

JME

JOURNAL OF MANAGEMENT & ENTREPRENEURSHIP

CERTIFICATE OF PUBLICATION

This is to certify that the article entitled
**THE ROLE OF ENTREPRENEURIAL COMPETENCIES ON OVERCOMING THE
CHALLENGES OF COVID-19 PANDEMIC AMONG ENTREPRENEURS- EVIDENCE
FROM HOTEL INDUSTRY IN KERALA**

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University Grants Commission

Published in Vol. 15, No.6, October - December 2021

JOURNAL OF MANAGEMENT & ENTREPRENEURSHIP with ISSN : 2229-5348

UGC-CARE List Group I

Impact Factor: 4.257



ज्ञान-विज्ञान विमुक्तये
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**THE ROLE OF ENTREPRENEURIAL COMPETENCIES ON OVERCOMING THE
CHALLENGES OF COVID-19 PANDEMIC AMONG ENTREPRENEURS- EVIDENCE
FROM HOTEL INDUSTRY IN KERALA**

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Abstract

Corona virus (covid-19) has brought about an enormous effect on the global society. The effect of this virus has been reflected on to the field of entrepreneurship also. It has disproportionately affected small, medium and large enterprises. It is highly necessary that the business should be able to change their business model in times of this tumultuous change to reduce the risk and capture new opportunities. This is possible only if the entrepreneur has some entrepreneurial competencies within them. Some researchers have suggested that the competencies exercised by the entrepreneurs have helped them in successfully leading their enterprises and in turn drove to business growth (Churchill and Lewis, 1983; Low and MacMillan, 1988). Hotel industry is such an industry where the success of the business depends on how well the entrepreneurs are managing the business and how new strategies are being implemented. The purpose of this paper is to conduct an empirical research into the entrepreneurial competencies possessed by the entrepreneurs in the hotel industry and to analyse the role of these competencies on managing the challenges caused by covid-19. The effects of covid-19 on hotel industry in Kerala still remains an unexplored area and this article shows some light on how the entrepreneurs are overcoming the challenges posed by the covid-19 on their business through their entrepreneurial competencies.

Keywords: entrepreneurial competencies, hotel industry, covid-19, performance management, business development.

Introduction

The spreads of covid-19 are rapidly challenging the global scenario and is being reflected in all sectors of the society. The spread of the virus has adversely affected the global economic growth. According to an OECD forecast, a 2.4% of global GDP growth will be seen in the year 2020-21(1). The impact of the epidemic on Indian economy is really significant and that impact can also be seen in the economy of Kerala. The effect of the virus is reflected on to the field of entrepreneurship in a big manner. Small, medium and large enterprises are being affected disproportionately.

Hotel industry is a fragile industry and covid-19 pandemic has brought about many unprecedented circumstances to this industry. The present and future survival of this industry is highly questionable in this situation. The outbreak of this virus brought fears into the heart of the people and the number of people even getting out of their houses were minimal.

Hotel industry is one such industry which thrives on the considerable efforts taken on by the entrepreneurs. The entrepreneurs have to come up with evolving strategies to cope up with the changing scenarios. The ongoing situations of travel restrictions, travel bans, need for quarantine has brought up extreme challenges into this sector. These challenges brought severe damage in the field of job and

income security of the employees. Another major issue is the shortage of working capital needed to function during this difficult time.

At this juncture, it is highly necessary for the business to change their business models and frame new strategies to reduce the risk and capture new opportunities. These all are possible only if the entrepreneur have some entrepreneurial competencies within themselves.

