

Reasons for accommodation units to remain in informal sector with special reference to Badulla district

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Abstract

There has been a growing interest among the researchers and policymakers around the world in informal economic activities and their contribution towards the national economies is enormous. Evidence, however, found in studies done in this particular area shows that there are a lot of gray areas to be addressed by systematic research. Sri Lankan economy is also characterized by these two sectors, where informal sector economic activities are relegated despite its importance. Sri Lankan tourism industry, one of the main contributors in the national economy, typifies formal and informal sector involvement in the operations. Provision of accommodation facilities has become a popular business among unregistered business owners who are, on the other hand, considered as informal sector accommodation providers. Compared with the number of registered accommodation service providers, informal sector accommodation providers in Badulla district is significantly high. This study sheds light on what are the reasons for them to be informal sector accommodation providers. This study has been designed as an explanatory study, where the questionnaire was administered among 118 participants by following a simple random sampling method. Findings of the research revealed that except the internet-based advertising skills and employee resource, other three variables such as income level, capital level and rural condition are significantly affected their decision to remain in the informal sector. Based on the findings it was recommended low level of income, low capital level and accommodation units with rural conditions need to be considered in policies related to registration and to introduce projects to increase benefits and to strengthen and increase the income, capital levels of accommodation venues and facilities in the area.

Keywords: *Accommodation providers, Badulla district, explanatory study, informal sector, registration intention*