Journal of Management and Tourism Research (JMTR)

Volume I Issue II

December 2018

Faculty of Management

Uva Wellassa University of Sri Lanka

Reviewer List

Dr. H.A.N. Hettiarachchi	University of Sri Jayewardenepura
Mr. W.H.M.S. Samarathunga	Rajarata Univeristy of Sri Lanka
Mr. G. H. Abeyweera	Uva Wellassa University of Sri Lanka
Dr. J.P.R.C. Ranasighe	Uva Wellassa University of Sri Lanka
Prof. P.I.N. Fernando	Uva Wellassa University of Sri Lanka
Dr. J. Sutha	Uva Wellassa University of Sri Lanka
Mr. K.M.M C. B. Kulathunga	Uva Wellassa University of Sri Lanka
Ms. Y.M.C. Guneratne	Uva Wellassa University of Sri Lanka
Mr. N. Deshapriya	Uva Wellassa University of Sri Lanka
Dr. N.C. Jayasighe	Uva Wellassa University of Sri Lanka
Ms. S.F. Fasana	Uva Wellassa University of Sri Lanka

Table of Contents

Research Article 01

The Effect of Ethnocentrism and Patriotism on Consumer Preference (Special Reference to Western Province Sri Lanka)

Y.K.H. Dinesha Costa, P.I.N. Fernando, Upeksha. A.S. Yapa

Department of Management Sciences, Uva Wellassa University, Sri Lanka

Abstract

Practitioners in marketing impulse of understanding consumer behaviors than before. Recent studies showed that consumer's enthusiasm towards foreign brands was declining. One explanation for such changes may be patriotic, nationalistic or ethnocentric behaviors of consumers. Therefore, the objective of this study to identify the effect of ethnocentrism and patriotism on consumer preference for handloom products with special reference to western province Sri Lanka. A sample of 150 consumers was randomly selected who bought handloom products from handloom outlets in Western Province. Multistage sampling technique was applied for the study. Primary data was collected through a questionnaire. Regression, correlation techniques and Statistical Packages for Social Science version 23.0 software were used to analyze the data. The result revealed that the ethnocentrism and patriotism have positive effect on consumer preference for handloom products. Further, findings conclude that handloom consumers in Western Province ethnocentric to domestic handloom products according to the Consumer Ethnocentric Tendency Scale. This study recommends handloom manufacturing firms to develop their marketing strategies with using nationalism promotional strategy and remind consumers to have a sense of ethnocentrism.

Keywords: Consumer Ethnocentrism, Consumer Patriotism, Consumer Preference, Consumer Ethnocentrism Tendency Scale.

Introduction

Purchasing a locally made product is a one way to show ethnocentrism and patriotism to the country. Consumer Ethnocentrism (CE) is a concept that effects consumer evaluation of domestic and foreign product (Cumberland, 2010). Ethnocentrism consumers turn to overestimate and support domestic products and at the same time underestimate and avoiding foreign products. And the level of consumer ethnocentrism exhibit consumer product preferences (Wel, C. A. C., Alam, S. S., & Omar, N. A., 2015). With learning consumer's level of ethnocentric tendency help businesses to achieve the corporate goals and objectives in the target markets.

Consumer Patriotism (CP) is also a key socio-psychological determinant that impact consumer purchasing behavior towards products of both domestic and foreign origins (Balabanis, G., Diamantopoulos, A., Mueller, R. D., & Melewar, T. C, 2001). It means consumers tend to express love and support toward consumer's own nation, without having a defensive feeling toward another country. Therefore, it is essential to understand consumers' preferences. There is an impact on consumer's ethnocentrism (CE) and consumer's patriotism (CP) emotions on consumer purchase intention (Nadiri & Tumer, 2010). However, the results have been different depending on the characteristics of consumers (Renko, N., Crnjak Karanović, B., & Matić, M., 2012).

Nowadays, locally produced handloom products are famous among Sri Lankan (Industry Capability Report, 2015).Handlooms can be considered as an appropriate case to study because, some consumers unlike the modern mechanized products. Like older generation purchasing local products like handloom, handicrafts products to express attachment with culture to the extent of ethnocentrism. While younger generation who having view these products as a hybrid expression of modernity and tradition. In Sri Lanka, the apparel industry has been the largest gross export earner. (Dheerasinghe, 2009). In the apparel industry, the handloom industry is one part of it and the total value of exports in the handloom sector was US $ 1.16 Mn. in the year 2016. Sri Lanka local market for handloom products generally for curtaining, furnishing, toweling, table linen, bed linen, sarongs, and sarees. At present, the local market is expanding rapidly.

Nation begins to play the significant role for individuals when they become emotionally attached to their homeland, and when they feel motivated to support it, even by identification with it (Druckman, 1994). Globalization has come up with new trends in businesses (Silili, EP, & Karuharathna,A C, 2014). Nowadays, Sri Lanka, there is a trend to buy domestic handloom products rather than imported products (Industry Capability Report, 2015). Handloom products are produced locally, therefore consumers willing to buy these products rather than imported. In Sri Lanka, study conduct to identify CE on youngsters purchase intention of domestic products concluded that there is a positive relationship between CE and purchase intention of domestic products (Silili, EP, & Karuharathna,A C, 2014).CE as a strategic tool for developing domestic brand equity found that CET has a strong impact on the domestic brand (Wanninayake, W. M. C. B., & Dissanayake, D. M. R., 2012). Therefore, domestic marketers have the responsibility of generating CE tendencies within their target customers through branding strategies (Wanninayake, W. M. C. B., & Dissanayake, D. M. R., 2012).Studies show radical changes in the behavior of consumers. The enthusiasm for foreign brands is declining. It is especially visible in the case of food. One explanation for such changes may be patriotic, nationalistic or ethnocentric tendencies among consumers and their fear for foreign capital domination in the economy (Balabanis, G., Diamantopoulos, A., Mueller, R. D., & Melewar, T. C., 2001)

Consumer needs and wants leads to long-term benefits to the business (Kotler & Keller, 2009). From the literature survey suggested that consumers' ethnocentric tendencies depend on the

degree of the development of a country. The original concept of consumer ethnocentrism has appeared in developed countries where consumers generally positively evaluated the quality of domestic products (Lu Wang, C., & Xiong Chen, Z. , 2004). Previous research has shown that the same concept is applicable in the context of developing countries (Das, M., 2015). Therefore, this study is conducted to identify the effect of ethnocentrism and patriotism on consumer preference for Handloom Products in western province. This study is a novel venture in the Sri Lankan context. Hence this research is focusing on the following research problems

- What is the ethnocentric behavior of the handloom consumers?
- How ethnocentrism effect on consumer preference for handloom Products?
- How patriotism effect on consumer preference for handloom Products?

Literature Review

Consumer Ethnocentrism (CE)

The concept of Consumer Ethnocentrism has been gain from the ethnocentrism concept in sociology, which was introduced by sociologist William Summer in 1906. In the early eighties, a study showed that buying foreign products can cause high emotional involvement especially when it comes to national security (Crawford & Lamb, 1981). With that argument concept of ethnocentrism going apart from psychological and social frameworks, and it was recognized in the field of marketing as a significant factor in consumer purchasing decisions. In Cambridge Dictionary, ethnocentrism is defining as "a belief that the people customs, and tradition of your own race or nationality are better than those of other races".

Consumer ethnocentrism is defined as "a belief held by customers about the appropriateness, indeed morality of purchasing the foreign-made product and the loyalty of consumers to the products manufactured in their home country" (Shimp & Sharma, 1987). Furthermore, it indicates that consumer ethnocentrism may result in an overestimation of the attributes and overall quality of domestic products and an underestimation of the quality of foreign products. Since purchasing a locally made product is one way to show consumers ethnocentrism and patriotism. Moreover, CE makes a psychological force that generates consumer preferences for domestically-made products and reduces consumers' intentions to purchase foreign goods (Cicic, Brkic & Praso-Krupalija, 2003) . Consumer ethnocentrism has a direct and negative impact on consumer's purchase intention of foreign products. These indicate that high ethnocentric tendencies lead to unfavorable preferences towards lower purchase intentions for foreign products. Therefore, consumers refuse to buy foreign products because they consider that buying foreign products are harmful to the national economy and cause unemployment. CE can predict consumers' preference to buy locally manufactured products instead of foreign products and that the ethnocentric tendencies are better predictors of purchase behavior than demographic and marketing mix variables (Herche, 1992).

The construct of consumers' ethnocentrism builds on the presumption that the consumers' ethnocentric emotions will have significant effects on purchase intentions. However, the results have been different depending on the characteristics of consumers and countries. The degree of consumer ethnocentrism varies between individuals according to demographic and economic factors (Vassela, M. C., Fountain, P. D, & Fountain, U. K., 2010). The stronger and individual's consumer ethnocentrism, the more likely one is to own a domestic made products and/or intend to purchase a domestic made products.

Consumer Patriotism (CP)

Patriotism refers to strong feelings of love and devotion towards one's own country, without a corresponding hostility towards other nations (Balabanis, G., Diamantopoulos, A., Mueller, R. D., & Melewar, T.C, 2001). In the literature, according to an argument, it indicates that patriotism is similar to nationalism. Even though patriotism and nationalism both involve positive feeling towards one's nation, nationalism represents the detrimental facet of a positive in-group evaluation. Patriots have high levels of love and loyalty for their own country, these are not necessarily related to how they feel about foreigners (Kosterman & Meshach, 1989). And they do not exhibit the extremities of nationalism (Balabanis, G., Diamantopoulos, A., Mueller, R. D., & Melewar, T. C, 2001). Patriotism has a strong influence on willingness to buy foreign and domestic products (Han, 1998). Patriotism affects consumer product selection and plays an important role in choosing between domestic and foreign products (Martinez, 2000). Moreover, the study indicated that CP has a positive effect on ethnocentrism (Shimp and Sharma, 1987). Previous study is also providing evidence for the relationship between patriotism, cosmopolitanism and the ethnocentric tendency (Rybina, L., Reardon, J., & Humphrey,J, 2010). Further, highly patriotic consumers have a positive preference towards cultures which are similar to their own culture, while they have a negative attitude toward the others (Watson & Wright, 2000). Consumers' high patriotic emotions often trigger consumption bias against imports when qualities of the products are comparable to those produced domestically (Meas, 2014). In the extreme, domestic products, even with lower quality, are chosen over foreign imports (Wall & Heslop; Sharma, Shimp & Shin, 1986).

Ethnocentrism and Patriotism concepts in Sri Lanka

The most important issue is what is the current degree of consumer ethnocentrism in Sri Lankan customers? And to what extent consumer ethnocentric feelings of the customers could internally stimulate customers to select domestic products in the country? Present scenario some domestic companies are supported to buy domestic products rather than imported. Currently voluntary peoples' organization named "Mawbima Lanka Padanama" which has been established as a nonprofit organization with the purpose of promoting local brands among Sri Lankan customers. It has introduced a unique slogan: "Ganna Ape De" and the Surya Singha logo for labeling domestic brands for increasing the volume of sales of local brands rather than imported products. Now, 30 companies,120 brands in 52 product categories

have only taken the accreditation for using the "Ganna Ape De" motto and the Surya Singha logo (Mawbima Lanka Padanama, 2017).

However, in Sri Lanka, the multinational brands perform aggressively better than the local brands except in very few scenarios. Customers have the psychological perception that foreign products have better quality and performance in Sri Lanka (Wanninayake, W. M. C. B., & Dissanayake, D. M. R., 2012). Study focused on the relationship between CE and consumer impulsiveness, found that the ethnocentric tendency, the impulsiveness, and the stimulation to make buying decisions are above the average in the Sri Lankan context (Wanninayake, W. M. C., & Chovancová, M., 2012). The relationship between consumer ethnocentrism and Sri Lankan youngsters' purchase intention of domestic products is positive (Silili, E.P. & Karunarathna, A.C, 2014). It identified the lowest income level shows a significant impact on the relationship between CE and purchase intention of domestic products. Further, it concludes male youngsters' impact is high than female youngster's in Sri Lanka.

With the impact of globalization, many businesses are searching methods to expand their market globally. Consumers prefer locally made products rather than foreign made products to show their love to the country in some countries. But in sometimes, the consumer might forgo their ethnocentrism and patriotism to get the best value of their money (Wel, C. A. C., Alam, S. S., & Omar, N. A., 2015). The availability of choice might change the consumer's mind. Thus, in Sri Lankan case although Sri Lanka is producing their own handloom products, there are quite a number of Sri Lankan prefer to buy imported handloom products from foreign countries like India, Pakistan as compared to domestic handloom products.

Consumer Preference

The consumer decides what to purchase, from whom to purchase, why to purchase, from where to purchase, and how much to purchase depend on different factors (Sheth, J. N., Newman, B. I., & Gross, B.L., 1991). To build a successful business marketer need to understand the like and dislike of customers. There, the marketer needs to know when and how much quantity of goods and services, a consumer may purchase, so that he/she may store the goods or provide the services according to the likings of the consumers (Kumar, V. I. S. W. A. N. A. T. H. A. N., & Shah,D., 2004). In this sense, the consumer becomes the leader the market. Preference is a concept that used in the social sciences and economics. It expects a real or imagined "choice" between alternatives and the possibility of rank ordering of these alternatives, based on happiness, satisfaction, gratification, enjoyment, utility they provide (Huang, Z., Lu, X., & Duan, H. , 2012). Therefore, the success of any company or product promotion it is very important to identifying consumer product preference criteria's. "It is very difficult to identify the exact reasons why a consumer purchase and prefers one product or service over another one" (Kotler& Keller, 2009).

Consumer demand is rapidly changing and the desires of them are considered to be the center of modern marketing. Hence the study of consumer behavior becomes a necessity. According

to most researchers' argument, it can be concluded that the study of consumer preference is highly important to businesses (Kotler& Keller, 2009). Most of the time consumer purchase decision is based on their emotional beliefs. Therefore, nowadays it is important to have the better awareness of consumer buying preference.

Conceptual Frame Work

With the aim of to determine the effect of ethnocentrism and patriotism on consumer preference for handloom products the following conceptual framework is developed.
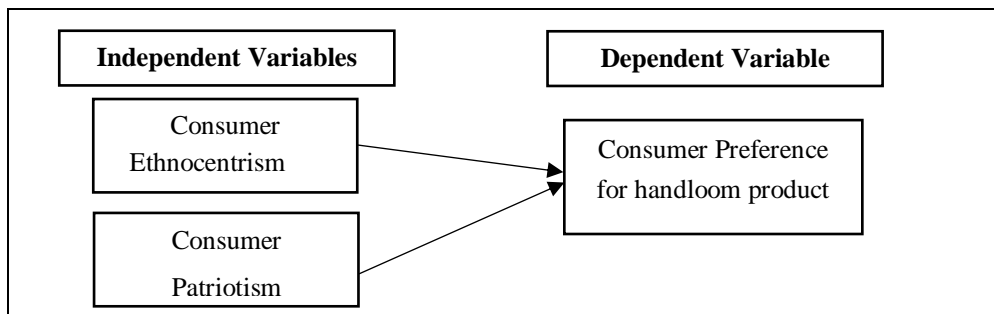
Figure 1: Conceptual Framework
Source: Developed based on Che Aniza, (2012)

The above conceptual model has enabled the testing of hypotheses as follows;
H1: Consumer ethnocentrism has a positive effect on consumer preference for Handloom Products.
H2: Consumer patriotism has a positive effect on consumer preference for Handloom Products.

Research Methodology

Population and Sample

In Sri Lanka, handloom industry is clustered, particularly in the Western, Eastern, North Western and Southern Provinces. The Western Province has a major share followed by the Eastern Province and Central Province (Industry Capability Report, 2015). Therefore, this research mainly conducts with special reference to Western Province in Sri Lanka.
In this study population refers to all the handloom products consumers in Western1 Province. First Western province divided into 3 districts and from each districts (Colombo=60, Kalutara=31and Gampaha district=59) sample select from proportionately to the current population (population,2017=5821710). Research sample size has consisted of 150 consumers of handloom products in the Western province. The handloom outlets in Western province 18 outlets selected to the sample conveniently.

$$\text{No of handloom consumers from each district} = \frac{\text{Population of each district}}{\text{All population in Western Province}} \times 150$$

Figure 2: Sample Size from each District

Data Collection Sampling Technique

In this study primary data collected through a self-developed questionnaire which filled by respondents in the sample. A total of 180 questionnaire distributed to the respondents and asked to complete the questionnaire. 158 completed questionnaires were received and only 150 (94%) were considered useable for the study and the analysis.

Secondary data had been collected from sources such as journal papers, research publications, annual reports related books and the internet. Multi-stage sampling technique is applied to choose the sample in the research. By proportionately sample size is selected. Sample respondents selected by using convince sampling method from each selected districts.

