JETIR.ORG ISSN: 2349-5162 | ESTD Year : 2014 | Monthly Issue
JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)
An International Scholarly Open Access, Peer-reviewed, Refereed Journal

ASSESSING THE IMPACT OF TOURISM ON LOCAL EMPLOYMENT AND ENTREPRENEURSHIP IN CHENNAI CITY

[1]SATHISH S, [2]Dr. S. SASIKUMAR
[1]Research Scholar, [2]Assistant Professor & Research Supervisor
PG & Research Department of Economics,
Guru Nanak College (A), Velachery, Chennai – 42.

Abstract:
Tourism is globally recognized as a premier economic sector and is increasingly prioritized in developing nations as a strategic vehicle for poverty alleviation and an alternative to traditional industrialization. This study investigates the vital role of tourism in driving local economic development, with a primary objective of assessing its impact on employment generation and the stimulation of entrepreneurship. Adopting a descriptive research design, the study utilized a mixed-method approach comprising self-administered questionnaires and in-depth interviews to gather primary data. Analysis was performed using descriptive statistics, including frequency distributions and percentages. The findings reveal a nuanced economic reality; while tourism facilitates entry into the market, significant structural gaps remain regarding job security and gender equity. Furthermore, the results highlight that local economic gains are frequently counterbalanced by a rising cost of living and intensified pressure on community resources. These findings imply that for tourism to be a sustainable development tool, policy frameworks must address these socio-economic disparities and resource constraints.

Keywords: *Tourism Development, Local Economy, Entrepreneurship, Job Security, Sustainable Development.*

INTRODUCTION

Tourism is a rapidly expanding global industry and an important economic driver for both developed and developing nations. As traditional export sectors decline, tourism has become a vital source of income, foreign exchange and employment. Policymakers increasingly promote tourism due to its strong potential to stimulate economic growth, create jobs and support local development. Tourist spending on accommodation, food, transport and attractions boosts local economies and generates complementary employment in retail, entertainment and related services. Tourism also strengthens a nation's balance of payments by attracting foreign exchange, which enhances economic stability and resilience. According to the Keynesian view, tourism functions as an external component of aggregate demand that increases income and employment. Global data further underline its significance, with the travel and tourism sector contributing trillions to world GDP, making it an important area of study for assessing economic outcomes.

In India, tourism-focused schemes such as **Swadesh Darshan**, **PRASHAD (**Pilgrimage Rejuvenation and Spiritual Augmentation Drive**)**, **CBDD (**Challenge Based Destination Development**)** and **SASCI (**Special Assistance to States for Capital Investment**)** have created infrastructure, promoted sustainable tourism and generated local job opportunities. These schemes encourage community participation, skill development and entrepreneurship. Employment in the tourism sector has steadily increased, supported by training programs under the **CBSP (**Capacity Building for Service Providers**)**, which have enhanced skills and opened pathways to jobs and self-employment. Recent budget announcements for 2025 highlight major investments to develop 50 global tourism hubs, expand regional connectivity, promote medical and spiritual tourism and support small tourism enterprises through loans and incentives. Industry leaders anticipate strong growth due to improved infrastructure, visa reforms and public-private partnerships.

Tourism entrepreneurship also positively influences socioeconomic outcomes, increasing income, expenditure and savings for entrepreneurs. By introducing innovative services, activities and hospitality solutions, tourism entrepreneurs strengthen the tourism ecosystem and contribute to national GDP. Overall, entrepreneurship in tourism plays a crucial role in job creation, income generation, foreign exchange earnings, infrastructure development, economic diversification, regional development and cultural preservation.

GOVERNMENT SCHEMES IN TOURISM

Tamil Nadu Government's 2024–2025 tourism initiatives focus on a dual-track strategy to empower both business owners and the local workforce through the Tamil Nadu Tourism Policy 2023. For entrepreneurs, the state offers streamlined single-window approvals, substantial capital subsidies of up to 25% (capped at ₹1.5 crore) for small projects, and specialized grants or power rebates for larger investments, with additional support carved out for women and marginalized groups. Simultaneously, the policy boosts local employment by funding infrastructure in rural and lesser-known destinations, providing free professional guide training and certification through institutions like Madurai Kamaraj University, and offering fixed wage incentives for employees in registered establishments for up to three years. By formalizing the homestay sector and investing nearly ₹400 crore in destination development, the government aims to create a sustainable ecosystem where business growth directly translates into localized job stability and professional skill development.

