

# **Entrepreneurial Orientation and Organizational Performances (With Special Reference to Tourist Hotel and Hospitality Industry in Jaffna District)**

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## **INTRODUCTION**

The service industry is the largest and fastest growing role in Sri Lanka. According to the Central Bank Annual Report in 2013, which is indicated this information. The hospitality and tourism industry is strongly taken major role to contribute this service industry to its forward tendency. For the purpose of this study Jaffna district is selected as a sample to represent the whole population in small and Medium scale hotels area because of Jaffna district is major populated to Jaffna town. Under the Entrepreneurial Orientation, here four kinds of dimensions are selected to indicate the Entrepreneurial Orientation (EO) Such as Innovation, Risk taking, Autonomy and Competitive Aggressiveness

## **RESEARCH PROBLEMS**

The hospitality and tourism is vital role to Sri Lanka. There are several researchers have studied about hotels and hospitality sector. Even though few researcher have carried out the research about Entrepreneurial Orientation impact in service arena and hotels. But no one studied about the “Entrepreneurial Orientation in hotel and hospitality in Jaffna district. So to fulfil this gap the research is carried out on this topic. .

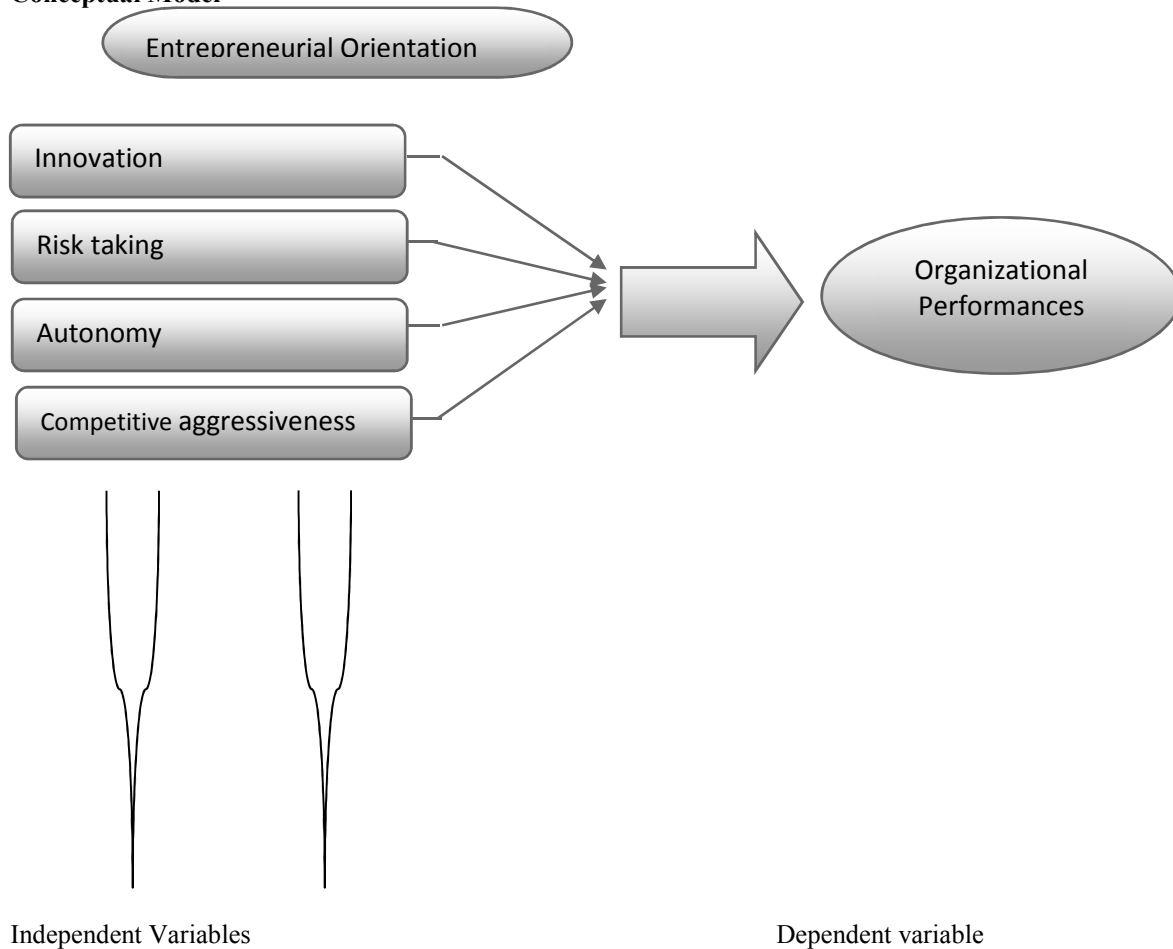
## **RESEARCH OBJECTIVE**

- Identify the relationship between Entrepreneurial Orientation and Organizational Performance in hospitality and hotel industry
- Evaluate the each dimension which are impacting in Organizational Performances
- .Recommend how to enhance the Organizational Performances by using the EO dimensions based on the research outcome.

## **DATA COLLECTION**

The method of data collection is generally based on the type of the research objectives and the type of the data or information required. The data/information could be divided in to two major elements as primary and secondary. Primary data is obtained from field via, interviews, questionnaires, telephone conversations etc. Secondary data is the data which is already available for access through books, reports, electronic media and etc. in this study data and information has been gathered using aforesaid both methods.

### Conceptual Model



### HYPOTHESIS

- There are four hypotheses, could be developed to know whether there is any relationship existed between them or not.
- *H1*: The Risk Taking is significantly leads to the Organizational Performances with positive relationship.
- *H2*: The Autonomy is significantly leads to the Organizational Performances with positive relationship.
- *H3*: The Innovation is significantly leads to the Organizational Performances with positive relationship.