Measurement Scale Development

Consumer Ethnocentrism

Consumer ethnocentrism measured by the Consumer Ethnocentric Tendency Scale (Shimp and Sharma, 1987). They were the first researches who developed an effective instrument for measuring the ethnocentric tendencies (CETSCALE) of consumers purchase decision. Through work, they proved that consumer ethnocentrism can measure, explain and provide answers to why and to what extent consumers prefer locally manufactured products instead of foreign. They characterized the scale as a measure of "tendencies" rather than "attitudes" because it also includes the explanation of consumer decisions to buy "the most appropriate product". It can be concluded that CETSCALE is a successful predictor of consumers' beliefs, purchase intentions, and decision. This scale has been mostly used to measure consumer ethnocentrism tendencies in many research studies within developed and in the developing countries (Luque-Martinez, T., Ibanez-Zapata, J. A., & del Barrio-Garcia, S, 2011). Other scales have been suggested and tested to measure ethnocentrism, but CETSCALE has become the commonly used instrument to measure consumer ethnocentrism (Chryssochoidis, 2007).

In this research, CETSCALE is adapted to measure the ethnocentrism behavior of Sri Lankan handloom consumers. Some items of the standardized item of CETSCALE are dropped and some others are merged with each other so as to create it with Sri Lankan context. Accordingly, the CETSCALE is modified to have fourteen questions. The scale is designed in five rating Likert Scale with 1(Strongly Disagree) and extend to 5 which represent strongly agree.

Consumer Patriotism

Patriotism measure using four items scale (Kosterman & Feshback's, 1989). Reduced versions of Kosterman and Feshback's scale have shown good psychometric properties (Rocha, C.M., & Fink, J.S., 2000). A sample patriotism item is 'I love my country'.

Dimensions and Indicators of Independent variable presented following Table 2.

Table 2: Operationalization of Independent variables

Dimension	Indicators	Measurement and Source
Consumer Ethnocentrism	1. Consumer's encouragement for local producers. 2. Consumer preference for foreign products, when products are not locally produced. 3. Keep Sri Lankans working 4. Consumer preference for local products, when locally and foreign produced alternatively. 5. The real Sri Lankan behavior of buying locally manufactured products. 6. Purchasing foreign product is "lack of concern" for country. 7. Purchased local products instead of letting other countries get rich off us. 8. Consumers attitude about very little purchasing of foreign products. 9. Consumers attitude about hurt Sri Lankan businesses and unemployment. 10. Consumers cost in short run and support to Sri Lankan producers. 11. Consumers attitude about allowed to put foreign products in the local market. 12. Putting tax to reduce entry of product to market 13. Consumers attitude about import products, that cannot produce locally. 14. Foreign products buying consumers and their responsibility for putting fellow Sri Lankan out of works.	5-point Likert scale, Questionnaire Source-CETSCALE, Consumer Ethnocentric Tendencies Scale (Shimp and Sharma, 1987)

Consumer Patriotism	1. Emotionally attachment to country and emotionally affected by its action.	5-point Likert scale
	2. Commitment to the Sri Lanka.	Questionnaire
	3. Feel of great pride in the land.	Source-
	4. Feel of Sri Lankan flag being flown, I feel great	(Kosterman and Feshback's,
	5. Part of identity	1989)
	6. Buy Sri Lankan-made products instead of imports.	(Luque-Martinez,Han, 2000,1989)

Dimension and Indicators of Dependent Variables presented following Table 3.

Table 3: Operationalization Dependent variable

Dimension	Indicators	Measurement and Source
Consumer preference	1. Satisfaction	5-point Likert scale
	2. Frequency of Purchasing	Questionnaire
	3. Availability	Source- (Bakewell and Michelle,
	4. Volume	2003)
	5. Recommendation	

Cronbach's Alpha Reliability Test Analysis

Table 1: Reliability Test

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.86	.87	25

First, the pilot test was conducted by using twenty handloom products consumers. Reliability of the questionnaire was tested by the Cronbach's alpha value based on the pilot survey. The test will be significant when alpha value results from more than 0.7 (Santos, 1999). It assures the reliability of the questions in the questionnaire. Twenty handloom products consumers were used to testing the reliability test. The alpha coefficient for the 25 items is 0. 859.It suggested that the items have relatively high internal consistency and validity (Table 1).

Data Administration and Data Analysis

Data analysis has been carried out using the data statistical package for Social Science (SPSS) version 23.0 software. The ethnocentric behavior of the handloom consumers in Western province analysis using descriptive analysis and cross tabulations methods. Multiple linear regression analysis used to ethnocentrism and patriotism effect on consumer preference for handloom Products. Accordingly, the following regression model was developed for this study.

$$CF = a + \beta E + \beta P + \varepsilon$$

CF=Consumer Preference   *βE*=Consumer Ethnocentrism

βP=Consumer Patriotism   *a*=Constant

ε=error term

Further regression equation was tested for the assumption of normality test (Kolmogorov-Smirnova (KS) test), Durbin-Watson (D-W Test)**,** Variance Inflation Factor (VIF) and for the assumption of homoscedasticity.

Results and Interpretations

Profile of the Sample

In order to analyze the sample profile, descriptive analyze was used and the results are summarized in Table 5. As per the table, the highest contribution (61%) is indicated by the female in the sample. According to the range of the age distribution, the highest portion (41%) of the sample is contributed by first age category (18 -34 years). The marital status composition of the sample shows 59% respondents were representing the married category. According to the range of the income distribution, the highest portion (40%) of the sample is contributed by middle-income Rs.35000/= - 50000/=. The educational qualification level of the respondents shows 42% of the represents secondary education category. Most of the respondents are representing the government sector it represents 28% of the sample. According to the figure, clothes shows the heights percentage 58% and other product and shoes shows the 4% and 3% least preference respectively.

Table 5: Frequency and Percentage of Sample Profile (N=150)

Profile of the Sample	Categories	Frequency	Percentage %
Gender	Male	59	39
	Female	91	61
Age (years)	18 -34	62	41
	35 -45	47	31
	46 -60	28	19
	Above 60	13	9
Marital Status	Single	61	41
	Married	89	59
Monthly Income (Rs)	Bellow 15000	24	16
	15000-35000	30	20
	35000-50000	60	40
	Above 50000	36	24
Education Level	Primary	07	05
	Secondary	64	42
	University	55	37

	Post Graduate and Above	24	16
Current Profession	Student/Non-Employed	33	22
	Government	42	28
	Private	38	25
	Self-Employed	23	16
	Retired /Other	14	09
Handloom Product Usage	Clothes	87	58
	Accessories	12	08
	Cushions, Bedsheets	40	27
	Shoes	05	03
	Other	06	04

According to the mean and standard deviation which was derived by analyzing the field information, patriotism reflects the highest mean value. The lowest mean value reflects the ethnocentrism.

Table 6: Mean and Standard deviation of independent variables.

	Ethnocentrism	Patriotism
Mean	3.60	3.86
Std. Deviation	0.55	0.72

Ethnocentric Behavior of the handloom consumers

The level of consumer ethnocentric tendencies for domestic handloom products of Sri Lanka is measured with the 17 item Consumer Ethnocentric Tendencies Scale (CETSCALE) (Shimp and Sharma, 1987). Some items of the standardized item of CETSCALE are dropped and some others are merged with each other so as to create it with Sri Lankan context. And finally used 14 items for the current research study. The level of ethnocentrism and the reliability of the CETSCALE are shown in Table 7. Overall, the Cronbach Alpha coefficient of 0.860 can be considered a reasonably high- reliability coefficient. Because of that, the scales are reliable since all the values exceed the 0.70 rule (Mangnale, V. S., Potluri, R. M., & Degufu, H., 2011). Accordingly, the following items are designed in five-point Likert scale.

Table 7: Ethnocentric behavior of consumers

CETSCALE based ethnocentrism items	Reliability	Standard Deviation	Individual Mean	Group Mean
Q1	.85	0.947	3.96	
Q2	.83	0.939	3.26	
Q3	.86	1.567	2.87	
Q4	.85	0.623	4.03	
Q5	.84	1.094	3.59	
Q6	.84	1.161	3.23	3.59

Q7	.84	1.052	3.85
Q8	.85	1.017	3.99
Q9	.84	0.974	3.62
Q10	.84	1.010	3.35
Q11	.84	0.818	3.96
Q12	.85	0.922	3.71
Q13	.84	1.032	3.57
Q14	.84	1.157	3.35

Source: SPSS output from field information researcher developed

The individual mean represents the mean response of all target respondents to the given item and the group mean indicates the aggregate mean of all target respondents to all items all together. In other words, the group mean is mean of the individual mean, which is used in this context represent the behavior of customers (Aynadis, 2012). Since all the questions are worded positively, any response below the median (neutral) shows that the target respondent is not willing to compromise his/her interest towards international handloom products. On the other hand, if the mean of response of target respondent is greater than the median point, the customer perceived to be ethnocentric, who has a serious concern of buying domestic handloom products than imported or international handloom products.

With this logic, the above table shows that the group mean is 3.59, which means the customers are ethnocentric. (There are nine individual means in this table greater than the median point). Ethnocentric customers are customers who are influenced by the presence of domestic products. Unlike the non- ethnocentric customers, ethnocentric customers are biased to buy domestic handloom products, even by compromising the important product attributes like quality, price, durability and so on, to benefit their nation by buoying national products.

Correlation Coefficient Analysis

This study has been used the Pearson Correlation which was computed through bivariate correlation in order to identify the relationship between the CE and consumer preference, CP and consumer preference for handloom products.

Table 8: Correlation between independent variables and dependent variable

Dimension	Pearson Correlation	P-value	Null Hypothesis(H0)	Alternative Hypothesis(H1)
CE	.547	.000	Rejected	Accepted
CP	.494	.000	Rejected	Accepted

The relationship between CE and consumer preference identified that the value of Pearson correlation is 0.547, which implied that there is an average positive relationship. The significance of P-value 0.000, it was implied that the test is highly significant. Hence it rejects the null hypothesis (H0) and accepts the alternative hypothesis at the 95% confidence level.

The relationship between CE and consumer preference identified that the value of Pearson correlation is 0.494, which implied that there is a weak positive relationship. Since the significance of P-value 0.000, it was implied that the test is highly significant. Hence it rejects the null hypothesis (H0) and accepts the alternative hypothesis of there is a weak positive relationship between CP and consumer preference for handloom products (H2) at the 95% confidence level. According to above Table 8, it can be identified the highest relationship is having with consumer ethnocentrism and consumer preference**.**

Multiple Regression Analysis

The researcher has done multiple linear regression analysis in order to identify the impact of the variable. According to the collinearity diagnostic VIF values (CE=1.686, CP=1.686), all VIF values are less than 10. All the tolerance values (CE=593, CP=.593), are more than 0.01. Therefore, no multi- collinearity problem in regression result.

Table 9: Model summary of regression analysis

Figure	Value
R	0.740
R Square (R^2)	0.547
Adjusted R Square	0.528
Standard error of the Estimate	0.448

R-squared is a statistical measure of how close the data are to the fitted regression line. It is also known as the coefficient of determination. The R Square of the model is represented as 0.547 (table 9). Therefore, it can be identified that there is 45.3 percent of the unexplained variation in this model by independent variables. However, 0.547 is high value and it is significant, the reason is the explained variation is higher than the unexplained variation. Adjusted R Square value is adjusted for the number of variables included in the regression equation. This is used to estimate the expected variation in R Square that would not generalize to the population because the model is over-fitted to the data set by including too many independent variables. According to table 9 (0.528) adjusted R Square value is lower than the (0.547) R Square value, it indicates that the regression equation may be over-fitted to the sample and limited generalizability. The standard error of estimation is 0.448 represents that model is fitted well (mean value of consumer preference 3.7227 > standard error of estimation).

Table 11: Analysis of Variance for Multiple Linear Regression

Model	Sum of Squares	Degree of freedom	F	Sig.
Regression	12.617	1	63.242	.000b
Residual	29.526	148		
Total	42.143	149		

Source: SPSS Output from Field Information

As per the following Table 11, P value is 0000. Therefore, the statistical evidence of the model supports to accept that the model is fitted well (P value < 0.05). The total sum of square means out of total how much explained by regression and how much explained by residual. It is revealed that out of 42.143 sum of squares, 12.617 of variation can be explained by regression and 29.526 of variation of dependent variable consumer preference explained by residual. That emphasizes there are more factors towards the preference of handloom products rather than the researcher identified factors. Further, it can be confirmed since F calculated value is 63.242. It suggests that most of the variance is explained by the model because the calculated F value is greater than Table F value (F table value < F calculated value) **.**P value 0**.**000, which is less than 0**.**05, suggests that overall, the model applied can statistically significantly predict the dependent variable consumer preference. It concludes that the overall model applied can be significantly predicting the dependent variable consumer preference.

Further according to tested Normal Q-Q Plot, many residuals are distributed close to the line, therefor residuals are normally distributed. Results are more valid. And according to the mathematical approach P value of Kolmogorov-Smirnova (KS) is 0.2, the result is insignificant.

The Durbin-Watson value that tests for autocorrelation in the residuals from a statistical regression analysis (Garson, 2012). Durbin Watson test (2.096) the value is between 1.5 and 2.5, therefor residuals are independent. These values are suitable to run a regression analysis.

Using the scatter plot, researcher tested standardized residual against standardized predicted value. In plot, residuals are randomly distributed without having any predictable pattern. Therefor variance of the residual is constant. Regression result is free from heteroscedasticity problem. Model is highly valid.

Estimating the Regression Model

Table 12: Multiple Regression Analysis

Model	ß Coefficients	Standard Error	T value	Significance Value (P Value)
Constant	1.811	0.243	7.450	0.000
CE	0.530	0.067	7.953	0.000
CP	0.366	0.053	6.912	0.000

As per table 12, the constant $\beta 0$ coefficient is 1.811. The P value of the constant is 0.000 and it denotes that statistically significant at 0.05 levels of significance. $\beta 0$ coefficient value of CE states that if CE increased by one-unit, while other variables remain constant consumer preference increases by 0.530 units. Positive values of beta coefficients of CE represented that CE has a positive effect on consumer preferences. It can be further clarified that there is a significant relationship between CE and consumer preference (P value 0.000 < 0.05). Therefore, null hypothesis H0 was rejected and alternative hypothesis H1 was accepted.

Hence there is a significant relationship between CE and consumer preference for handloom products.

The coefficient value of CP states that if CP increased by one-unit consumer preference increases by 0.366. It can be further clarified that there is a significant relationship between CP and consumer preference (P value 0.000 < 0.05). Therefore, null hypothesis H0 was rejected and alternative hypothesis H1 was accepted. Hence there is a significant relationship between CP and consumer preference for handloom products. According to the above information, multiple linear regressions model can be manifested as follows by using the above information.

$$CF = a + \beta CE + \beta CP + \varepsilon,$$

Therefore, the regression equation can be elaborated as,

$$CF = 1.811 + 0.530\ CE + 0.366\ CP + \varepsilon$$

Where,
CF=Consumer Preference
a=Constant
βCE=Consumer Ethnocentrism
βCP=Consumer Patriotism
ε=error term

As per the above equation, the constant is 1.811. β0 coefficient value of CE states that if CE increased by one unit CF increases by 0.530. β0 coefficient value of CP states that if CP increased by one unit CF increases by 0.366.

Conclusion and Recommendation

According to the CETSCALE Sri Lanka handloom consumers are found be ethnocentric to the domestic handloom products, who care about their role in their country's development through their purchase of domestic handloom products. Furthermore, high ethnocentric customers displayed a high tendency to buy local handloom products than foreign handloom products. Further, it was found that higher the CE, higher the consumer preference. Ethnocentric consumers perceive that purchasing foreign-made products is wrong due to the hurt Sri Lankan businesses, it causes to the local economy damaged, creating unemployment and in this study, it is at an average level.

Research find that there is a positive relationship between consumer ethnocentrism and consumer preference (Wel, C. A.C., Alam, S. S., & Omar, N. A., 2015) and there is a weak positive relationship between CP and consumer preference for handloom products. Consumers with highly ethnocentric attitudes perceive that purchasing foreign-made products is wrong due to the damage to the country and it causes to the local economy, i.e. creating unemployment (Shimp & Sharma, 1987). Moreover, the patriotic behavior of consumer's, idea to support to the Sri Lankan handloom producers as to demonstrate allegiance to the country, emotionally attached to the country at law level, cause to this relationship.

Moreover, CE and CP have significant positive effect on consumer preference for handloom products in Sri Lanka. The highest effect is having with CE. Ethnocentrism can be a major factor of consumer's domestic handloom product preference; patriotism can be a possible resistance for Sri Lankan to purchase foreign handloom products.