REVIEW OF LITERATURE

Akbari, M. I. (2025)[i] The study explored how entrepreneurial initiatives contributed to shaping and advancing Uzbekistan's tourism sector. It analysed tourism patterns, government policies, and real-life business practices to understand their combined influence. The findings revealed that entrepreneurship boosted innovation, strengthened competitiveness, and increased investment appeal within the industry. It also helped preserve cultural heritage, reduce regional inequalities, and foster stronger collaboration between public and private stakeholders. **Dilafruz Kosimovna, M. (2025)**[ii] the study emphasized the need for better digital integration and clearer policy direction. Overall, it concluded that entrepreneurship was essential for building a more sustainable, inclusive, and forward-looking tourism industry in Uzbekistan. **Yoganandham, G., & Kalaivani, M. (2024)**[iii] Findings indicated that a combined approach targeted public spending alongside strong non-farm employment initiatives was effective in lowering tribal poverty. The study emphasized the need for tailored policies that address the unique socioeconomic challenges faced by tribal groups and highlighted the broader social and economic implications of inequality. The study examined tourism's role in generating revenue and creating local employment in India, highlighting how travel boosts hotels, food services, and cottage industries. It focused on measuring the impact of reducing entrepreneurial burdens in the tourism sector on the Indian economy. **Chandni, L., & Rangjani, V. A. (2024)**[iv] The study examined tourism's role in generating revenue and creating local employment in India, highlighting how travel boosts hotels, food services, and cottage industries. It focused on measuring the impact of reducing entrepreneurial burdens in the tourism sector on the Indian economy. The results apply only to the sampled regions, and future research suggests equipping entrepreneurs with AI and machine-learning tools to improve productivity and profitability. The results apply only to the sampled regions, and future research suggests equipping entrepreneurs with AI and machine-learning tools to improve productivity and profitability.

STATEMENT OF THE PROBLEM

While tourism is globally recognized as a vital economic driver and a substitute for declining export sectors, its specific impact on local community welfare requires critical assessment. In India, and specifically Tamil Nadu, government schemes like the Tamil Nadu Tourism Policy 2023 aim to stimulate investment and job creation; however, there is a need to evaluate whether these macroeconomic initiatives render into sustainable livelihoods for residents. The central problem this study addresses is the contradiction between tourism-led economic growth and local socio-economic reality. Specifically, it investigates the extent to which tourism fosters genuine entrepreneurship versus merely low wage employment and assesses the severity of associated challenges such as rising living costs, overcrowding, and the lack of job stability that may hinder inclusive development in Chennai city.

OBJECTIVES OF THE STUDY

1. To evaluate the impact of tourism development on local employment
2. To assess the influence of tourism on entrepreneurship development.
3. To analyse the challenges affecting local participation in tourism-based employment and entrepreneurial activities.

RESEARCH METHODOLOGY

This study employed a quantitative research design to evaluate the socio-economic impacts of tourism on the local population. Primary data were collected through a structured survey administered to a sample of 52 tourists in the destination. The instrument was designed to capture demographic profiles and gauge perceptions regarding employment generation, entrepreneurship opportunities, and local challenges using Likert-scale statements. Data analysis was performed using statistical tools including frequency distribution for demographic variables and descriptive statistics such as Mean and Standard Deviation to interpret the intensity of respondents' agreement with specific impact indicators.

DATA ANALYSIS AND INTERPRETATION

Table 1 Socio-economic profile of the respondents

Characteristics	Variables	Frequency	Percentage (%)
Age Group (in Years)	18–24	25	48.1
	25–34	18	34.6
	35–44	7	13.5
	Above 44	2	3.8
	Total	**52**	**100.0**
Gender	Male	27	51.9
	Female	25	48.1
	Total	**52**	**100.0**
Type of Tourist	Domestic	35	67.3
	International	17	32.7
	Total	**52**	**100.0**
Duration of stay in Destination	1 day	2	3.8
	2–3 days	29	55.8
	4–7 days	10	19.2
	More than a week	11	21.2
	Total	**52**	**100.0**
Type of Tourism	Leisure	12	23.1
	Cultural	8	15.4
	Adventure	19	36.5
	Business	7	13.5
	Others	6	11.5
	Total	**52**	**100.0**

Source: Primary data

Table 1 shows that the maximum (48.1%), of the respondents in the age group of 18 – 24 years old, followed by gender classification maximum (51.9%) of the respondents are male, & rest of them are female (48.1%). The majority of the respondents (67.3%) Domestic tourists formed the larger group compared to international visitors followed by the maximum of the respondents (55.8%) are preferred short stays of 2–3 days at the destination. Remaining the maximum (36.5%) of the respondents had Adventure type of tourism emerged as the most popular motive for travel, followed by leisure and cultural tourism. Overall, the sample indicates a youthful, balanced, and predominantly domestic tourist segment with a strong interest in short-term and adventure-based trips.