- *H4*: The Competitive Aggressiveness is significantly leads to the Organizational Performances with positive relationship.

### Reliability Analysis

It is must that before doing any research the reliability of questions must be checked. It explains the reliability of questions which were made to measure the variables

Cronbach's Alpha	No of Items
.837	12

The statics shows that the Alpha value is 0.823. So, the reliability of questions is high. (It should be greater than 0.7). The analysis has been done for only 12questionnaires one from each hotel.

**Descriptive Analysis on EO dimensions**  
**Descriptive Analysis for Independent Variable (X)**

Variables	Mean	Mode	Standard deviation	Co efficient of Variance (Cv %)
Autonomy	4.64	5.00	0.1789	3.86
Innovation	3.59	4.00	0.1889	5.26
Competitive Aggressiveness	2.51	3.00	0.1373	5.47
Risk Taking	3.36	3.00	0.2010	5.98

**Descriptive Analysis for Dependent Variable(Y)**

Variable	Mean	Standard Deviation	Co efficient of Variance (Cv%)	Minimum	Maximum
AAPGR	1.7208	0.2118	12.31%	1.4583	2.1250

The hotels' Annual Average Profit Rate (AAPGR) is increasing year by year. The averagely increasing rate is 1.7208 and this disperses from mean at 0.2118. The AAPGR is significant according to the Cv rule due to less than 33% (12.31%). The maximum growth rate is 2.125 as well as minimum is 1.4583. It says the demands of the customers are increasing with significant rate between the years.

**Correlation between Autonomy, Innovation, Risk taking, Competitive aggressiveness and Organizational Performance**

Variables	Pearson Correlation	P- Value
Autonomy	0.724	.000
Innovation	0.761	.000
Com. Aggressiveness	0.477	.033
Risk Taking	0.661	.002

Above table shows how independent variables (EO dimensions) correlate with the business performance of the organization. Those are correlated with positively but Autonomy, Innovation and Risk Taking are having strong positive relationship while Competitive Aggressiveness having moderate positive relationship because those are resulted as 0.724, 0.761, 0.661 and 0.477 point of correlation respectively. In addition except of competitive aggressiveness other dimensions are greater than 0.5. Moreover, autonomy, innovation and risk taking are having P-value (0.000-0.002) therefore; the test is highly significant and also has overwhelming evidence to say when those dimensions are increase the organizational performance also increase. Likewise the competitive aggressiveness also moderately positive relationship since it falls between (0.0-0.5). Further, the test for this dimension indicator is strong evidence since the P- value is 0.033 and there is an overwhelming evidence to say that when competitive aggressiveness increase the organizational performance moderately increase and vice versa.