Implications for knowledge

Very few studies were conducted with a focus on South Asian countries excluding India about consumer Ethnocentrism. Therefore, the findings of this study have made a considerable value addition to the existing theories and scientific knowledge relating to consumer ethnocentrism. Furthermore, previous researchers have commonly noted that highly ethnocentric customers negatively evaluated imported products. According to the findings of the present study, CE and CP have a significant and positive impact on the handloom products preference and this is conceptually consistent with previous literature. (Balabanis, G., Diamantopoulos, A., Mueller, R. D., & Melewar, T. C, 2001)

Results of this study are important for managerial decision making of business organizations that produce domestic handloom products for Sri Lankan consumers. Domestic handloom products marketers should use this relationship in marketing their products to the local market. They can apply this relationship in their integrated marketing communication campaign to attract consumer ethnocentric target groups and consumer patriotic target group for their products. This adds a competitive edge to their product categories when competing with the imported handloom products.

Recommendations and suggestions.

The handloom manufacturing firms can use nationalism promotional strategy to influence customers to have a sense of ethnocentrism and patriotism. These firms cannot bring the sense of ethnocentrism and patriotism only through nationalism promotion; they should also try their best to satisfy the local customers by narrowing the gap between local and foreign handloom products. Further the government should promote consumers to, Buy Sri Lankan products to keep reminding Sri Lankan about the importance of Ethnocentrism and Patriotism in their buying decision making. The support from Sri Lankan to buy Sri Lankan made the product will not only support the survival of Sri Lankan domestic market but also will support the development of the Sri Lankan economy.

Furthermore, If Sri Lanka had a long history of manufacturing of handloom, there are only a few outlets available to local consumers. With that, the convenience of finding handloom products is very law. Therefore, more outlets and stores can be established in Sri Lanka. Now a day there is a growing trend for using handloom products, but the handloom products prices were very expensive. To overcome this issue handloom products prices should be reasonable. When determining the price for the product should be aware the income of the specific target group. Producers can make separate pricing strategies for each product. The quality of the local handloom products should be also improved to attract persons who are addicted to

foreign products. More often handloom products like sarees are plain, because of that creative new designs and more varieties of handlooms help to attract more consumers. Most of the time handloom products were marketed to high-income, local consumers and foreigners. Because of that, marketing strategies should be expanded to local low-income consumers. Therefore, increasing awareness regarding the handloom products is crucial.

Direction for Future Research

Future researchers can test how demographic factors effect on consumer preference for products in different settings with different samples on with ethnocentrism and patriotism. In addition to that, the research in terms of the CE and CP effect on services remains rather scarce in the context of Sri Lanka. For this reason, future researchers examining this area should focus more on the services industry, in order to be able to determine if the findings from the product sector could be applied for services as well. Furthermore, the role of marketing communication strategies in developing CE and CP can be investigated in further researches.

References

Aynadis, Z. (2012). Assessment of ethnocentric behaviour of customers and their preference among domestic or international products.

Bakewell and Michelle. (2003). Variables Driving the Amount of Customized Product Features Chosen By a Consumer in the Car Market. ACR European Advances.

Balabanis, G., Diamantopoulos, A., Mueller, R. D. (2001). The impact of nationalism, patriotism and internationalism on consumer ethnocentric tendencies. *Journal of international business studies*, 157-175.

Balabanis, G., Diamantopoulos, A., Mueller, R. D., & Melewar, T. C. (2001). The impact of nationalism, patriotism and internationalism on consumer ethnocentric tendencies. *Journal of international business studies*, 157-175.

Balabanis, G., Diamantopoulos, A., Mueller, R. D., & Melewar, T. C. . (2001). The impact of nationalism, patriotism and internationalism on consumer ethnocentric tendencies. . *Journal of international business studies, 32(1), * , 157-175.

Balabanis, G., Diamantopoulos, A., Mueller, R. D., & Melewar, T. C. (2001). The impact of nationalism, patriotism and internationalism on consumer ethnocentric tendencies. *Journal of international business studies*, 157-175.

Balabanis, G., Diamantopoulos, A., Mueller, R. D., & Melewar, T.C. (2001). The impact of nationalism, patriotism and internationalism on consumer ethnocentric tendencies. *Journal of international business studies, 32(1), *, 157-175.

Bozyiğit and Akkan. (2011). A Pilot Study on Determining of Association Between Consumer Ethnocentrism With Authoritarian Rearing Practices and Purchase Intention. *Cag University Journal of Social Sciences*, 8(2),98-118.

Chryssochoidis. (2007). : Impact of country, product and product attributes on Greek consumers' evaluation of food products. European Journal of Marketing. , 41(11/12), pp.1518-1544.

Cicic, Brkic and Praso-Krupalija. (2003). Consumer animosity and ethnocentrism in Bosnia and Herzegovina: The Case of a developing country in a post-war time. pp.59-67.

Crawford and Lamb. (1981). Influence of consumer ethnocentrism on purchase intentions: case of Croatia. Ekonomska misao i praksa, (2), pp.529-544.

Cumberland, F. S.-W. (2010). The effects of consumer ethnocentrism and country of origin on Polish consumers' evaluation of foreign manufactured products. . *Journal of East-West Business*, 16(3), 231-252.

Das, M. (2015). *Consumer Ethnocentrism (CE) And Fashion Apparel Purchase: A Study With Reference To Tripura, A Small North-Eastern State Of India. Development Dynamics,*. Tripura.

Dheerasinghe, R. (2009). Garment industry in Sri Lanka challenges, prospects and strategies. Staff studies, 33(1). Druckman. (1994)). Nationalism, Patriotism, And Group Loyalty: A Social Psychological Perspective. International Studies Quarterly. p. 38(51).

Druckman. (1994). Nationalism, Patriotism, And Group Loyalty: A Social Psychological Perspective. International Studies Quarterly,. p. 38(51).

ExportDevelopmentBoard. (2015). *SRI LANKAN HANDLOOM SECTOR.* Sri Lanka: Export Development Board.

Garson, G. D. (2012). *Testing statistical assumptions. Asheboro, NC: .* Statistical Associates Publishing.

Herche. (1992). A note on the predictive validity of the CETSCALE. . *Journal of the Academy of Marketing Science,* , 261-264.

Huang, Z., Lu, X., & Duan, H. . (2012). Resource behavior measure and application in business process management. Expert Systems with Applications. 39(7), 6458-6468.

Industry Capability Report. (2015). *SRI LANKAN HANDLOOM SECTOR.* Sri Lanka : Export Development Board Sri Lanka .

Kandhahari. (2007).

Kosterman & Meshach. (1989). Kosterman, R., & Feshbach, S. *Toward a measure of patriotic and nationalistic attitudes. Political psychology,*, 257-274.

Kosterman and Feshback's. (1989). Toward a measure of patriotic and nationalistic attitudes. Political psychology,. pp.257-274.

Kotler& Keller. (2009). Marketing management: Analysis, planning, and control. Prentice Hall,.

Kucukemiroglu, O. (1999). "Market Segmentation By Using Consumer Lifestyle Dimensions and Ethnocentrism". *European Journal of Marketing,*, Vol. 33 Iss 5/6 pp. 470-487.

Kumar, V. I. S. W. A. N. A. T. H. A. N., & Shah,D. (2004). Building and sustaining profitable customer loyalty for the 21st century. *Journal of retailing*, 80(4), 317-329.

Lu Wang, C., & Xiong Chen, Z. . (2004). Consumer ethnocentrism and willingness to buy domestic products in a developing country setting: testing moderating effects,. *Journal of Consumer Marketing, 21(6)*, 391-400.

Luque-Martinez, T., Ibanez-Zapata, J. A., & del Barrio-Garcia, S. (2011). Consumer ethnocentrism measurement-An assessment of the reliability and validity of the CETSCALE in Spain. *European Journal of Marketing*, 1353-1374.

Luque-Martinez,Han. (2000,1989).

Mangnale, V. S., Potluri, R. M., & Degufu, H. (2011). A Study on Ethnocentric Tendencies of Ethopian Consumers. . *Asian Journal of Business Management,* , 241-250.

Martinez. (2000). *European Journal of Marketing,* .

Mawbima Lanka Padanama. (2017). Retrieved from http://gannaapede.lk/: http://gannaapede.lk/

Meas, T. ((2014)). *The Effects of Country of Origin Image and Patriotism on Consumer Preference for Domestic Versus Imported Beef. PhD. Diss. Agricultural Economics, University of Kentucky.*

Min Han, C. (1998). *The role of consumer patriotism in the choice of foreign products.* .

Nadiri and Tumer. (2010). Influence of ethnocentrism on consumers' intention to buy domestically produced goods: an empirical study in North Cyprus. *Journal of Business Economics and Management,*, 11(3), pp.444-461.

Renko, N., Crnjak Karanović, B., & Matić, M. (2012). Influence of consumer ethnocentrism on purchase intentions: case of Croatia. Ekonomska misao i praksa,. 529-544.

Rocha, C.M., & Fink, J.S. (2000). Patriotism, national athletes and intention to purchase international sports products. *International Journal of Sports Marketing and Sponsorship*, 57-71.

Rybina, L., Reardon, J., & Humphrey,J. (2010). *Patriotism, Cosmopolitanism, Consumer Ethnocentrism And Purchase Behavior In Kazakhstan.* Kazakhstan: Organizations & Markets in Emerging Economies.

Sainy & Jangalani. (2012). A Study On Ethnocentrism And Buying Behavior Among B-School Students Dr. Monica Sainy.

Santos, J. R. (1999). Cronbach's alpha: A tool for assessing the reliability of scales. *Journal of extension*, 1-5.

Shankarmahesh. (2006). Consumer Ethnocentrism: An İntegrative Review of its Antecedents and Consequences. *International Marketing Review*, Vol. 23 Iss 2 pp. 146-172.

Sheth, J. N., Newman, B. I., & Gross, B.L. (1991). Why we buy what we buy: A theory of consumption values. *Journal of business research*, 159-170.

Shimp and Sharma. (1987). Consumer ethnocentrism: construction and validation of the CETSCALE. *Journal of marketing research*, pp.280-289.

Shoham, A., & Brenčič, M.M. (2003). Consumer ethnocentrism, attitudes, and purchase behavior: An Israeli study. *Journal of International Consumer Marketing,*, 67-86.

Silili, E.P. and Karunarathna, A.C. (2014). Consumer Ethnocentrism: Tendency of Sri Lankan Youngsters.

Silili, EP, & Karuharathna,A C. (2014). Consumer Ethnocentrism: Tendency of Sri Lankan Youngsters. *Global Journal of Emerging Trends in and Business, Marketing and Consumer Psychology (GJETeMCP),*, 1-15.

Suifan T., A. A. (2012). *The influence on work life balance.* European Journal.

Sumner. (1906). The development of a US and generalized ethnocentrism scale.

Vassela, M. C., Fountain, P. D, & Fountain, U. K. (2010). Consumer ethnocentrism, patriotism, global openness and country of origin effect: A literature review. *In Annual Conference, Las Vegas*, (pp. (pp. 868-882)). Las Vegas.

Wall and Heslop; Sharma, Shimp and Shin. (1986). Consumer ethnocentrism: A test of antecedents and moderators. . *Journal of the academy of marketing science,*, 26-37.

Wanninayake, W. M. C. B., & Dissanayake, D. M. R. (2012). Impact of Developing Ethnocentric Brand Templates to Sustain the Local Brands-An Empirical Study. . *In Proceedings of International Conference on Business Management*, (pp. 479-490).

Wanninayake, W. M. C. B., & Dissanayake, D. M. R. (2012). Impact of Developing Ethnocentric Brand Templates to Sustain the Local Brands-An Empirical Study. *In Proceedings of International Conference on Business Management*, (pp. 479-490).

Wanninayake, W. M. C., & Chovancová, M. (2012). Consumer ethnocentrism and attitudes towards foreign beer brands: With evidence from Zlin Region in the Czech Republic. . *Journal of Competitiveness,*.

Watson and Wright. (2000). Consumer ethnocentrism and attitudes toward domestic and foreign products,. *European journal of Marketing, 34(9/10),* , 1149-1166.

Wel, C. A. C., Alam, S. S., & Omar, N. A. (2015). The Effect of Ethnocentrism and Patriotism on Consumer Buying Intention. *Conference on Business, Marketing & Information System Management (BMISM'15)*, (pp. 25-26).

Wel, C. A. C., Alam, S. S., & Omar, N. A. (2015). The Effect of Ethnocentrism and Patriotism on Consumer Buying Intention. *In Int'l Conference on Business, Marketing & Information System Management (BMISM'15)*, (pp. 25-26).

Wel, C. A. C., Alam, S. S., & Omar, N. A. (2015). The Effect of Ethnocentrism and Patriotism on Consumer Buying Intention. In Int'l Conference on Business, Marketing & Information System Management. *BMISM'15*, (pp. 25-26).

Wel, C. A.C., Alam, S. S., & Omar, N. A. (2015). The Effect of Ethnocentrism and Patriotism on Consumer Buying Intention. *In Int'l Conference on Business, Marketing & Information System Management (BMISM'15)*, (pp. pp. 25-26).

Research Article 02

A Study on the Impact of Effective Succession Planning Practices on Employee Retention of Private Business Organizations in Sri Lanka

W.A.D.N Poornima, J. Sutha, K.J.T. Perera

Department of Management Sciences, Uva Wellassa University of Sri Lanka

Abstract

In recent time business organizations have recognized an Effective Succession Planning concept as one of the key aspect of managing the employee's retention. The research was studied about an Impact of Effective Succession Planning practices on Employee's Retention with special reference to private business organizations in Sri Lanka. The researcher conducted a field survey and collect data across 100 middle- level managers in top ten private organizations according to the LMD report 2017. Standard version questionnaire was used as a data collecting technique and utilized a convenience sampling method to select the sample. Data analysis was done according to the research objectives by using descriptive statistics, correlation, simple regression, and multiple regression analysis with support of SPSS 21version. According to the data analysis results, employees were almost agreed with the existing effective succession planning practices utilized in each particular organization. Performance Goal Orientation moderator was strong positively correlate with Effective Succession Planning practices and Employees Retention. Researcher proved there is a positive impact from Effective Succession Planning practices to the Employees Retention. Management Involvement and Diversity Management are the highest and lowest contributory dimensions on employee retention respectively. Final objective resulted there is no more interaction by Performance Goal Orientation moderator to the relationship among Effective Succession Planning practices and Employee Retention. Effective succession planning practices mostly affect for the employee retention and researcher suggested managers to select a most appropriate type of succession practices in business context. The results provide various implications for fill the knowledge and empirical gap within the research context. Finally, it will contribute the top level managers and as well as future researchers in the same research area.

Key Words: Employees Retention, Effective Succession Planning Practices, Performance Goal Orientation

Introduction

Human Resource Management is a process of planning, organizing, directing and controlling valuable human asset to achieve an individual, organizational and social objective (Flippo, 1976). It is concerned about the people dimensions in management. Every organization

requires human resource management to recruiting proper people, acquiring services from them, developing their skills and motivating them. Base on motivation; employers able to gain high performance, high involvement, and high commitment from employees for the purpose of achieving organizational ultimate objectives and goals. Human resource management comprises a collection of human capital coordinating functions such as Recruiting, Selection, Human Resource Planning, Training & Development, and Performance Management etc. According to (Bhattacharyya, 2009) Human Resource Planning is a one of major function in the human resource management content. It is defined as a unique approach that the employer is taken to identify and select the right people for the right job within the organization. According to literature succession planning is a most valuable and effective technique that used by organizations to manipulate the human resources planning function. According to (Charan et al., 2001) Succession Planning defines as a formal process executed by organizations for identifying and develops proper internal people to become leadership positions in their organization. It primarily aims to develop suitable and potential managers to fill staff vacancies which are created by future immediate leaves of employees. Ultimately, it directly contributes to improving employee retention rate in an organizational context.

According to (Abbasi & Hollman, 2000) Employee retention explore as an ability to retaining staff pool or the practice of reducing employee's turnover within an organization. The literature says employee turnover is a huge cost for the organization. The further it adds bad effects on the organizational competitive advantage and future success. Furthermore, according to the literature retention strategies refer to policies and practices utilized by organizations to satisfy the diverse needs of an employee. Satisfaction encouraged employees to stay long-term with an organization. Based on actual practices employee retention become one of the most critical issues of workforce management in an immediate future. Base on the research reviews, high staff turnover rate is especially at senior level management as a result of the shortage of specialists and low remuneration. It usually takes a long time to fill senior position vacancies due to the scarcity of competent managerial skills. As a result of explorations, organizations should attempt to prepare a succession plan including such practices to retain talented employees. But the implementation of succession planning is limited in today as a result of more flexible and rapidly changing business environment. Therefore succession planning techniques become outdated as soon as they are made.