Entrepreneurial competencies in a nutshell refer to all those skills, knowledge and capabilities that an entrepreneur has within themselves. Bird (1995) (2) suggests that entrepreneurial competencies are defined as underlying characteristics such as specific knowledge, motives, traits, self-images, social roles and skills which result in venture birth, survival and/or growth. Man et al. (2002) (3) defined entrepreneurial competencies as the total ability of the entrepreneur to perform a job role successfully. Despite the enormous blow from the pandemic, it can be seen that some hotel business are salvaging resources and managing quite well by framing new strategies. The development of new strategies and business models are highly a necessity in this era. So the capability to remain afloat for now depends on the entrepreneurial competencies that the entrepreneur showcase at this difficult time. As the situation unfolds, the knowledge and the competencies are one of the major factors that make or break a business. It is these entrepreneurial competencies that allow the business to adapt and grow stronger in the face of challenges.

The purpose of this paper is to conduct an empirical research into the entrepreneurial competencies possessed by the entrepreneurs in the hotel industry and to analyse the role of these competencies on managing the challenges caused by covid-19. The research addresses three major research questions.

1. Which are the most entrepreneurial competencies possessed by the hotel entrepreneurs in Kerala?
2. Are the entrepreneurs managing financially well during covid-19 due to possessing these entrepreneurial competencies?
3. Are the entrepreneurs able to carry out their operational skills during covid-19 due to their entrepreneurial competencies?

The major objectives of the study are to analyse the entrepreneurial competencies of hotel entrepreneurs in Kerala. This study also analyses the role of these entrepreneurial competencies on managing the financial and operational challenges brought by the covid-19 pandemic. The paper depicts the relationship between entrepreneurial competencies and financial and operational management during the covid-19 era. The effects of covid-19 on hotel industry in Kerala still remains an unexplored area and this article shows some light on how the entrepreneurs are overcoming the challenges posed by the covid-19 on their business through their entrepreneurial competencies.

The study holds utmost relevance for the industry decision makers as it shows whether the competencies have truly helped the entrepreneurs in managing their businesses effectively during this difficult situation. On the basis of this study, the industry decision makers and Government can arrange for training programmes to the entrepreneurs to instil the the entrepreneurial competencies among the entrepreneurs so that they are able to face such challenges and overcomes it.

Entrepreneurial competencies and organizational management skills

Entrepreneurial competencies are having a major impact on the entrepreneur growth and success. There is a growing body of literature defining competencies and entrepreneurial competencies. Hunt (1998) suggests that competent behaviour results from a variety of factors including an individual's motivation, personality traits, self-concept, knowledge or skill and it is perhaps therefore not surprising that the boundaries and relationships between these terms are ill-defined. Entrepreneurial competencies are a specific set of competencies that an entrepreneur has to possess for the successful running of his

business.

The role of entrepreneurial competencies on increasing the financial and overall performance is directly related. The higher the entrepreneurs possess the entrepreneurial competencies; the higher will be their ability in the financial and operational management of the business Sarwako(2016). Therefore, the study hypothesises:

H1: There is a positive relationship between entrepreneurial competencies and financial management skills.

H2: There is a positive relationship between entrepreneurial competencies and operational management skills.

Review of literature

The outbreak of covid-19 happened in a seafood market in Wuhan, China. The first case was reported in china and the virus has infected around two thousand people in the country. The virus then spreads to all parts of the world and the number of deaths increased in number. (wu-et al-2020)(4). During a study conducted by (chen et-al) (2007)(5). it was identified that during the SARS outbreak, the Taiwanese hotel stocks fallen to a level where the shareholders were panicked and the entire hotel industry was collapsed. One of the world's largest hotel group, Huazhu temporarily closed some of its branches in the year 2020 due to the covid-19 situation.(Elena 2020)(5).The Indian hotel industry has been hit hard, due to significantly low demand from the part of the customers by the end of February 2020. The occupancy level in hotels shows a drastic fall and declined rapidly. the second quarter of the year showed a world hit and depicted a decline by 16.7%-20.5% (6).The industry is seeking Government support to tide over the drastic impact of covid-19. The association of hotel sector is seeking relief through tax rebates and are requesting the Government to allocate some fund as relief funds for the very survival of the industry (7). The impact of covid-19 on independent and budget hotel industry in India is tremendously huge. Hotels across the country are now at the brick of closing period with zero revenues and meeting impending fixed costs. The effect of the complete lockdown from 24-03-2020 has significantly slowed down the business and has made a catastrophically effect. It can be seen that more than 60%of the cost of running a hotel business is fixed. The situation of zero revenue and meeting fixed cost is questioning the mere survival of such hotels. (8).With the change in the business model and strategies applied, the hotel industry is trying to recoup its losses by being a part of the new normal. Many hotels have reopened with the new safety protocols to rebuilt the confidence level of the customers and meeting their expectations. Many reputed hotel brands are providing the customers various packages and offers to attract them and lure them back to the industry. (9). Once the new normal was accepted throughout the world, the hotel market witnessed some positive signs. Some hotels paved well and some suffered the worst. (10).