**Regression**

Predictors	B	Standard error	T - value	P- value
Constant	-3.234	.652	-4.956	.000
Autonomy	.310	.173	1.793	.093
Innovation	.483	.162	2.986	.009
Competitive aggressiveness	.170	.186	.914	.375
Risk taking	.403	.128	3.150	.007

According to the table, following equation is arrived.

$$\text{Organizational performance} = - 3.23 + 0.403\text{Risk Taking} + 0.170 \text{ Competitive Aggressiveness} + 0.483 \text{ Innovation} + 0.310 \text{ Autonomy}$$

Based on this equation when risk taking increases by one unit, the organizational performance increase by 0.403 units, assume others are constant. Similarly when competitive aggressiveness increases by one unit, the organizational performance increases by 0.170 assume others are constant. And also other rest of the dimensions also leads like same manner it mean, when innovation increase by one unit, the performance by 0.483 assume others are constant, and when autonomy increase by one unit, the performance increase by 0.310 units assume others are constant. So, there is a positive linier relationship exists among those four EO dimensions with organizational performance. According to this equation the innovation is hugely contributed as well as risk

taking contribution also high.

#### F-test to Each Dimension

EO dimensions	Calculated values	Table values	P value
Autonomy	19.85	4.41	0.000
Innovation	24.82	4.41	0.000
Competitive aggressiveness	5.31	4.41	0.033
Risk taking	13.94	4.41	0.002

In here, the each dimension describing about those significant levels. The F-test rule says If  $CV > TV$  null hypothesis is rejected; therefore the equation will be accepted. According to this chart each dimension' null hypothesis are rejected due to whole calculated values are greater than table values. Thus, all dimensions' alternative hypothesis is accepted.

#### Findings and conclusions

- There is a positive relationship between EO and OP. the organizational right journey depends on proper application of EO.
- OP is leaded positively by EO dimensions which were taken for this study purposes such as innovation, autonomy, competitive aggressiveness, risk taking. Organizations could enhance their performance by enriching each dimension to facilitate organizational requirements.
- Innovation is highest contributed to the profit rate rather than rest of other dimensions. But those dimensions also follow the positive relationship.

#### Recommendations

Through the analysis and conclusions of this research the following suggestions are recommended.

- Organizations can enhance it performances by managing proper EO dimensions and other factors those necessary to EO development. Identify the determinants factors and decide volume of those factors to manage the organizational right journey.
- In current scenario, the supply still not meets the demands and requirements gap. Thus, managers could utilize their existing resources further to seize potential markets, and can take responsible to achieve their goal by relevant specific management tools to support with EO.
- Innovation is highly contributed to OP. Although there is not high competition, the managers can innovate to capture high profitability and outcomes. And under the autonomy, managers not only trust themselves but should consider about other staffs and climes.
- Risk taking is one of the major factors to derive the business. Due to the individual or partnership business, owners have to entirely pay the responsible to the outcomes of the organization and they feel hesitation to involve with high risk. As Entrepreneurs they have to involve for gain high profit with risk averse via analyzing to minimize the risk.
- EO and OP are not only considering from organizational internal factors but also contributed from external factors. So managers take responsible from both internal and external. Increase investment in training staff, future hospitality industry including language training. Further, De-escalate the scale of visible armed military presence as soon as practical. Consider Infrastructure development designed for future needs. And engage with communication and network capabilities to expand the business. Furthermore, they can apply new management tactics, attractive Customer Relationship, new technologies, flexible internal control system, the efficient Supply Chain Management and Value Chain Management system etc. Further Strategic Immediate Priorities to develop tourism in Jaffna ,
  1. Fast track approval process for investors for immediate needs –domestic and adventure tourism.
  2. Focus on attracting tourists for the near term through events
  3. Emphasize SME business initiatives for nature based products & services (water sports, guided tours, night events, etc).

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