In the recent, there are a significant number of empirical studies held which focus on the relationship between succession planning practices and staff retention. (Chepkwony & Oloko, 2014) (Eshiteti et al., 2013) studies have reported contradictory findings with a positive or/ and negative relationship among succession planning practices and staff retention. Locally, there are no published studies done in the Sri Lankan context on a similar topic. So this study is an attempt to fill the knowledge gap and empirical gap in the present research context. Therefore, drawing from these gaps researcher develop primary research question as identifying the nature of effective succession planning practices and employee retention in Sri Lankan organizational context. Secondarily, the researcher took an effort to prove the relationship between effective succession planning practices and employee retention. Thirdly,

the researcher explores how effective succession planning practices impact to employee retention. Thereafter researcher intends to determine the relative contribution of effective succession planning dimensions to employee retention. Finally, the researcher determines how performance goal orientation enhances the relationship between effective succession planning practices and employee retention within the Sri Lankan business organizational context.

Literature Review

Employee Retention

According to (Nazia and Begum, 2013), employee retention concept characterized as business push which taken by employers to stable the present staff by fulfilling a steady workplace. It is used to keep most talented and valuable workers without leave or turnover from the organization. According to (Abbasi and Hollman, 2000) turnover concept detailed as the circulation of employees among different organizations as well as occupations. Reduction of turnover rate was theoretically implying the increment of staff retention rate. Retention of a talented human asset creates the same value for employees as well as an organization. According to (Tews at el. 2014) the positive internal work events were negatively related with the staff turnover. Sure enough, it positively impacts on the promoting employee retention. Most probably dissatisfaction of work environment intends employees to switch to another organization with expecting a better opportunity than the current position. Therefore retention of valuable, talented, innovative and important employees comment as a key challenge for employers.

Effective Succession Planning Practices

In according to (Eshiteti et al., 2013) it is struggled to fill vacancies at the management level as a result of deep dissatisfaction among employees. According to (Groves, 2007) best organizations effectively integrate with both leadership development practices and succession planning practices. (Armstrong and Taylor, 2014) describe management succession planning as a process of developing capable managers to fill managerial vacancies within the organization. Traditionally succession planning defined as a formal process which contributes to developing a pool of talented management. According to (Groves, 2007) effective integration of the leadership development and succession planning process can optimize the utilization of managers and supportive organizational culture. According to (Ibarra, 2005) succession planning provides a long-term and strategic view of future talent needs to employees. Furthermore, succession planning ensures the stability and availability of management as well as promoting employees through positive organizational culture.

The relationship between Effective Succession Planning Practices and Employees Retention

According to (Chepkwony, 2012) there is a direct link available amidst talent management practices, succession planning and corporate strategy among commercial banks in Kenya. (Eshiteti et al., 2013) was concluded succession planning programs were positively affected on staff retention amongst sugar companies in Kenya. The further they concluded more employees had high job satisfaction because of the succession planning process which was created hope for being next line manager. (McCormick and Machuki) a finalized relationship between succession strategy and performance of the SME s in Kenya is not conclusive to establish a clear causal relationship. According to (Nyamekye, 2012) there is a study on the impact of motivation on employee retention at Standard Chartered Bank in Ghana. They concluded that more of the workforce had no intention to leave the organization as a result of successful long-term career succession plans. According to (Nyagah) human resources planning, career management, performance management, counseling, coaching, mentoring was the effective succession practices which are used in organizational context and promote to enhance the performance in the ministry of public administration in Kenya. As above; the literature proves succession planning dimensions contribute employees to stick within current organizations.

Performance Goal Orientation

According to Locke and Latham (1990), Goal setting theory was defined as an individual disposition toward developing or validating one's ability in achievement settings. The central objective was to use as the immediate regulator of human action, guiding direction, and persistence of task-related behavior. Performance goal oriented individuals primarily seek to gain favorable judgments or avoid negative judgments through their current task performance level (Colquitt & Simmering, 1998). (Elliott & Dweck, 1988) says individuals with a performance goal orientation view challenging situations as a chance for an ability judgment, instead of a learning opportunity.

Private Business Organizations

The private business organizational sector becomes more competitive than government (public) sector in Sri Lankan business context. As a result of that; private organizations detailed as a backbone for the Sri Lankan economy. Based on the above statement, private sector employees have to play a major role to maintain a flexible economic position of the overall country. Therefore, talented employee retention has become the very widespread and prominent current issue for human resource professionals around the world. It is very urgent to retain valuable employees for the purpose of gain competitive advantage and sustainable development in an organization. Hence, this study was attempted to find the impact of effective succession planning practices on employee retention with special reference to private business organizations in Sri Lanka.
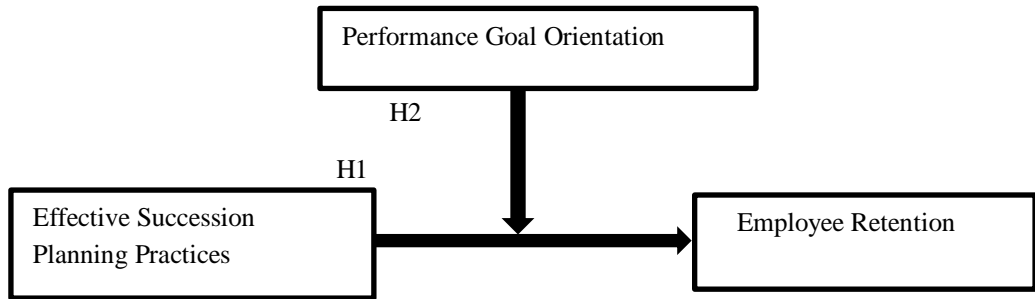
Conceptual Framework

Figure 01: Conceptual Framework

Hypothesis Development

H1: There is a relationship between effective succession planning practices and employee retention

H2: Strength of a relationship between effective succession planning practices and employee retention further strong by the interaction of performance goal orientation

Methodology

The field of the study was based on private business organizations in Sri Lanka. The researcher was used Deductive approach and Quantitative research design for executing the research study. The research results were measured with numbers and analyzed with statistical procedures. None of the research variables are controlled or manipulated, so study flows under a non-contrived category. A questionnaire was prepared according to the research objectives and research questions. Data were collected under a cross-sectional method for the research study. The researcher has utilized the collected data to carry out the study. Finally, data were analyzed by using SPSS 21 version data analyzing package in order to achieve the research objectives. The population was employees of the private business organizations in Sri Lanka. A sample selected through convenience sampling technique by the researcher. A sample includes 100 middle-level managers in top ten private business organizations according to LMD report 2017. They were John Keels Holdings, MAS Holdings, Dialog Axiata, Commercial Bank, Hayley's Group, Unilever Sri Lanka, Hemas Holdings, Sampath Bank, Brandix Lanka, and Aitken Spence. The primary data was collected through standard version existing questionnaire and secondary data were collected from a central bank report, business magazines, articles, research journals, abstracts, and related books. The researcher utilized Descriptive Analysis, Karl Pearson Correlation Analysis, Simple Regression Analysis, Multiple Regression Analysis and Moderating Analysis to analyze the data according to achieve the research objectives.

Analysis and Findings

The collected data was easily understandable and analyzed in order to achieve research objectives. Firstly, the Reliability Test was done by the researcher. Its Cronbach's alpha coefficient was 0.986. Therefore the result was concluded that the internal reliability of the research instrument is very good.

Table 01: Descriptive statistics based on research results

Variables	Mean	SD	Skewness	Kurtosis
Effective Succession Planning Practices	4.35	0.79	-1.64	1.66
Employee Retention	4.17	0.90	-1.25	0.12
Performance Goal Orientation	4.23	0.92	-1.37	0.40

To achieve the first objective; Descriptive Statistics were used by the researcher and statistical results generated as above table. Mean value of research variables were flowed in between 4.17 to 4.35 ranges. Therefore the researcher concluded employees are responded in almost agree level to the study (3.5 <x<5 range). Standard deviation statistics were scattered between 0.79 & 0.92. Skewness and the Kurtosis value flows in between -2 to +2. Therefore, the values are in the acceptance level. Therefore the researcher's findings were valid and successfully achieved the objective.

Table 02: Correlation statistics based on research results

Variables	Correlation Coefficient	Significance Level
Effective Succession Planning Practices and Employee Retention	0.79	0.00
Employee Retention and Performance Goal Orientation	0.84	0.00
Effective Succession Planning Practices and Performance Goal Orientation	0.74	0.00

To achieve the second objective researcher used Correlation Analysis. According to the above results, mainly the researcher concluded there is a strong positive relationship between Effective Succession Planning Practices and Employee Retention. Additionally, the researcher found Performance Goal Orientation variable having a positive relationship with both two Effective Succession Planning Practices and Employee Retention variables. Through the past literature main relationship between Effective Succession Planning Practices and Employee Retention was already proved (Chepkwony, 2012) (Eshiteti et al., 2013). Hence, the research findings were valid and researcher successfully achieved the objective.

According to 3rd objective, the researcher determines how Effective Succession Planning Practices impact on Employee Retention. The researcher was done 06 assumptions relevant to the Regression Analysis to realize the objective. The researcher found there is no heteroscedasticity problem and the residuals are independent in the in research model. The further, the researcher concluded data are normally distributed and ensures that the regression model does not have any multi-collinearity problems. Hence, the research model is highly validated. According to the statistical results, all variables have satisfied with regression assumptions.

$$ER = 0.258 + 0.900\ ESPP + Ɛ$$

Table 03: Regression statistics based on research results

Model	B	Standard error	T-value	P-value
Constant	0.258	0.304	0.849	0.398
ESPP	0.900	0.069	13.114	0.000

Base on the research findings simple regression equation constructs as above. In accordance with regression equation, +0.258 is constant. It means the value of employee retention when the effective succession planning practices are at zero levels. Furthermore, the coefficient of effective succession planning practices was 0.900. It interprets the average amount of changing employee retention; due to one unit change in effective succession planning practices. Therefore, the researcher has completely achieved the third objective.

Table 04: Regression statistics based on research results

Figure	Value
R	0.798
R Square	0.637
Adjusted R Square	0.633
Std. Error of the Estimates	0.54512

Table 05: Regression statistics based on research results

Model	DF	Mean Square	F Value	P Value
Regression	1	51.100	171.966	0.000
Residual	98	0.297		
Total	99			

According to a model summary, the researcher was implied effective succession planning practices and employee retention were strongly associated with each other. Based on the coefficient of determination; explores 64% has been covered by this research model and finalized the model was nicely fitted for the context. According to the ANOVA table, the null hypothesis (H0) is rejected and the alternative hypothesis (H1) was accepted. It illustrates that

the regression is a meaningful and overall model can be applied statistically predict the dependent variable.

Table 06: Regression statistics based on research results

Dimensions	B Coefficient
Human Resource Planning	0.811
Talent Management	0.778
Career Management	0.841
Performance Management	0.752
Training and Development	0.753
Management Involvement	0.850
Reward Management	0.751
Diversity Management	0.688

The fourth Objective was attempted to determine the relative contribution of effective succession planning dimensions on employee retention. The researcher has selected eight main dimensions in research context as mention in below. There was the highest contribution as 0.788 provided by management involvement and lowest contribution as 0.649provided by diversity management respectively. The further, the researcher concluded all the eight dimensions relatively contribute to the employee retention dependent variable. Therefore, the researcher has completely captured the fourth objective.

Table 07: Multiple Regression statistics based on research results

Model	B	R Square	R Square Change	P-Value
Constant	0.363	.403		.403
ESSP	0.375	.000		
PGO	0.524	.000		
Moderator	-0.049	0.778	0.000	.298

According to the 05th objective; researcher was taken attempt to identify the moderating role of performance goal orientation concept on the relationship between effective successions planning practices and employee retention. Below table shows the results of multiple regression analysis methods for how to produce the moderating impact among relevant variables. B Coefficient of a performance goal orientation moderator resulted -0.049 at 0.298significant level. This interprets there is no moderating association between employee retention and performance goal orientation moderator but respective results were insignificant. It was not affected to decrease or increase the impact of effective succession planning practices on employee retention. Performance goal orientation shows a 0.524 positive B coefficient at 0.000 significance level. It can be accepted but the researcher found the moderator was negative and insignificant. According to the results, 78% has been covered by the particular model.

Significance and Limitations

The role played by the private business organizations is vital for the development of the Sri Lankan economy. Top ten private companies are a more prominent sector in the selected population. The result of the study generates useful information to the private business organizations in Sri Lanka. In detailed, the results found the necessity of improving employee's career development for their successful future. Especially findings contribute to the enhancement of talented human resource base within an organization. According to the study, executives will able to retain valuable employees over a long period without immediate leaves and create talented employees pool for future requirements. Researcher explores there are eight main succession dimensions available, which mostly contribute to encouraging the employee's retention. Additionally, existing literature was not considered about the moderating effect of performance goal orientation for effective successions planning practices and employee retention. Therefore the research study contributes to filling the knowledge and empirical gap.

Research findings depend on 100 employees from top ten private organizations in Sri Lanka according to LMD report in the year 2017. Primary data was gathered through standard version questionnaire. Therefore, the study was mainly based on the reliability of information which given by each respondent. Secondary data gathered from different sources such as central bank report, business magazines, articles, journals, research articles, and related books etc. Hence, it took more time to gather primary data and search for further information relevant to the research variables. Primarily it was a more difficult scenario to take appointment from well reputed top ten private business organizations for the data gathering purpose. It creates huge conflict against a limited time frame.

Conclusion

Base on demographic factor analysis the researcher has concluded Male middle- level managers are available more than Female middle- level managers in private business organizations in Sri Lanka. In according to Central Bank Report 2017 it explored labor force participation as 74.5% Male and the female was 35.5%. Its proved male category labour participation is higher than female category. The researcher found most of their age range was flows between 36 to 45 years old. Annual Employment Survey 2016 explores that most of the managers are in between age 18-54 (84.6%). The further, Census of Public and Semi-Government Sector Employment 2016 preliminary report concluded more managers are in between age 30-55 (77.4%). Based on the results their whole work life service experience was 11 years to 15 years most probably. Majority of managers are continuing their current position between years 6 to 10. So based on literature evidence research findings was highly acceptable.

According to the descriptive statistics, the researcher demonstrated that employees who are working in private business organizations are almost agreed with their organizational effective succession planning practices. Based on the result effective succession planning practices and

employee retention are positively correlated with each other. So first research hypothesis (H1) was strongly accepted a base on the relevant finding. Furthermore, the results concluded there is a favorable positive impact from effective succession planning practices to employee retention. It's implied when effective successions planning practices is increasing, there having a possible for increasing the employee retention in the private business organizations in Sri Lanka. Past literature proved; there is the direct link between talent management practices, succession planning and corporate strategy among commercial banks in Kenya (Chepkwony and Oloko, 2014) and (Eshiteti et al., 2013) explored there are positive effects of succession planning programs on staff retention amongst sugar companies in Kenya.

Additionally, the researcher explored there are eight main dimensions available for contribute to the employees' retention such as Human resource planning, Talent management, Career management, Performance management, Training and development, Management involvement, Reward management, and Diversity management. Throughout dimensions management, involvement and diversity management provides the highest and lowest contributions respectively. In literature (Nyagah) found human resources planning, career management, performance management, counseling, coaching, mentoring and promotion as the succession dimensions which mainly effects to enhance the performance of the ministry of public administration in Kenya. Finally, the results proved the strength of a relationship between effective successions planning practices and employee retention was not further strong by the interaction of performance goal orientation moderator in the Sri Lankan private business organizations. Therefore the researcher was able to reject the second hypothesis (H2) as well as not accepted final research objective. Researcher conceptualizes reasons for the above non-moderating effect. Employees in the private business organizations are most probably accepted performance avoidance concept. Because literature explores most of the Asian people were align with performance avoidance. They were intending to accept learning goal orientation and not much accept performance goal orientation concept. Additionally, private organizational employees were not much concern about succession practices. As a reason; they become key positions within an organization based on seniority or favoritism promotions by top managers. Therefore, there is no more evidence to prove this non-moderating impact from literature. Ultimately, the researcher has successfully achieved the first four research objectives as conceptualized. But the final objective was not achieved and the researcher builds up flexible reasons for that non-moderating impact.

Implications

The findings of the study are more useful for private business organizations as well as for the public sector in Sri Lanka to improve their succession practices for better employee retention. Those findings are helpful for the human resource managers to make their decisions regarding the human resource field. Governing body has a responsibility to retain the employees that they have to work for the betterment of the organization. The further, help organization to achieve their goals to become the outstanding position in the economy. There are many implications can develop through the results founded by the researcher. It is intended to

establish different succession practices directly support to motivate the employees for long-term retention. It helps to create valuable and talented internal and external employee pool for future requirements of an organization. Researcher detailed the career management programs and developing future career ladders to fulfill the performance gap of employees within an organization. Results implied it is more required to execute talent reviewing activities and diversified recruitments with paying high management involvement in the business organization. The researcher found it's needed to provide adequate benefits and compensations to create a positive attitude and discretionary behavior on employee's mind to be goal oriented and value creation to perform the job effectively and efficiently. Further top management able to create performance goal oriented working environment with full assurance of employability. It creates empowered employees within an organization. Finally, it is able to achieve employee's personal goals as well as organizational objectives. Ultimately, contribute future researchers to add value to the same selected topic by differentiating area, variables, and reference sector.