Research methodology

The methodology used for this study was stratified random sampling. The data was collected from different parts of Kerala. Questionnaire method was implemented to collect the data from the respondents. Questionnaire was circulated in the form of google form to hotel entrepreneurs in different parts of Kerala. The details and the list of entrepreneurs was collected from District Industry Centres. The entire state of Kerala was divided into three zones-southern, northern and central Kerala. The districts included in southern Kerala was Trivandrum,Kollam,Alappuzha and Kottayam. The central Kerala comprises of Thrissur,Palakkad and Ernakulam. Northern Kerala comprises of Calicut,Wayanad, Kannur and Kasargod. One district from each zone was selected using lottery method.

For the current study,120 respondents were approached for their participation. Out of those,112 responded. The received responses were then pasted to the excel spreadsheets and SPSS software was

used to analyse the data.

The questions used in the questionnaire were adapted from the previously reviewed literature by various researchers. The questionnaire was divided into four parts-demographical variables, entrepreneurial competencies, financial management skills and operational management skills. The variables studied for calculating the entrepreneurial competencies are the scale developed by the management systems international with McBer and Company(11). The ten PECs identified are opportunity seeking, risk taking, persistence, demand for efficiency and quality, commitment to work a contract, information seeking, systematic planning and monitoring, persuasion and networking, goal setting, and self-confidence. All these competencies are given under three clusters: achievement cluster, planning cluster and power cluster. Opportunity seeking, risk taking, persistence, demand for efficiency and quality and commitment comes under achievement cluster. Information seeking, systematic planning and monitoring and goal setting comes under the planning cluster. Persuasion and networking and self-confidence comes under the power cluster. The PEC questionnaire, developed by MSI and Mcber& Company, is used here to find out the entrepreneurial competencies that the hotel entrepreneurs possess.

The study tries to find out the relationship of entrepreneurial competencies on financial and operational management skills. The variable used for studying the financial and operational management skills were adapted by the researcher from various studies conducted by the different researchers over a period of time. The variables studied for knowing the financial management capabilities were:

1. Management of employee remuneration
2. Management of rent
3. Repayment of loans
4. Payments of accounts payable

The variable included under the operational management skills are:

1. Management of order delivery system
2. Supply management
3. Digital reconstruction of the firm.

Demographic characteristics of the sample

The effective response of the sample was 93.33% (112/120). The hotels selected came in the category of sole proprietorship (34%), partnership (52%) and company (14%).

Table 1: Descriptive Statistics

Variables	Mean	Standard deviation	Cronbach's Alpha
Opportunity seeking	2.75	0.812	0.791
Persistence	2.64	0.838	0.812
Fulfilling commitment	2.16	0.754	0.831
Demand for efficiency and quality	3.32	0.841	0.734
Taking calculated risks	3.15	0.891	0.825
Planning Goal Setting	2.96	0.564	0.839
Information seeking	2.63	0.642	0.754

Systematic planning and monitoring	2.79	0.512	0.754
Persuasion and networking	3.23	0.712	0.845
Independence and self-confidence	3.12	0.712	0.812
Operational management	3.24	0.732	0.825
Financial management	3.15	0.712	0.836