Table 2 Descriptive Statistics for the Impact of Tourism Development on Local Employment

Statement	Mean	SD
Creates more job opportunities for residents.	4.21	0.915
Improve the standard of living of local communities.	4.12	0.758
Encourages local youth to work in their hometown instead of migrating.	4.08	0.837
Receive fair wages and working conditions.	4.08	0.813
Reduce unemployment in this destination.	4.04	0.907
Provides equal job opportunities for women.	3.87	0.908
Provides stable and long-term jobs for locals.	3.73	1.157

Source: Primary data

From an analysis of the above table 2, exposed that for all the employment-related statements, respondents have expressed agreement and strong agreement, as all mean values are above 3. The statement of **Creates more job opportunities for local residents** with the mean value of (**4.21**) received the highest level of agreement, indicating that job creation is viewed as the most significant benefit, followed by improve the standard of living of local communities with the mean value of (4.12), encourages local youth to work in their hometown instead of migrating and receive fair wages and working conditions with the mean value of (4.08). Respondents also agreed that tourism helps reduce unemployment with the mean value of (4.04). The statement with comparatively lower agreement, though still positive, is provides equal job opportunities for women with the mean value of (3.87), while the least agreed factor **provides stable and long-term jobs for locals** with the mean value of (**3.73**). Overall, the respondents' perceptions clearly show a strong belief in tourism's positive employment impact, with minor concerns about job stability and gender equality.

Table 3 Descriptive Statistics for The Factor Influence of Tourism on Entrepreneurship Growth

Statement	Mean	SD
Encourages locals to start small businesses	4.40	0.693
Increases demand for local products, crafts, and cultural services.	4.40	0.693
Improved infrastructure that supports local entrepreneurship.	4.38	0.690
Local entrepreneurs benefit economically	4.35	0.683
Tourists prefer buying goods and services	4.33	0.678
Contribute to community development projects.	4.13	0.793
Local entrepreneurs have become more innovative	4.04	0.949

Source: Primary data

Table 3 Shows that the respondents have agreed and strongly agreed with all the entrepreneurship-related statements in this study, as all the mean values are above 4. Tourism encouraging locals to start small businesses and increasing demand for local products, crafts, and cultural services (both with a mean value of 4.40) emerge as the most influential factors. These are followed by improvements in infrastructure that support local entrepreneurship with the mean value of (4.38), economic benefits gained by local entrepreneurs from tourism spending with the mean value of (4.35), and tourists' preference for purchasing goods and services from local businesses with the mean value of (4.33) and Tourism-related businesses contributing to community development projects is also positively viewed with the mean value of (4.13). The least influential factor, though still agreed upon by respondents, is that local entrepreneurs have become more innovative due to tourism opportunities with the mean value of (4.04). Overall, the results clearly show that tourism is strongly perceived as a driver of entrepreneurial growth in the destination.

Table 4 Descriptive statistics for the challenges affecting local participation

Statement	Mean	SD
Direct and indirect job opportunities	4.12	0.922
Community's economic well-being.	4.02	0.874
Cost of living	3.98	1.057
Overcrowding and pressure on resources.	3.87	1.030
Empowers women and marginalized groups.	3.85	0.958
Engagement of sufficient training and support to residents	3.83	1.061
Reduce poverty	3.67	1.133

Source: Primary data

Table 4 shows that respondents have indicated agree and strongly agree for all the challenge-related statements, as all mean values are above 3. Tourism creating both direct and indirect job opportunities with the mean value of (4.12) is identified as the most positively perceived factor, followed by contribution to the community's economic well-being with the mean value of (4.02) and the rise in cost of living due to tourism activities with the mean value of (3.98). Respondents also agree that tourism may lead to overcrowding and pressure on local resources with the mean value of (3.87) and that the industry empowers women and marginalized groups with the mean value of (3.85). Perceptions regarding residents receiving sufficient training and support to engage in tourism activities show slightly lower agreement with the mean value of (3.83). The least agreed upon, though still positive, is that tourism helps reduce poverty in the local area with the mean value of (3.67). Overall, the findings suggest that while tourism is seen as generating employment and economic benefits, challenges such as rising costs, resource pressure, and limited training support also affect local participation**.**