References

Abbasi, S. M. & Hollman, K. W. 2000. Turnover: The Real Bottom Line. Public Personnel Management, 29, 333-342.

Allen, D. G. 2008. Retaining Talent: A Guide to Analyzing and Managing Employee Turnover. Shrm Foundation Effective Practice Guidelines Series, 1-43.

Anyika, L. K. 2012. Percieved Relationship between Pyschological Contract and Employee Turnover at Barclays Bank of Kenya. University Of Nairobi: Unpublished Mba Project.

Armstrong, M. 2009b. Armstrong's Handbook of Human Resource Management Practice 11th Edition.

Armstrong, M. & Taylor, S. 2014. Armstrong's Handbook of Human Resource Management Practice, Kogan Page Publishers.

Balasubramanian, S. & Raja, M. V. A. J. 2010. Hrm Practices of Indian Software Organization. Ijm, 1, 76-79.

Bhattacharyya, D. K. 2009. Human Resource Planning, Excel Books India.

Charan, R., Drotter, S. & Noel, J. 2010. The Leadership Pipeline: How To Build The Leadership Powered Company, John Wiley & Sons.

Chepkwony, C. C. & Oloko, M. 2014. The Relationship between Rewards Systems and Job Satisfaction: A Case Study at Teachers' Service Commission-Kenya. European Journal of Business and Social Sciences, 3, 59-70.

Chepkwony, N. K. 2012. The Link between Talent Management Practices, Succession Planning and Corporate Strategy among Commercial Banks in Kenya.

Colquitt, J. A. & Simmering, M. J. 1998. Conscientiousness, Goal Orientation, and Motivation to Learn During the Learning Process: A Longitudinal Study. Journal of Applied Psychology, 83, 654.

Eshiteti, S. N., Okaka, O., Maragia, S. N., Odera, O. & Akerele, E. K. 2013. Effects of Succession Planning Programs on Staff Retention. Mediterranean Journal of Social Sciences, 4, 157.

Flippo, E. B. 1976. Principles of Personnel Management, Mcgraw-Hill.

Gerhardt, M. W. & Brown, K. G. 2006. Individual Differences in Self-Efficacy Development: The Effects of Goal Orientation and Affectivity. Learning and Individual Differences, 16, 43-59.

Groves, K. S. 2007. Integrating Leadership Development and Succession Planning Best Practices. Journal of Management Development, 26, 239-260.

Hsieh, W. 2008. A Study On The Relationship Between Continue Leaning Culture, Learning Motivation And Self-Efficacy— The Moderating Effect Of Goal Orientation And Learning Effectiveness.

Ibarra, P. 2005. Succession Planning. Public Management, 87, 18-24.

Ibrahim, D. S. 2015. Determinants and Strategies of the Retention of Uae Nationals in the Islamic Banks Based In the United Arab Emirates. Iosr Journal of Business and Management, 17, 31-40.

Kataike, S. 2013. Relationship between Talent Management and Employee Retention in Commercial Banks in Kenya. Unpublished MBA Thesis. University Of Nairobi, Kenya.

Kim, T. T. & Lee, G. 2013. Hospitality Employee Knowledge-Sharing Behaviors in the Relationship between Goal Orientations and Service Innovative Behavior. International Journal of Hospitality Management, 34, 324-337.

Mccormick, J. M. D. & Machuki, P. K. O. V. Succession Strategy and Performance of Small and Medium Family Businesses in Nairobi, Kenya.

Nazia, S. & Begum, B. 2013. Employee Retention Practices In Indian Corporate–A Study of Select Mncs. International Journal of Engineering and Management Practices, 4, 361-368.

Nyagah, F. W. Signed: _ Date: _.

Nyamekye, F. 2012. Impact Of Motivation On Employee Retention: A Case Study Of Standard Chartered Bank Ghana Limited.

Ramlall, S. 2004. A Review of Employee Motivation Theories and Their Implications for Employee Retention within Organizations. Journal of American Academy of Business, 5, 52-63.

Renwick, D. 2003. Line Manager Involvement in HRM: An Inside View. Employee Relations, 25, 262-280.

Salaman, G. 2014. Relationship between Succession Planning Practices and Employee Retention in Large Media Houses in Kenya. Unpublished Dissertation. University Of Nairobi: Kenya.

Sandhya, K. & Kumar, D. P. 2011. Employee Retention by Motivation. Indian Journal of Science and Technology, 4, 1778-1782.

Schuler, R. S. 1992. Strategic Human Resources Management: Linking the People with the Strategic Needs of the Business. Organizational Dynamics, 21, 18-32.

Shanghvi, I. Employee Retention Strategies.

Thomas, R. 1992. Beyond Race and Gender: Unleashing the Power of Your Total Workforce by Managing Diversity, Amacom.

Torrington, D., Hall, L., Taylor, S. & Atkinson, C. 2011. Strategic Human Resource Management. Human Resource Management, 57-76.

Vandewalle, D., Cron, W. L. & Slocum Jr, J. W. 2001. The Role of Goal Orientation Following Performance Feedback. Journal of Applied Psychology, 86, 629.

Wangethi, M. 2009. Factors Affecting Talent Management At Nation Media Group. Strathmore University.

Research Article 03

Emotional Intelligence and its Impact on Entrepreneurial Intention; the Role of Psychological Capital as a Mediator (With Special Reference to Entrepreneurial Undergraduates of Sri Lanka)

Fathima Nuha, Fasana Sanoon

Department of Management Sciences, Uva Wellassa University, Sri Lanka

Abstract

Entrepreneurship plays an important role in economic prosperity and social stability of any country. Fostering entrepreneurship among students has become an important topic worldwide. Dependent mentality of students that has been anchored in the minds from the initial stage is a huge hindrance for entrepreneurship within the country. Universities have amended the curriculums and have taken measures to enhance an entrepreneurial culture, but the outcomes seems to be very slow. Even though this study and the previous studies reveal that a higher percentage of Undergraduates are willing to be entrepreneurs, there is a very low evidence that at least a majority of them have pursued their career as entrepreneurs after graduation. This study identifies the emotional intelligence and its impact on entrepreneurial intention with psychological capital as a mediator with special reference to entrepreneurial undergraduates of Sri Lanka. A sample of 160 undergraduates of the four main entrepreneurship degree offering universities were selected in terms of stratified sampling. Primary data were collected by using a structured questionnaire. Researcher found that there is a significant relationship between emotional intelligence and entrepreneurial intention, a positive and a significant relationship of psychological Capital with emotional intelligence and with entrepreneurial intention. It is clear that, Entrepreneurial undergraduates should be given proper exposure to engage themselves in activities that enhance their emotional intelligence and psychological capital that creates a mental stability to cope with challenges and to pursue their entrepreneurial intentions. This study provides an insight for the policy makers and academics to a novel direction of the curriculum.

Keywords; Emotional Intelligence, Entrepreneurial Intention, Psychological Capital, Undergraduates

Background of the Study

All societies need new entrepreneurs to fuel economic growth, for entrepreneurs have an important function in the economy (Moriano, Gorgievski et al. 2012).

33

In Sri Lankan context, there is a population of 20 million and a workforce of around 8 million, but less than 4% own business which is a stark contrast to many countries across the world which have created a vibrant entrepreneurship culture. If Sri Lanka is to fast track development it has to increase the four percent entrepreneurs to around 40 percent as in advance countries where 30 to 40 percent of the labour force have their own business, Prof. Karunarathne stated in Sunday observer (2015).

Further he had stated that free education, healthcare with nutritional programs from primary to tertiary education level have instilled the attitude of dependence among students. The students, even after having graduated demand jobs from the Government as if it is duty-bound to provide employment to them. They need to get out from the dependence mentality which is a huge hindrance to entrepreneurship and focus on developing occupational skills that will pave the way for career enhancement and higher prospects in life.

It is unfortunate that even in university level, the demand for entrepreneurship education is low as students stuck to the attitude of becoming a professional. However studies reveal that student interest in entrepreneurship as a career choice is growing (Brenner 1993), (Kolvereid 1996) while interest in professional employment in businesses is declining

The study by (Autio, Keeley et al. 1997) investigated entrepreneurial intention of university students in various cultural contexts indicated that the encouragement from university environment affects the entrepreneurial confidence of university students.

But the study done by (Wang and Wong 2004) pointed out that entrepreneurial dreams of many students are hindered by inadequate preparation of the academic institution. As such, the question is no longer whether or not entrepreneurship should be taught, but what and how it should be taught.

Entrepreneurship education, needs a different teaching pedagogy in which entrepreneurship education is linked to work-related learning (Dwerryhouse 2001), experiential learning (Kolb and Kolb 2005), action-learning (Smith, 2001) and entrepreneurial training (Gibb 1999). The school and education system also play a critical role in identifying and shaping entrepreneurial traits (Ibrahim and Soufani 2002).

This is mainly because apart from entrepreneurial knowledge, it is fundamental for an individual to possess entrepreneurial attributes which create a psychological stability within them in order to face challenges on the path of pursuing entrepreneurial intention.

Emotional intelligence is the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions. Studies have found that emotionally intelligent individuals are more likely to engage in innovative entrepreneurial activities, and tend to have higher affectivity, informing creative dispositions and facilitating innovation, which are key aspects of entrepreneurship. Ahmetoglu et al. (2011) (Mortan, Ripoll et al. 2014)The findings of (Staw, Sutton et al. 1994)

and Eljadi (2007), show that emotionally intelligent employee carries psychological stability to understand not only his own emotions, but also the emotions of others.

Successful entrepreneurs must possess a high degree of mental hardiness in order to persist and make effective strategic decisions. Studies have conceptualized such mental hardiness in terms of psychological capital—defined as psychic resources that can be drawn from in order to meet the emotional challenges of the moment (Csikszentmihalyi 2004). Entrepreneurship scholars have found that self-efficacy is positively associated with the intention to become an entrepreneur (Segal, Borgia et al. 2005) which is a dimension of psychological capital.

It is clear that starting and growing a successful business takes lots of hard physical and emotional work to get the job done. Therefore it is importance to develop entrepreneurial-traits within the undergraduates through proper entrepreneurial education which may answer the question 'why the undergraduates who follow entrepreneurship oriented degree programs at Sri Lankan Universities do not become entrepreneurs'.

Problem Statement

Fostering entrepreneurship among students has become an important topic for universities, government agencies and research academicians as well. Studies have confirmed the presence of enormous potential in universities graduates for improving and contributing towards entrepreneurial development of the country (Mohd Noor 2009, Alam and Noor 2009, Seyed and Hyder 2011). Educational support through professional education in universities is an efficient way of obtaining necessary knowledge about entrepreneurship. Results from collegiate level empirical studies demonstrate that entrepreneurship can be taught and that entrepreneurial attributes can be positively influenced by education programs (Gorman, Hanlon et al. 1997).These studies reveal that apart from Entrepreneurial education, the undergraduates should be empowered with psychological competencies.

A study shows that positive psychological capital and emotional intelligence of an employee have emerged as most effective and powerful variables for his work outcomes. (Swati, 2015) (Mittal and Dhar 2015). Recent researches in this area also presents the view that people with high emotional intelligence are more likely than less emotionally intelligent people to gain success in the workplace (Goleman, 1995; Bar-On et al., 2000). Further (Snarey and Vaillant 1985) have found that work performance was influenced more by individuals' abilities to cope and manage emotions, handle stress and frustration, and get along with other people. This enable individuals to bounce back in the face of any challenge and to achieve their desired intention.

By investigating on these concepts, it is clear that there is a link of emotional intelligence on undergraduate's intention to become an entrepreneur. Further Entrepreneurship scholars have found that self-efficacy is positively associated with the intention to become an entrepreneur (Chen et al., 1998; Segal et al., 2005) and actual new independent organization creation (Krueger & Brazeal, 1994) which is a component of psychological capital. This shows an

impact of psychological capital towards the relationship between emotional intelligence and entrepreneurial intention.

However there are very limited researches that relates and links entrepreneurial intention, emotional intelligence and psychological capital. Therefore this study will focus on emotional intelligence and its impact on entrepreneurial intention considering psychological capital as a mediator.

Research Objectives

To identify the relationship between Emotional intelligence and Entrepreneurial Intention.

To identify the relationship between Emotional intelligence and Psychological Capital.

To identify the relationship between Psychological Capital and Entrepreneurial Intention.

To identify the mediating relationship of Psychological Capital between Emotional intelligence and Entrepreneurial Intention.

Literature Review

Entrepreneurial Intention

The intention is defined as a conscious state of mind that direct attention towards a specific goal. (Gartner, Bird et al. 1992). Entrepreneurial Intention which is addressed throughout the study is defined as "the readiness to start a business, with risk taking propensity, locus of control and attitudes toward self-employment as predictors. (Lüthje and Franke 2003).

Studies reveal the fact that people with high emotional intelligence competencies are more likely than less emotionally intelligent people to gain success in the workplace (Goleman, 1995; Bar-On et al., 2000).

Positive emotions also influence an entrepreneur's ability to turn past experiences into present solutions through heuristic processing (Baron, 2008), and to deal effectively with the persistent stress (Carver & Scheier, 2001) that often plagues entrepreneurs. This indicates the importance of exposing entrepreneurial undergraduates to activities that triggers their emotional competencies.

Emotional Intelligence

Business establishments have realized that to excel in today's competitive world, they need people who are not only academically sound but also are emotionally intelligent.

Through emotional intelligence person can hurdle their personal, educational, occupational, health, social and coexistence in a success way. (Viruell-Fuentes, Miranda et al. 2012). High emotional intelligence promotes an individual's interpersonal relations, emotional regulation

and ability to work under pressure and handle changes in the structure and function of their working environment.

In 1998 Goleman has expanded the definition of emotional intelligence as "the capacity for recognizing our own feeling and those of others, for motivating ourselves and for managing emotions well in ourselves and our relationships"

In 2001 Goleman further developed his emotional intelligence model which is used in this study as it is widely recognized, well tested and a validated model.

Table 01; Goleman's (2001) Model of EMI

Emotional Intelligence Dimensions	Emotional Competencies
Personal Competencies	
Self-awareness	Emotional awareness, accurate self-assessment, self confidence
Self-management	Self-control, adaptability, trustworthiness, conscientiousness, achievement drive, initiative,
Social Competencies	
Social-awareness	Empathy, service orientation, organizational awareness
Relationship Management	Developing others, influence, communication, conflict management, leadership, change catalyst, building bonds team work and collaboration

Salvador (2008) has demonstrated the fact that emotional intelligence can influence the perception of entrepreneurial self-efficacy. He also has found out that some dimensions of emotional intelligence have a significant positive relationship with entrepreneurial self-efficacy which is a dimension of psychological capital.

Several studies also have found that high emotional intelligence is related to greater well-being and is associated with better psychological functioning. (Austin et al., 2005).

Psychological Capital

At the end of the 1990's, positive psychology was introduced with the help of research conducted by Prof. M. Seligman and his colleagues in the field of organizational behavior. The term "positive psychology" led to the "Positive Organizational Behavior" approach, which sought to measure, develop, and manage people's strengths and psychological core meanings rather than focusing on their weaknesses [Luthans , Youssef, 2004].

Many researchers have contributed in the field of psychological capital in order to measure its dimensions of it. In this research the contribution by Luthans et al. (2007) is considered to measure the psychological capital.

Table 02; Luthans et al.(2007) model of PsyCap

Self-efficacy	Dealing with the challenges.
Hope	being full of determination
Optimism	positive expectations for the future success
Resiliency	accomplishment in spite of obstacles

Positive psychological capital is determined as a key factor to achieve the goals, sustainable psychological well-being, and satisfaction both in life and job of an individual. (Hmieleski and Corbett, 2006)

Studies reveal that entrepreneurship education, needs a different teaching pedagogy in which entrepreneurship education is linked to work-related learning (Dwerryhouse, 2001), experiential learning (Kolb, 1984), action-learning (Smith, 2001) and entrepreneurial training (Gibb, 1999) which helps to build the psychological stability of the individual.
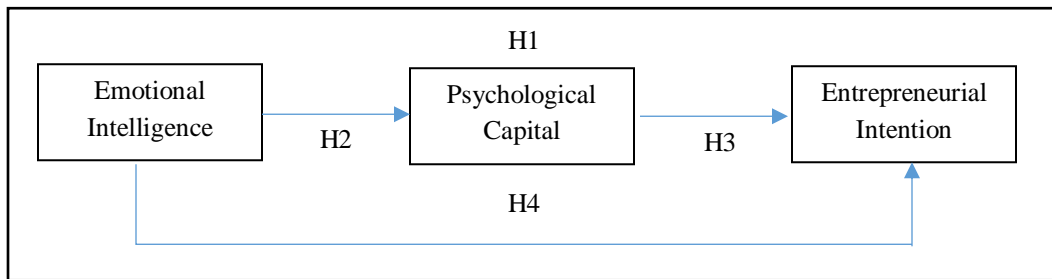
Conceptual Framework

Figure 01; Conceptual Framework

Based on previous findings, the following hypotheses are proposed

H1: There is a positive relationship between Emotional Intelligence and Entrepreneurial intention

H2: There is a positive relationship between Emotional Intelligence and Psychological Capital

H3: There is a positive relationship between Psychological Capital and Entrepreneurial intention

H4: There is a mediating relationship of Psychological Capital between Emotional intelligence and Entrepreneurial Intention

Methodology

The population of this study comprises with entrepreneurship undergraduates of universities that provide entrepreneurial degree programs in Sri Lanka.