Source: Authors calculation

Table 1 lists the Cronbach alpha coefficients for the measure of reliability. In general, the minimum requirement of Cronbach alpha coefficient is 0.7(Hair et al. 1998). Hence Cronbach alpha coefficients of the 12 constructs are more than 0.7, the measurement of this study is acceptable in reliability. Table 1 shows that out of the ten PECs, 4 PECs are the most possessed entrepreneurial competencies among the hotel entrepreneurs. The mean value of all these four PECs were more than 3. The highest influential competency among the hotel entrepreneurs is the demand for efficiency and quality with a mean value of 3.32. It is closely followed by persuasion and network capability, the ability for taking calculated risks and the level of independence and self-confidence. The least influenced competencies among the hotel entrepreneurs were their ability to fulfil the commitments with a mean value of 2.16.

Table 2 Correlation Matrix

	OS	P	FC	DEQ	TCR	GS	IS	SPM	PN	ISC	FMS	
OMS												
OS	1											
P	.507	1										
FC	.612	.712	1									
DEQ	.597	.612	.611	1								
TCR	.479	.611	.712	.721	1							
GS	.721	.621	.721	.811	.752	1						
IS	.812	.821	.813	.721	.821	.841	1					
SPM	.912	.831	.831	.751	.922	.741	.821	1				
PN	.821	.921	.725	.721	.821	.851	.871	.897	1			
ISC	.821	.821	.751	.731	.821	.821	.821	.841	.921	1		
FMS	-.067	.517	.964	.898	.900	.943	.907	.906	.899	.915	1	
OMS	-.042	.513	.922	.893	.925	.926	.902	.904	.902	.898	.959	1

Source: Authors calculation

Note: OS is opportunity seeking, P is persistence, FC is fulfilling commitments, DEQ is demand for efficiency and quality, TCR is taking calculated risks, GS is goal setting, IS is information seeking, SPM is systematic planning and monitoring, PN is Persuasion and networking, ISC is Independence and self-confidence, FMS is financial management skills, OMS is operational management skills.

Table 3 Regression Result

	R	R Square	Adjusted R Square	Std. Error of the Estimate

Financial Performance	.977 ^a	.954	.950	.17716
Non Financial Performance	.955 ^a	.911	.904	.25520

Source: Authors calculation

Table 2 shows the relationship between entrepreneurial competencies and financial and operational management skills was studied using spearman’s correlation analysis. From the table, it is clear that there is no relationship between opportunity seeking competency and financial and operational management skills.

There is high and positive relationship between the PEC fulfilling commitments and overall financial management skills. Goal setting competency was the most influential predictor of the operational management skills of the entrepreneur.

The lowest degree of relationship in this study is between persistence level of the entrepreneurs and financial and operational management skills. So here we can conclude that the levels of persistence on the part of entrepreneurs are not paving the way for financial and operational management skills. All the PECs other than opportunity seeking is showing a positive relationship towards the financial and operational management skills. Table 3 shows that entrepreneurial competencies have high impact on financial performance and non financial performance.

Conclusion

The role of entrepreneurial competencies on the growth and success of the business as well as the economic development of the countries are well accounted for small and medium enterprises, competencies are the capabilities used by the entrepreneurs in developing successful resources and strategies to thrive the business better amid all the challenges (15). Hotel industry plays an important role in the economic development of a country. The role of this industry in providing employment and contributing towards the GDP is highly commendable. In this covid-19 scenario, only those business who are able to foresee the future and bring changes accordingly will only flourish. This is only possible if the entrepreneurs are having high skills, competencies and capabilities. In our research, the researcher tried to find out the most influential entrepreneurial competencies among the hotel entrepreneurs. It was found out through the study that the persuasion and networking capability among the entrepreneurs have truly helped them in managing the business both financially and operationally. The possession of the entrepreneurial competencies helped the entrepreneurs to manage the operational activity smoothly so as not to disturb the smooth running of the business.

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