RESULTS AND DISCUSSION

The analysis of the respondents' profile reveals that the tourism market in the study area is predominantly youthful and domestic. The majority of the 52 participants (82.7%) were under the age of 24, with a near-equal gender distribution of 51.9% male and 48.1% female. Domestic tourists constituted 67.3% of the sample, while international tourists accounted for 32.7%. In terms of travel behaviour, short-duration stays were most common, with 55.8% of visitors staying for 2–3 days. Adventure tourism was identified as the primary purpose of visit (36.5%), followed by leisure (23.1%) and cultural tourism (15.4%), suggesting a shift towards experiential travel among younger demographics.

Impact on Local Employment

The findings indicate a strong consensus that tourism is a potent engine for job creation. Respondents agreed most significantly with the statement that "Tourism creates more job opportunities for local residents" (Mean = 4.21) and that tourism improves the standard of living (Mean = 4.12). Furthermore, there is agreement that tourism encourages youth to work in their hometowns (Mean = 4.08), thereby curbing migration. However, the quality of this employment appears to be a concern; the statement regarding the provision of "stable and long-term jobs" received the lowest agreement score in this category (Mean = 3.73), and agreement on equal opportunities for women was also comparatively lower (Mean = 3.87). This suggests that while jobs are plentiful, they may suffer from seasonality or structural inequality.

Influence on Entrepreneurship

The study reveals that tourism is highly effective at fostering local entrepreneurship. Respondents reported the highest level of agreement (Mean = 4.40) with the view that tourism encourages locals to start small businesses such as shops and homestays, and that the tourism increases demand for local crafts and cultural services. Infrastructure improvements driven by tourism were also perceived as a key support for local business owners (Mean = 4.38). The data suggests that the ecosystem is favourable for small-scale ventures, supported by the observation that tourists prefer purchasing from local businesses (Mean = 4.33).

Challenges Affecting Local Participation

Despite the economic benefits, the study highlights significant challenges that threaten community well-being. While respondents acknowledged that tourism contributes to economic well-being (Mean = 4.02), tourism also concurred that it drives up the cost of living (Mean = 3.98) and places pressure on local resources due to overcrowding (Mean = 3.87). Additionally, the perception that tourism helps reduce poverty received

the lowest mean score (3.67) among the variables tested, indicating that the economic trickle-down effect may not be reaching the most marginalized sections of society effectively.

CONCLUSION

The study concludes that tourism in Chennai acts as a double-edged sword: it is a robust catalyst for immediate employment and entrepreneurial activity but lacks the structural stability required for deep-rooted poverty alleviation. While the sector successfully stimulates demand for local products and encourages the youth to remain in their hometowns, the findings reveal critical gaps in job security and gender equity. Furthermore, the rising cost of living and resource pressure pose significant risks to the quality of life for residents. Therefore, for tourism to be a truly sustainable development tool, future policy interventions must move beyond mere promotion and focus on ensuring job stability, controlling local inflation, and providing targeted support for marginalized groups to participate equitably in the tourism economy.

REFERENCES

[1] Akbari, M. I. (2025). The Impact of Tourism Industry Development on Employment and Entrepreneurship in Bamyan, Afghanistan. *Tourism and Leisure Time*, *10*(20), pp 213-243.

[2] Dilafruz Kosimovna, M. (2025). Impact of Entrepreneurial Activity in The Tourism Sector on Economic and Social Development. *American Journal of Economics and Business Management*, *8*(5), pp 2255–2260.

[3] YOGANANDHAM, G., & KALAIVANI, M. (2024). A THEORETICAL INVESTIGATION INTO THE ECONOMIC EFFECTS OF GOVERNMENTAL SPENDING AND NON-FARM EMPLOYMENT STRATEGIES ON THE CHRONIC TRIBAL POVERTY IN TAMIL NADU. *Degrés*, *9*(8).

[4] Chandni, L., & Rangjani, V. A. (2024). An Outlook On Entrepreneurship Challenges In Tourism Industry And It's Boosting Indian Economy. *Library of Progress-Library Science, Information Technology & Computer*, *44*(3).