From the population of entrepreneurship undergraduates, 160 entrepreneurship undergraduates from the faculty of Management are selected as the sample from Uva Wellassa University, Sri Jayawardenepura University, University of Kelaniya and the Ruhunu University which provides entrepreneurship oriented degree programs in Sri Lanka.

Twenty 4th year undergraduates and twenty 3rd year undergraduates are selected from each university by capturing 80 respondents from each year from all four universities respectively.

Researcher followed stratified sampling method as the sampling technique to select respondents as it is mostly suitable.

Profile of the Sample

The researcher used the descriptive techniques for analyzing the demographic characteristics of respondents to identify the overview of the sample with the statistics of distribution of age, the distribution of gender, distribution of number of siblings, distribution of preference to own a business, distribution of nationality, distribution of year of study and distribution of the university.

Data Collection Instrument

Self-Assessment is widely used in the field of entrepreneurship to determine individuals' entrepreneurship attitudes. Therefore the primary data for this study were collected through a survey by self-administered questionnaire.

The questionnaire consists of 02 sections of questions. Section one of the questionnaire includes seven structured questions about the demographic characteristics including the Age, Gender, number of siblings, preference to start a business, nationality, year of study and the name of the university.

Check boxes were used to gather data regarding the demographic factors. Five point Likert Scale Questions were used to collect true and correct data for the dependent, independent and mediating variables. The ranges are as follows.

5 = Strongly Agree 4 = Agree 3 = Moderately Agree 2 = Disagree 1 = Strongly Disagree

Data Analysis

Data Analysis Techniques

Table 03; Data Analysis Techniques

Objectives	Data Analysis Techniques
To identify the relationship between Emotional intelligence and Entrepreneurial Intention.	Correlation analysis
To identify the relationship between Emotional intelligence and Psychological Capital.	Correlation analysis

To identify the relationship between Psychological Capital and Entrepreneurial Intention.	Correlation analysis
To identify the mediating relationship of Psychological Capital between Emotional intelligence and Entrepreneurial Intention.	PROCESS v3.1 of Andrew F.Hayes

Mediator Analysis

Andrew F. Hayes mediation, Moderation and Conditional Process Analysis

This study contains a mediator so by using the Andrew F. Hayes mediation model the mediating effect of psychological capital will be analyzed. For analysis of this mediator researcher used special program called "process Macro "which can be installed to the SPSS. In analyzing the effect of the mediator, "Process" Model Number 04 was used.

Results and Discussion

Reliability Analysis

In order to measure the reliability of the constructs EMI, EI and PsyCap that created using the entire dataset which consists of 160 respondents, Cronbach's Alpha reliability test is performed.

As stated in the below table, Cronbach's alpha value of construct EI, EMI and PsyCap is 0.792, 0.576 and 0.616 respectively.

According to George and Mallery (2003) the test will be significant when alpha value results more than 0.7. Therefore the internal reliability of the dependent variable- entrepreneurial intention can be considered significant.

Further, the reliability of the independent variable and the mediator are also in the acceptable range as according to (Hair, et al., 2006) the test will be significant when alpha value results near 0.6 Hence it can be concluded that there is a good internal consistency within the items of variables in the questionnaire. Therefore the questionnaire can be considered as reliable.

Table 04; Reliability Statistics

Variable	Cronbach's Alpha	No. of items
EMI	0.576	15
EI	0.792	13
PsyCap	0.616	15
Total	0.813	43

Source: SPSS output from field information

The coefficient alpha of the research construct as a whole is 0.813 which is higher than 0.70, therefore it is in the acceptable level as recommended by George and Mallery (2003).

Descriptive Statistics

Table 05; Descriptive Statistics

Variable	Mean	Std. Deviation
EMI	3.8065	.47644
EI	3.7888	.56395
PsyCap	3.8546	.32174

Source: SPSS output from field information

The mean of EMI, EI and PsyCap variables are 3.8065, 3.7888 and 3.8546 respectively. These values are in the 'almost agreed' range as it is in the category of $3.5 \leq X < 5$. When considering the overall mean values, they were scattered from 3.7888 to 3.8546. Therefore, it can be clearly recognized that there was not higher variation between those values.

In addition to that standard deviation emphasizes that how data are scattered around the mean. On the other hand, it was measured that how far one value range away from the mean. According to the values of standard deviation for EMI, EI, PsyCap as mentioned in the table, it can be implied that there were no higher deviations from mean value for each constructs.

Analysis, interpretation and discussion on Objective 01

To identify the relationship between Emotional Intelligence and Entrepreneurial Intention.

Correlation between EMI and EI

Table 06; Correlation Analysis of objective 01 with Hypothesis

	P -value <Significance Level	Null Hypothesis(H0)	Alternative Hypothesis(Ha)
Emotional Intelligence and Entrepreneurial Intention	0.000 < 0.258	Rejected	Accepted

Source: SPSS output from field information

When paying attention to the p value of the Pearson correlation, it is 0.000 where the relationship or the association is highly significant according to the confidence level of 0.05. Pearson correlation value 0.258 indicates that the relationship between these two variables is positively significant. Those results indicate that there is a positive relationship between Emotional Intelligence and Entrepreneurial Intention with regard to entrepreneurial undergraduates of Sri Lanka. Previously, the studies of (Mortan, 2014) too identified that there is a positive relationship between Emotional Intelligence and the Entrepreneurial Intention.

Hypothesis 1.

H1: There is a positive relationship between Emotional Intelligence and Entrepreneurial Intention.(Accepted)

Analysis, interpretation and discussion on Objective 02

To identify the relationship between Emotional Intelligence and Psychological Capital. Correlation between EMI and PsyCap

Table 07: Correlation Analysis of objective 02 with Hypothesis

	P -value $<$Significance Level	Null Hypothesis(H0)	Alternative Hypothesis(Ha)
Emotional Intelligence and Psychological Capital	$0.000 < 0.750$	Rejected	Accepted

Source: SPSS output from field information

Citing to the previous literature, Salvador (2008) has demonstrated the fact that emotional intelligence can influence the perception of entrepreneurial self-efficacy. He also has found out that some dimensions of emotional intelligence have a significant positive relationship with entrepreneurial self-efficacy which is a dimension of psychological capital.

Further a positive correlation have been found between hope of success and start-up intentions that testify the fact that people who are convinced of their own strong will, the quality of their skills, and their persistence in the problem-solving process are frequently certain that they would function well as entrepreneurs.

According to the data, correlation between Emotional Intelligence and Psychological Capital is 0.750. Hence there is a high positive linear relationship between two variables and significance of P-value 0.000, it was implied that test is highly significant. Therefore, it rejects the null hypothesis (H0) and accepts the alternative hypothesis which says that there is a positive relationship between Emotional Intelligence and Psychological Capital (H2) at the 95% confidence level. Overall results demonstrated that there is high significance and a positive association between Emotional Intelligence and Psychological capital.

Hypothesis 2.

H2: There is a positive relationship between Emotional Intelligence and Psychological Capital.(Accepted)

Analysis, interpretation and discussion on Objective 03

To identify the relationship between Psychological Capital and Entrepreneurial Intention.

Table 08; Correlation Analysis objective 03 with Hypothesis

	P -value $<$Significance Level	Null Hypothesis(H0)	Alternative Hypothesis(Ha)
Psychological Capital and entrepreneurial Intention	$0.000 < 0.287$	Rejected	Accepted

Source: SPSS output from field information

The correlation coefficient of Psychological Capital and Entrepreneurial Intention is 0.287 and represents a weak positive relationship. It comprehended that the relationship between Psychological Capital and Entrepreneurial Intention are statistically significant ($P < 0.05$). Therefore, it rejects the null hypothesis (H0) and accepts the alternative hypothesis (H3) at 95% confidence level. Overall results demonstrated that there is a significance and has a weak positive association between of Psychological Capital and Entrepreneurial Intention.

Previous literature has identified that within the global context, Psychological Capital is significantly related to entrepreneurial intention in undergraduate students.(Sebora,2014)

Entrepreneurship scholars have found that self-efficacy is positively associated with the intention to become an entrepreneur (Chen et al., 1998; Segal et al., 2005) Studies have revealed the fact that Self-efficacy can influence on entrepreneurial intentions (Lee, Wong, Der Foo, & Leung, 2011).Self-efficacy being a dimension of psychological capital demonstrates a positive relationship with entrepreneurial intention.

Researches also point out that hope which is also a dimension of psychological capital is positively related to life satisfaction [Valle MF,2004], work satisfaction and performance [Luthans F. and Youssef CM.,2004], and motivation to cope with stressful events. Intending to pursue an entrepreneurial career shows the hope of the individual to reap positive benefits out of stressful events in an entrepreneur's life. This shows that hope is positively related with the motivation to cope with stressful events. Therefore it can be stated that there is a link between hope and entrepreneurial intention.

Cooper et al. (1988) also noted that entrepreneurs were significantly more optimistic in their perceptions of business situations than non-entrepreneurs. Further Evidence shows highly resilient persons tend to be more effective in uncertain situations (Gardner & Schermerhorn, 2004). Coutu (2002) suggests that highly resilient individual will have ability to adapt to change and stress based on their strong value. It is also said that a pattern of resilience and ability to cope with and also learn from adversity is the key attribute of the successful entrepreneur (Cox & Jennings, 1995).

The findings of this research shows that there is a positive correlation (0.287) between the Psychological Capital and Entrepreneurial Intention. The p value of the Pearson correlation of this study is 0.000 where the relationship or the association is highly significant according to the confidence level of 0.05

Hypothesis 3.

H3: There is a positive relationship between Psychological Capital and Entrepreneurial intention.(Accepted)

**Analysis, interpretation and discussion on Objective 04**

To identify the mediating relationship of Psychological Capital between Emotional intelligence and Entrepreneurial Intention.

Testing the Assumptions of Regression Model

There are mainly four assumptions regarding the regression analysis and they are stated in order as follows;

Assumption of Normality Test

According to assumption of errors are normally distributed, regression assume that variables have a normal distribution. P-value showed data were normally distributed. Since the P-value was 0.001.
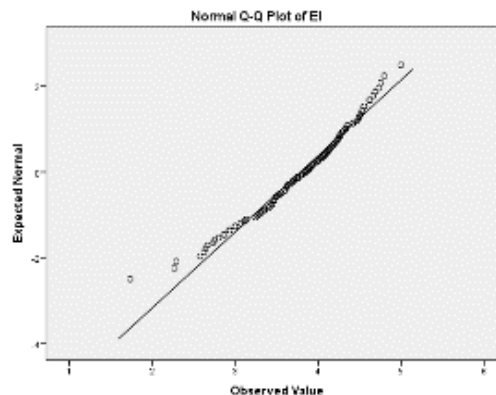
Emotional intelligence and Psychological Capital

Figure 02; Normal Probability Plot

Source: SPSS output from field information

Plotting the empirical distribution of residuals against the normal counterparts can reveal departures from normality. This can be examined from the above figure. There is a normal distribution in the standardized residual of the multiple regression analysis. Hence, the assumption of normality is satisfied.

Assumption of Auto Correlation

Durbin-Watson value is used to identify the assumption of independence and furthermore, this test was used to identify the autocorrelation in the residuals. Durbin Watson statistic value was equal to two (2) or closer to two (2) means that there was no autocorrelation in the sample. This study's Durbin-Watson statistic was recorded as 1.943. Hence the above tests, these values are suitable to run a multiple regression analysis.

Assumption of Homoscedasticity
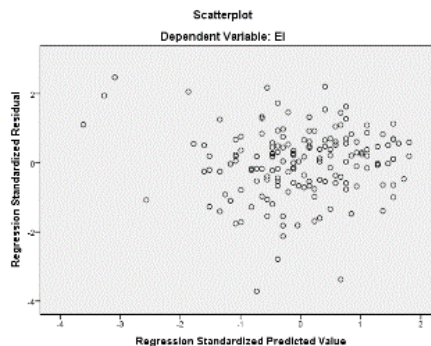
Emotional intelligence and Psychological Capital

Figure 03; Scatterplot of Residuals of Regression Analysis

Source: SPSS output from field information

Homoscedasticity or the constancy of the variance of the dependent variable (error variable) can be illustrated through the plots of residuals against any of the independent variables or against the predicted value. The data points in the following figure have been spread without any specific pattern. Therefore, the multiple regression model is not influenced by any problem of heteroscedasticity

Assumption of Multi-collinearity or the Collinearity

Multi-collinearity is measured through the Variance Inflation Factor (VIF). According to the output, VIF value was 1.000 and it was lower than the standard value 7.0. This ensure that the regression model does not have any multi-collinearity problems.

Simple Regression Analysis

According to this research dependent variable is Entrepreneurial Intention and the independent variable is Emotional Intelligence. Based on the primary research objective the simple linear regression model is derived as fallows,

$$EI = \beta0 + \beta1\ EMI + \mathcal{E}$$

Figure 04; Simple Linear Regression Model

Source: Based on the primary data

Where,

EMI = Emotional Intelligence EI = Entrepreneurial Intelligence $\mathcal{E}$ = Standard Error $\beta0$, $\beta1$= Slopes of the curve

Results of regression analysis

Table 09; Regression analysis of Emotional Intelligence versus Entrepreneurial Intention

Model	B	Standard Error	t-Value	P-Value
Constant	2.143	.477	4.490	0.000
Average EMI	.410	.122	3.356	0.001

Dependent Variable; EI

Source: SPSS output from field information

Based on the regression analysis information given in above table 4.8 the regression equation can be articulated as follows:

$$EI = 2.143 + 0.410\ EMI + \mathcal{E}$$

Figure 05; Regression Analysis Equation

Source: SPSS output from field information

Where,

EMI = Emotional Intelligence EI   = Entrepreneurial Intention $\mathcal{E}$ = Standard Error

Scatter plot related to the regression analysis was as follows.
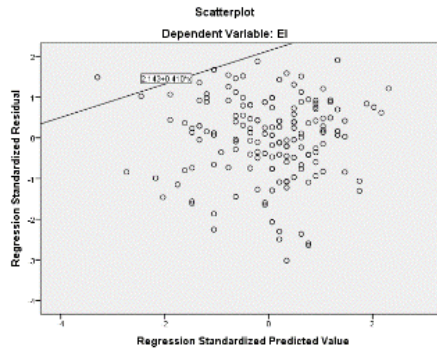
Scatterplot
Dependent Variable: EI

Figure 06; Scatter plot of Emotional Intelligence versus Entrepreneurial Intention

Source: SPSS output from field survey.

In accordance with regression equation the constant value is +2.143. It implies the Entrepreneurial Intention when Emotional Intelligence is equals to the zero level. Furthermore, the coefficient of Emotional intelligence is +0.410. It is the average change in Entrepreneurial Intention due to one unit change in Emotional Intelligence. It suggested that when emotional Intelligence was increase by one unit, Entrepreneurial Intention increase by the 0.410 approximately 0.4 times. In addition to that it's also implies that the positive relationship between emotional Intelligence and Entrepreneurial Intention.

Results of the linear regression analysis were given in Figure 4.7 and these results indicate the impact of Emotional Intelligence on Entrepreneurial Intention. According to the outcome of the regression model, Emotional Intelligence variable indicates the status of significance ($p < 0.05$)

Model Summary

Table 10; Model summary for linear regression analysis

Figure	Value
R	0.258
R Square	0.067
Adjusted R Square	0.061
Std. Error of the Estimates	0.45838

Source: SPSS output from field survey

Coefficient of determination (R2) measures the goodness of fit of regression line to the set of data. It described that (R2 value of the model) measures the proportion or percentage of total variation in dependent variable which is explained by the independent variables. When consider about the linear regression model summery the R2 value was 0.067. In accordance

with that it can be concluded 0.67% of total variation of Entrepreneurial Intention is explained by the Emotional Intelligence. On the other hand, 99.33% of total variance in the Entrepreneurial Intention is unexplained by the linear regression model. Therefore, it appears that the model was fitted in unfairly manner. Because of, the unexplained variation is higher than the explained variation.

Further adjusted R^2 value was 0.061 and standard error of estimate was 0.45838. It implies that how data were deviated from the fitted line of regression.

