restaurant's growth strategy, and Entrepreneur-2 plans to modernise the restaurant by introducing new facilities and products tailored to evolving customer preferences. In the future, Entrepreneur-2 envisions FR as a popular, modernised, and larger establishment in the hospitality sector, expanding its scale, enhancing profitability, and solidifying its position as a leader in the local dining scene.

### **Case III: Modernising and Blending Hospitality Knowledge with Entrepreneurship**

HEONF & CD, a unique service in Kantipath, Kathmandu, was founded by Entrepreneur-3, a Bachelor in Hotel Management student who combined academic knowledge with practical experience. The company specialises in Indian cuisine and offers dishes tailored to customer preferences as well as some Newari ethnic cuisines. The primary service, night-food delivery, introduced a novel concept to the local market, but faced challenges due to initial unfamiliarity and concerns about disturbances and operational practices. Resource management was crucial for the company's success, with major distributors and public relations efforts playing critical roles. Entrepreneur-3 experience and educational background in hospitality management contributed to efficient resource utilisation and operational success.

The Covid-19 pandemic led to increased operational costs and financial strain, especially in a high-cost area of Kathmandu. The business faced complaints and misunderstandings regarding its night-time operations, as well as managing debt. To improve food and service quality, the company actively consults with customers to identify areas for improvement and implements changes through discussions with the Head of Department. Menu engineering and modernisation are essential for growth, and the company conducts SWOT analysis to position itself for effective adaptation. Future-plans include establishing hub stations in Kathmandu, Bhaktapur, and Lalitpur, conducting research on five-minute cook food to enhance efficiency, and collaborating with other companies to explore synergies and new opportunities. HEONF & CD exemplifies the integration of academic knowledge, practical experience, and innovation in the hospitality sector, overcoming challenges such as the pandemic and high operational costs.

### **Conclusion and Implications**

Tourism entrepreneurship in Nepal holds immense potential for economic growth, cultural preservation, and sustainable development. By harnessing local resources, promoting innovation, and addressing systemic challenges, Nepalese hospitality-student entrepreneurs can significantly contribute to the country's tourism landscape. The findings from this study underscore the importance of education, family involvement, and resilience in entrepreneurial success and provide actionable insights for stakeholders in the tourism sector.

This study highlights the evolving landscape of tourism entrepreneurship in Nepal, as demonstrated through three distinct case studies of entrepreneurial ventures within Kathmandu Valley's hospitality and tourism sector. Each case showcases the diversity of approaches, challenges, and strategies employed by Nepalese hospitality-student entrepreneurs in their pursuit of sustainable business growth. One common aspect of all the entrepreneurs is that they have commercialised ethnic Newa (Newari) cuisine in the existing market.

Entrepreneurship in the hospitality and tourism sectors can significantly improve new ventures' operational and strategic capabilities. Hospitality-student entrepreneurs can capitalise on Nepal's rich cultural heritage, integrating local traditions into hospitality offerings. Similarly, entrepreneurs with hospitality backgrounds leverage their education and training to enhance operational efficiency. Policies supporting vocational training and higher education in tourism-related disciplines can boost entrepreneurial success. Establishing incubators, financial incentives, and networking platforms can address capital constraints and foster collaboration. Tourism entrepreneurship can promote cultural preservation and local heritage, strengthening Nepal's tourism identity. Offering grants, technical assistance, and knowledge sharing platforms can promote innovative ventures catering to emerging market demands. Collaborative efforts between entrepreneurs, government bodies, and industry associations can address operational challenges like infrastructure, taxation, and regulatory compliance, creating a more favourable environment for tourism enterprises. Finally, the paper reflects the intersection of education, entrepreneurship, and cultural identity in the sampled ethnicity-based restaurants.

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