Overall Significance of the Model

Analysis of variance is presented in the following table and includes sum of square, degree of freedom, F value and P value and it presented to ensure the overall significance of the model

Table 11; Regression Analysis Model summary

Model	DF	Mean Square	F Value	P Value
Regression	1	2.366	11.260	0.001
Residual	158	.210		
Total	159			

Source: SPSS output from field survey

In accordance with the F value condition it should be greater than the F table value to be significant the overall model. It can be illustrating as F ratio > F table value. In accordance with the table 4.8 F value was 11.260. If it compares with the F table value, the value was 3.94 at 0.05 significant level. ($\alpha = 0.05$). Therefore, the calculated F value was greater than the F table value.

Condition F ratio   > F table value

11.260   > 3.94

Therefore, the null hypothesis is rejected. It illustrates that the regression is meaningful and overall model applied can statistically predict the dependent variable.

Mediator Assessment

The mediation effect assessment is analyzed as follows,

Total effect of X on Y

Table 12; Total effect of X on Y

Total effect of X on Y					
Effect	SE	T	P	LLCI	ULCI
.410	.122	3.3556	.001	.169	.651

Source: SPSS output from field survey

According to the above table, total effect of x(Emotional Intelligence) on y(Entrepreneurial Intention) is 0.410. The value of effect is fallen in between the lower limit Confident interval (LICI) and upper limit confident interval (ULCI). It is significant with the 95% confident interval (0.001) further if interpret the total effect the total effect simply denotes that sum of direct effect and indirect effect on x on y.

Direct effect of X on Y

Table 13; Direct effect of X on Y

Direct effect of X on Y					
Effect	SE	T	P	LLCI	ULCI
.156	.183	.851	.396	-.206	.518

Source: SPSS output from field survey

Above Table No 4.10 Illustrates the direct Effect of x and y. It denotes 0.156 amount of effect between emotional intelligence and entrepreneurial intention. Further, it is not significant with the 95% confident interval because the value of effect is fallen in between the negative lower limit (LICI) (-.206) and positive upper limit (ULCI) (.518)

Indirect effect of X on Y

Table 14; Indirect effect of X on Y

Indirect effect of X on Y			
Effect	BootSE	BootLLCI	BootULCI
.254	.130	-.012	.503

Source: SPSS output from field survey

The indirect effect of x on y denote how Psychological capital Contribute to relationship between emotional intelligence and entrepreneurial intention. Above Table 4.11 Illustrates the indirect Effect of x and y. It denotes 0.254 amount of effect between emotional intelligence and entrepreneurial intention. Further, it is not significant with the 95% confident interval because the value of effect has fallen in between the negative lower limit (LICI)(-.012) and positive upper limit (ULCI)(.503)

Partially Standardized Indirect effect of X on Y

Table 15; Partially Standardized Indirect effect of X on Y

Partially Standardized Indirect effect of X on Y			
Effect	BootSE	BootLLCI	BootULCI
.537	.272	-.025	1.044

Source: SPSS output from field survey

Above Table No 4.16 Illustrates the partial indirect Effect of x on y. It denotes 0.537 amount of effect between emotional intelligence and entrepreneurial intention. Further, it is not

significant with the 95% confident interval because the value of effect has fallen in between the negative Boot lower limit (BootLICI)(-.025) and positive Boot upper limit (BootULCI)(.503)

Completely standardized indirect effect(s) of X on Y

Table 16; Completely Standardized Indirect effect of X on Y

Completely standardized indirect effect(s) of X on Y			
Effect	BootSE	BootLLCI	BootULCI
.160	.082	-.008	.313

Source: SPSS output from field survey

When comes to the assessment of complete mediating effect, the emotional intelligence totally effect to the Entrepreneurial Intention by .160. The value is in between the lower and upper limits, it is significant.

This interpret that the effect when independent variable (emotional intelligence) go through the mediator (psychological Capital) to the dependent variable (Entrepreneurial Intention) is .160. It denotes that there is no significant because effect value .160 is in between negative lower limit (-008) and positive upper limit (.313)

Though, research findings carried out till date has established the role of Emotional Intelligence in facilitating Entrepreneurial Intention, however it is less known that for what extent does Psychological Capital mediates this relationship. Previous studies (Ahmetoglu et al., 2011; Zampetaskis et al., 2009) investigated the relationship between Emotional Intelligence and various entrepreneurial outcomes, but there is almost no existing literature exploring the effect that Emotional Intelligence may have on entrepreneurial intention when mediated by Psychological Capital. This study broadened the understanding of this relationship.

Even though the study by Mortan et al.(2014) confirmed the relationship between certain Emotional Intelligence dimensions and entrepreneurial intention mediated by self-efficacy which is a dimension of psychological Capital, this study which evaluated the mediation effect with all the dimensions of Psychological Capital shows a different outcome.

So according to the analyzed data, the total effect of x on y is 0.410 and Amount of effect between Emotional Intelligence and Entrepreneurial Intention. Further, it is significant with the 95% confident interval (0.001).And the direct Effect of x and it denotes 0.156 amount of effect between Emotional Intelligence and Entrepreneurial Intention. The indirect effect of x on y denote that how Psychological Capital Contribute to the relationship between Emotional Intelligence and Entrepreneurial Intention. It denotes 0.254 amount of effect between Emotional Intelligence and Entrepreneurial Intention. However as the direct and indirect effects fall between negative and positive limits, the interpretation has to be concluded as there

is no mediation effect between Emotional Intelligence and Entrepreneurial Intention with the Psychological Capital.

Thus according to the interpreted data and past literature it can testify that there is no mediation effect and 4th objective is not achieved

Hypothesis 4.

H4: There is a mediating relationship of Psychological Capital between Emotional intelligence and Entrepreneurial Intention. (Rejected)

Conclusion and Recommendations

The study put forward the suggestions towards conducting more entrepreneurial awareness programmes as to develop the need for developing the skills and attitudes that add up to an entrepreneurial mindset as like lateral thinking, questioning, independence, self-reliance and risk tolerance.

Training potential entrepreneurs on their emotional intelligence, supporting them in developing their skill to appraise, managing and using their emotions in the challenging situations that entrepreneurial process may bring about, can turn in a key success factor.

Thus, researcher encourage those who want to promote innovation, value creation, and entrepreneurial behavior to give training also on emotional intelligence's aspects, besides the common entrepreneurial training. Emotional intelligence abilities affect the perceptions of being an effective entrepreneur as well as the intention of undertaking an entrepreneurial path.

 Business incubators should be started and sustained in management colleges as to nourish and help students gear up toward speeding the growth and success of start-up and early stages of entrepreneurship. It is recommended that industry- academic integration should be dealt with more significantly as to help with mentoring and advisory services by successful entrepreneurs.

Also, entrepreneurial clubs should become more vigorous and organize programs like business-plan competitions, access to entrepreneurial resources and workshops of concern. A conceptual research model that will support accelerated youth entrepreneurship should be developed in the country and research institutions should be contracted to populate this research model. Furthermore, government regulations should be tested regarding their impact on youth entrepreneurship development as a standard item. Fresh approaches are thus needed to stimulate youth entrepreneurship. Therefore, policies and programs to encourage youth entrepreneurship in these areas should be researched.

Managerial Implications

The findings of this research have important implications for the policy makers and university academics to promote entrepreneurial culture within the country.

Policy makers can identify the necessity of implementing policies in order to promote emotional and psychological competencies of undergraduates due to the fact that findings of this research suggests that there is a positive influence of emotional intelligence and psychological capital on entrepreneurial intention.

Academics also should consider more on activities and events that are favorable to the enhancement of undergraduates' emotional and psychological competencies to drive forward the entrepreneurial capabilities within them.

References

Ahmetoglu, G., et al. (2011). "EQ-nomics: Understanding the relationship between individual differences in trait emotional intelligence and entrepreneurship." Personality and individual Differences 51(8): 1028-1033.

Alam, S. S. and M. K. M. Noor (2009). "ICT adoption in small and medium enterprises: An empirical evidence of service sectors in Malaysia." International Journal of Business and management 4(2): 112.

Apollonio, M., et al. (2003). "Search for neutrino oscillations on a long base-line at the CHOOZ nuclear power station." The European Physical Journal C-Particles and Fields 27(3): 331-374.

Autio, E., et al. (1997). "Entrepreneurial intent among students: testing an intent model in Asia." Scandinavia and USA.

Barber, A. E., et al. (1999). "A tale of two job markets: Organizational size and its effects on hiring practices and job search behavior." Personnel psychology 52(4): 841-868.

Baron, R. A. (2008). "The role of affect in the entrepreneurial process." Academy of management Review 33(2): 328-340.

Brenner, S. N. (1993). The stakeholder theory of the firm and organizational decision making: Some propositions and a model. Proceedings of the International Association for Business and Society.

Chandler, G. N. and G. M. McEvoy (2000). "Human resource management, TQM, and firm performance in small and medium-size enterprises." Entrepreneurship Theory and Practice 25(1): 43-58.

Cropanzano, R. and T. A. Wright (1999). "A 5-year study of change in the relationship between well-being and job performance." Consulting Psychology Journal: Practice and Research 51(4): 252.

Csikszentmihalyi, M. (2004). Good business: Leadership, flow, and the making of meaning, Penguin.

Dwerryhouse, R. (2001). "Real work in the 16-19 curriculum: AVCE business and young enterprise." Education+ Training 43(3): 153-162.

Eljadi, A. (2007). "Exploring the relationship between emotional intelligence and organisational citizenship behaviour, and the potential moderator effect of job control in service companies." Unpublished MBA). Universiti Sains Malaysia, Malaysia.

Fayolle, A. and B. Gailly (2005). "Using the theory of planned behaviour to assess entrepreneurship teaching programmes." Center for Research in Change, Innovation and Strategy of Louvain School of Management, Working Paper 5: 2005.

Fredrickson, B. L., et al. (2003). "What good are positive emotions in crisis? A prospective study of resilience and emotions following the terrorist attacks on the United States on September 11th, 2001." Journal of personality and social psychology 84(2): 365.

Gartner, W. B., et al. (1992). "Acting as if: Differentiating entrepreneurial from organizational behavior." Entrepreneurship Theory and Practice 16(3): 13-32.

Gibb, S. (1999). "The usefulness of theory: A case study in evaluating formal mentoring schemes." Human Relations 52(8): 1055-1075.

Goleman, D. (2001). "An EI-based theory of performance." The emotionally intelligent workplace: How to select for, measure, and improve emotional intelligence in individuals, groups, and organizations 1: 27-44.

Gorman, G., et al. (1997). "Some research perspectives on entrepreneurship education, enterprise education and education for small business management: a ten-year literature review." International small business journal 15(3): 56-77.

Graham, M. E., et al. (2002). Stock-related rewards, social identity, and the attraction and retention of employees in entrepreneurial SMEs. Managing People in Entrepreneurial Organiztions, Emerald Group Publishing Limited: 107-145.

Ibrahim, A. B. and K. Soufani (2002). "Entrepreneurship education and training in Canada: a critical assessment." Education+ Training 44(8/9): 421-430.

Johnson, G., et al. (2008). Exploring corporate strategy: text & cases, Pearson education.

Kolb, A. Y. and D. A. Kolb (2005). "Learning styles and learning spaces: Enhancing experiential learning in higher education." Academy of management learning & education 4(2): 193-212.

Kolvereid, L. (1996). "Organizational employment versus self-employment: Reasons for career choice intentions." Entrepreneurship Theory and Practice 20(3): 23-31.

Kuratko, D. F. (2005). "The emergence of entrepreneurship education: Development, trends, and challenges." Entrepreneurship Theory and Practice 29(5): 577-597.

Lopes, P. N., et al. (2003). "Emotional intelligence, personality, and the perceived quality of social relationships." Personality and individual Differences 35(3): 641-658.

Lüthje, C. and N. Franke (2003). "The 'making' of an entrepreneur: testing a model of entrepreneurial intent among engineering students at MIT." R&d Management 33(2): 135-147.

Mittal, S. and R. L. Dhar (2015). "Transformational leadership and employee creativity: mediating role of creative self-efficacy and moderating role of knowledge sharing." Management Decision 53(5): 894-910.

Moriano, J. A., et al. (2012). "A cross-cultural approach to understanding entrepreneurial intention." Journal of career development 39(2): 162-185.

Mortan, R. A., et al. (2014). "Effects of emotional intelligence on entrepreneurial intention and self-efficacy." Revista de Psicología del Trabajo y de las Organizaciones 30(3).

Segal, G., et al. (2005). "The motivation to become an entrepreneur." International journal of Entrepreneurial Behavior & research 11(1): 42-57.

Snarey, J. R. and G. E. Vaillant (1985). "How lower-and working-class youth become middle-class adults: The association between ego defense mechanisms and upward social mobility." Child development: 899-910.

Staw, B. M., et al. (1994). "Employee positive emotion and favorable outcomes at the workplace." Organization Science 5(1): 51-71.

Thoresen, C. J., et al. (2003). "The affective underpinnings of job perceptions and attitudes: a meta-analytic review and integration."

Uddin, M. R. and T. K. Bose (2012). "Determinants of entrepreneurial intention of business students in Bangladesh." International Journal of Business and management 7(24): 128.

Viruell-Fuentes, E. A., et al. (2012). "More than culture: structural racism, intersectionality theory, and immigrant health." Social science & medicine 75(12): 2099-2106.

Wang, C. K. and P.-K. Wong (2004). "Entrepreneurial interest of university students in Singapore." Technovation 24(2): 163-172.

Weiss, H. M. (2002). "Deconstructing job satisfaction: Separating evaluations, beliefs and affective experiences." Human resource management review 12(2): 173-194.

Research Article 04

Impact of English Language Skills on Youth Unemployment Duration in Vocational Education: A Case Study of Youth Trained in VETA in Colombo District

[1]W.A.D. Surangi K. Wijesinghe, **[2]D.M. Rishani S. Dissanayake**,

[1]Department of Economics and Statistics, Sabaragamuwa University of Sri Lanka.

[2]Department of English Language Teaching, Uva Wellassa University, Sri Lanka

Abstract

Youth unemployment is one of the major problems encountered by the developing countries. Vocational Education and Training (VET) is one way of addressing this issue. Therefore this study investigated the influence of English Language skills on youth unemployment duration. It focused on youth trained in Vocational Education and Training Authority (VETA) and critically looked at the influence of English Language skill on youth unemployment duration, variations of vocational courses under the Hotels and Tourism field among three years, effect of training duration and courses on the occupation and language problems and challenges facing youth in getting jobs. A questionnaire was used to collect primary data while secondary data was collected through document analysis. A Sample of 120 respondents were drawn through stratified sampling technique. Data were analyzed using STATA 13.0 version. Survival data analyze technique was used as the statistical tool to determine the youth unemployment duration with the help of cox regression to determine factors influencing youth unemployment duration and stratified log rank test was used to compare the effect of the English Language skills on unemployment duration and descriptive statistics were used to determine the effect of language problems and challenges on youth unemployment duration. The study finding revealed that, unemployment duration for trainees in Hotels and Tourism field is mainly due to the poor performance in English language skills mainly the speaking and writing skills.

Key words- English Language skills, Vocational Education and Training, Unemployment.

Introduction

The youth are the asset and prospect of every country with a long-term vision for welfare and development that are concerned with the best ways to integrate youth into the labor force. Youth plays a vital role in placing Sri Lanka into a smart growing path which is a collective task. Investments on this valuable human capital, yield long term returns on national and global development. But now the world is facing a problem of youth unemployment. Both

developing and developed economies are faced with the challenge of creating expedient and sustainable jobs for the large cohort of young women and men entering the labor market every year (ILO, 2006; Mbokothe, 2012). Sri Lanka's high economic growth rate when compared with its high youth unemployment rate presents a riddle for the country's development and wellbeing. The problem of youth unemployment has been linked to youth impulsiveness both in the Southern and Northern parts of the country (Ministry of Skills Development and Vocational Training, 2017 March). The gap between high educational compitition, market demands and skills shortages as well as the mismatch between career wishes and available job opportunities is central to the problem of youth unemployability.

Technical and Vocational Training programs target those students who do not progress to higher levels of education. The aim is to provide the students with skills and competencies for engagement in wage employment or self-employment. However, as compared to general education, vocational Education and Training has a closer and more direct link with economic and professional development of the country.

On the Job Training is another important component included in vocational education and training and it plays a vital role in finding sustainable jobs. The VTA has the highest number of training centers with 224 rural vocational training centers, 22 District Vocational Training Centers and 7 National Vocational Training Centers, which had just 31 vocational training centers in 1995.

However, as compared to general education, vocational Education and Training has a closer and more direct link with economic and professional development of the country. Parents and young people consider the vocational training centers to be the most prestigious for they are wage – labor oriented. As a consequence, there is strong competition for places and entrance tests that are employed as the principal selection mechanism for the youths to become useful resources. They must be gainfully employed, but every year large number of students is completing vocational education but there are no jobs.

Problem statement

Few studies have been done on the role of Vocational Training in upgrading youth employment. Sri Lanka, like many developing countries suffers from particularly high youth unemployment where poor language performance lying behind many issues.

Despite the efforts done by the government through VETA to provide Vocational Education for a large numbers of youth find it difficult to find a job due to their low level of English knowledge and skill. A number of studies have been done to assess the English language skills on different labor market outcomes, including wages, productivity and job related skills (Ntallima T. M., 2014). But there has been less comprehensive assessment done on the impact of English language skills on youth unemployment duration in Vocational Education.

Objectives of the study

The objectives of the study are;

To identify the influence of English language skills on youth unemployment duration,

To identify the variations of English language skills (reading, writing, listening and speaking) among youth who followed the Hotel and Tourism course.

To identify the problems and challenges facing youth trainees in learning English language.

Method

This study collected the data using the structured questionnaire. It was aimed to select the sample from the youth trainees in the Hotels and Tourism courses by using the stratified sampling technique. Decided size of the sample for each strata by using the proportionally allocation method. Systematic sampling technique was used within the strata to find the youth in each sample and analyze these data by using the Survival data analyzing technique.

Table 1: Sampling frame

Year (stratum)	Size of the strata	Size of sample for each strata
2013	217	40
2014	208	38
2015	225	42
Total	650	120

Significance of the Study

Youth unemployment is currently a substantial issue in Sri Lanka and youth unemployment is higher than adult unemployment. Vocational Education provides a fertile platform to build the gap between the mismatch of skills or skills shortages with job demand. However, youth who pass out from VETA, especially those follow Hotels and Tourism courses find it difficult to acquire jobs after their completion of the training due to their poor performance in English language (Ministry of Skills Development and Vocational Training, 2017 March). Therefore this research is important due to several reasons. The most important is that there is no much literature focus on this area of youth unemployment duration. Thus this research will become a guiding source for those who expect to follow the VETA courses in future. Secondly, this research will bring to light the hidden reasons as to why the youth should focus more on developing their English language skills if they want to discovery a job swiftly. Finally this research will provide the information for the future researchers who wish to research on this area.

Data analysis, Presentation and Interpretation

This section will provide data analysis, presentation and interpretation of the findings on the contribution of English language skills on youths' job placement time. Frequency tables and graphs are presented. The main subheadings include Demographic and Social characteristics of youth in VETA and the objectives of the study. The objectives of the study were; to identify the effect of English language skills on youth unemployment duration, to identify the variations of English language skills (reading, writing, listening and speaking) among youth who were followed the hotel and tourism course and to determine the problems and challenges facing youth trainees in learning English language.

Table 2; Summarized unemployment duration data

	Time at risk	Incidence rate	No. of subjects	Unemployment Duration (days)		
				25%	50%	75%
Total	21049	0.0047094	120	150	189	224

Source: calculations by author

Table 2 showed that the summery of the youth unemployment duration. According to that 25 % of youth trainees have a chance to getting new jobs averagely after 150 days. 50% of the trainees have a chance to getting new jobs averagely after 189 days and 75% of the trainees have a chance to getting new jobs averagely after 224 days.

Table 3; Summarized unemployment duration data according to the gender

Gender	Time at risk	Incidence rate	No. of subjects	Unemployment Duration (days)		
				25%	50%	75%
Male	18318	.0045	100	152	194	241
Female	2731	.0066	20	78	140	171

Source: calculations by author

Table 3 shows the average time to find the jobs for males and females of vocational youth trainees. Results of the study indicate that 25% of male trainees have a chance to getting new jobs averagely after 152 days and females have a chance to getting new jobs after 78 days. 50% of the males have a chance to getting new jobs averagely after 194 days and females have this chance after 140 days. 75% of the male trainees have a chance to getting new jobs averagely after 241 days and females have this chance after 171 days.

Table 4: Describe survival time data

Category	Total	Per trainee			
		mean	min	median	max
No. of subjects	120				
No. of records	120	1	1	1	1
(First) entry time		0	0	0	0
(Final) exit time		176.95	31	181	352
Time at risk	21049	176.95	31	181	352
failures	100	0.83	0	1	1

Source: calculations by author

Table 4 shows the summery statistics of all the data set. According to that total no of respondents are 120 and record all of these respondents unemployment duration. From that 100 trainees were completed their vocational training but 20 trainees were not completed their full training period successfully. There are no trainees was delayed entry in the data set because every ones entry time is zero. Minimum unemployment duration per trainee is equal to 31 days and maximum is 352 days. Median unemployment duration is equal to 181 days.

Table 5: Life table

interval	Beg. Total	Completions	Drop outs	Survival	(95% conf. int)		
0		120	3	0	0.97	0.92	0.99
50	100	117	10	1	0.89	0.82	0.93
100	150	106	16	6	0.75	0.66	0.82
150	200	84	41	6	0.37	0.28	0.46
200	250	37	15	4	0.21	0.13	0.29
250	300	18	11	0	0.08	0.03	0.15
300	350	7	2	3	0.05	0.01	0.11
350		2	2	0	0.00	-	-

Source: calculations by author

According to the above life table, youth unemployment duration has divided into the intervals of 50 days. At the beginning whole 120 respondents were expecting a job and it has declined to 117 respondents when the unemployment duration extends beyond 50 days (50 – 100). Three of the respondents have obtained jobs before passing 50 days and during that period no respondent has dropped the courses during the training. But one respondent has removed

himself from the course without completing. Accordingly, 10 respondents were employed during the 50-100 days. Most number of respondents was employed during 150 to 200 days. Most number of respondents has left the course between 100-200 days.

Demographic and Social Characteristics of Youth

The Demographic and social characteristics of respondents are presented in table 3. Demographic characteristics include Gender, Marital Status and Age while Social characteristics include education level and job experience. The data for the study was obtained from 120 youth trainees trained under the Vocational. This table shows that majority (84.2%) of youth were between the age of 15 and 25 years. This implies that most of vocational trainees interviewed were in the active age group. 12.5% were aged between 25 & 35 years, 2.5 % were between the ages 35 & 45 years and a small proportion of youth trained at 0.8% was 45 & 55 years of age. Marital status of the respondents showed that the number of youth who are unmarried exceed that one of married.

Table 6: Demographic characteristics of respondents (n=120)

		Frequency	Percentage
Gender	Male	100	83.3
	Female	20	16.7
Marital status	Married	19	15.8
	Unmarried	101	84.2
Age group	15-25	101	84.2
	25-35	15	12.5
	35-45	3	2.5
	45-55	1	0.8

Source: calculations by author

The English language skills influencing youth unemployment duration.

The study aimed at determining the English language skills influencing youth unemployment duration in Colombo district. Vocational trainees were 120 who are trained of vocational education skills in vocational training centers which run by Vocational Training Authority. This study wanted to see whether English language skills, Gender, Marital status, Age and Education level are significant in vocational youth trainees in getting jobs.

The Cox regression method is widely when it is desired to investigate several variables at the same time. Table 8 presents the results of cox regression analysis of the factors influencing on time to find the jobs of trainees. The covariates included in the cox regression were English language skills such as listening, writing, reading and speaking skills, Gender, Marital status, Age, Education level. This objective achieved through the following steps.

Step 1

**Table 7: Cox regression results presenting all factors influencing VETA trainees' unemployment duration**

Variables in the equation	-2 log Likelihood	B	DF	Significance
Non	770.741			
Gender	761.960	-0.861	1	0.001
Marital status	770.257	-0.186	1	0.478
Age	770.740	0.841	1	0.972
Education level	767.056	0.686	1	0.061
Reading skill	766.077	0.708	1	0.035
Writing skill	765.528	0.832	1	0.029
Listening skill	763.662	0.725	1	0.049
Speaking skill	761.842	0.841	1	0.040

Source: calculations by author

Gender

Gender as classified being a male or female and this had effect on youth unemployment duration. This study showed that gender contributed to youth unemployment duration negatively. Cox regression analysis showed covariate was statistically significant ($P < 0.05$). So gender affect the youth in getting jobs. Males and females have not equal chances to find the jobs.

Kaplan- Meier survival estimate is the graphical method of comparing two groups of survival data, according to that unemployment duration for males were higher than females and it clearly showed that there was a difference between unemployment duration of males and females.
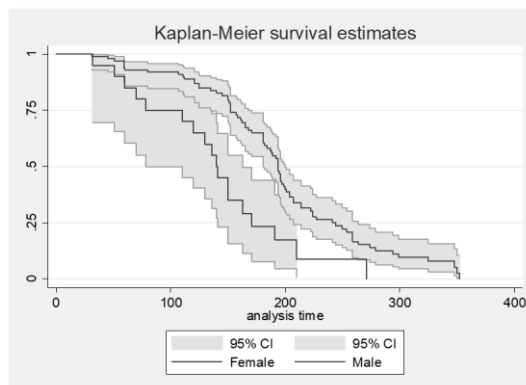
Source: survey data

Figure 1: Kaplan – Meier Survival estimates for males and females with 95% confidence interval

The weakness of this approach is that it doesn't provide a comparison of the total survival experience of males and females and create further problems of interpretation. Especially if the curves are significantly different at some point but not at another. Therefore way of comparing the complete survival curves for two independent sets of observations are considered. The most common way of doing is to use the log rank test.

Log Rank Test

H0; There is no difference in unemployment duration of the males and females.

H1; There is a difference in unemployment duration of the males and females.

Test Statistic

If $P < 0.05$, reject null hypothesis.

According to this test P- value is equal to 0.0008. It is less than 0.05. Finally conclude that there was significant difference in unemployment duration of males and females.

4.2.2 English language skills

This is another significant variable. It is measured within the four skills. Such as reading, writing, listening and speaking skills. English language is the main determinant of lifestyle and status of an individual enjoys in a society. It enables a person to acquire knowledge which helps in doing in jobs according to the attained skills. These skills were measured by using cox regression look at whether language skills were the factor influencing on the youth unemployment duration. According to the results these four skills of the youth trainees was statistically significant ($P < 0.05$). So, English language skill effect on youth trainees in getting jobs.

Table 8: English language skills of the youth trained in VTA

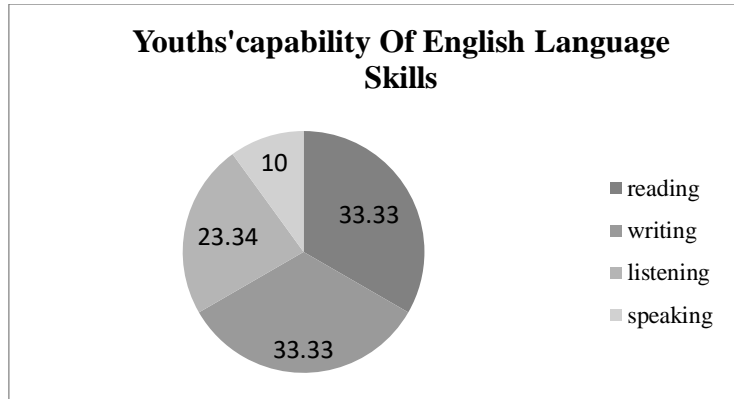| English language skills	Youths capability	Percentage
Reading	40	33.33
Writing	40	33.33
Listening	28	23.34
Speaking	12	10

Source: survey data

Figure 2: youths 'capability of English language skills

According to the above pie chart, most of the students have capability to writing and reading but most of them have a problem of speaking English. Speaking skill is the most important skill for the youth to find the jobs.

Next step is to fit the model that contains these significant variables.

Step 2

Table 9: Cox regression results presenting significant factors influencing VETA trainees' unemployment duration

Variables in the equation	-2 log
Non	770.741
Gender +reading skill	734.62
Gender +writing skill	755.32
Gender + listening skill	765.43
Gender + speaking skill	729.79
Gender + speaking skill + reading skill	720.36
Gender + speaking skill + writing skill	**719.15**
Gender + speaking skill + listening skill	727.22

Source: calculations by author

According to the above table variables Gender and speaking skill leads to the largest reduction in -2 log likelihood. Then reading skill, writing skill, listening skill one by one with the model of Gender and speaking skill represented the reduction of -2 log likelihood values. Among the presented alternative models, the most satisfactory model was that containing Gender, speaking and writing skills.

After the model has been fitted to an observed set of survival data, the adequacy of the fitted model needs to be assessed. Once a model has been fitted, there are number of aspects of the fit of a model that need to be studied. So for that considered the residual analysis.
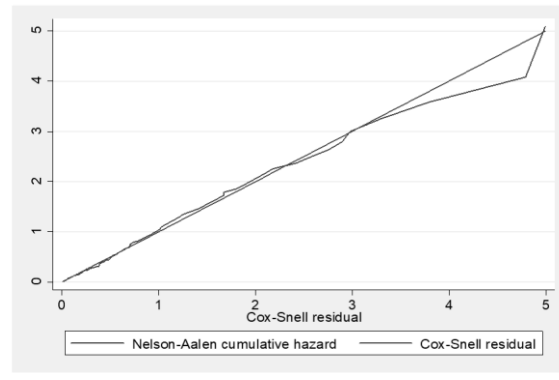
Goodness of Fit of the Final Model

Figure 3: Goodness of Fit of the Final Model

Above figure shows that the hazard function follows the 45 degrees line more closely except for very large values of time. It is very common for models with censored data to have some wiggling at large values of time and it is not something to be concerned. Overall the study would conclude that the final model fits the data very well.

Problems of Learning English Language

Youth trainees have different type problems for using English language. These problems are different according to the skills. Most practical problem for finding jobs in hotel and tourism sector is less capability of speaking skill. According to them following table shows their problems affect to the speaking ability.

Table 10: Problems of English Language

Problems	No.of youths 'trained in VTA
Finding of appropriate words	25
Construct sentences correctly	65
Pronunciation of words	10
Use of time clauses	20

Table 10 shows the English language problems faced by the youth in VTA. Accordingly, 65 youth trainees out of 120 respondents faced the problem of constructing sentences. It is the major problem for them in finding a job in tourism field. Out of 120 respondents, 25 trainees find it difficult to find the appropriate words to communicate while 20 respondents faced with

the issue of using the correct time clauses. Only 10 respondents have the problem with pronunciation of words.

Conclusions

In conclusion, the study disclosed that the English language skills act as a vital factor in demining the youth unemployment duration. Among the four major skills of a language, the speaking and writing ability directly affect the unemployment duration of the students who follow the Hotel and Tourism course under VETA. By considering the capability of the language skills most of the youth trainees in the hotel and tourism field find it not difficult to acquire jobs because they have good education levels, but there English language ability stand as a barrier in securing a job. Female trainees can find jobs within a very short time period but male trainees want more time to find jobs. Reason for this is mainly because female trainees pay their special attention on learning the English language than male trainees.

Recommendations

One of the major problems faced by youth trained in VTA is their lack of knowledge in English, specifically the speaking skill. Hence, provisions for English language teaching should be increased in VTA and English courses by incorporating more speaking modules and number of training centers should be increased so as to attract more students.

Guiding students for On Job training after completing Vocational Training by giving a special reference to specific vocational skills they were trained.

Trainees should be encouraged to follow the course till the end without dropping and training course should be moderated to suit the youth.

Drop outs could be minimized by providing knowledge on future labor market for vocational training to the trainees during the training period.

References

ILO. (2006). *Training for Work in the Informal Sector. New Evidence from Kenya, Tanzania and Uganda.* Turin, Italy.

Mbokothe, G. M. (2012). Influence of Vocational Training on Youth Employment.

Ministry of Skills Development and Vocational Training, T. &. (2017 March). *Tracer Study for TVET Graduates'Employment in Sri Lanka.*

Ntallima, T. M. (2014). The Contribution of Vocational Education to Youth Employment.

NTALLIMA, T. M. (2014). The contribution of vocational education to youth employment.

Tertiary and Vocational Education Commission. (2013). A Tracer Study on Employability and Effectiveness of TVET Certificate Holders in 2011. Colombo: Tertiary and Vocational Education Commission.

Janneke Pieters, I. f. (2012). Youth Development in Developing Countries.

Mwasaka, B. B. (2009). Contribution of Vocational Education to Youth Employment.

Department of Census and Statistics. (2015). Sri Lanka Labour force survey. Retrieved from http://www.statistics.gov.lk.

Mutarubukwa. (2007). Practical implications of competence based education and training curriculum to trainees in the vocational training institutions. Issues and Practice in Education 2.

Mwasaka, B. B. (2009). Contribution of Vocational Education to Youth Employment.

Okafor, & Emeka Christian. (2011). The Role of Vocational and Technical Education in Manpower Development and Job creation.

Tertiary and Vocational Education Commission. (2013). A Tracer Study on Employability and Effectiveness of TVET Certificate Holders in 2011. Colombo: Tertiary and Vocational Education Commission.

TVEC. (2015). Baseline Survey in the Technical and Vocational Education and Training (TVET) Sector. Colombo: Ministry of Skills Development and Vocational Training.

Research Article 05

The Contribution of Tourism Income for the Economic Growth of Sri Lanka

Ruwan Ranasinghe, M.G.P. Sugandhika

Department of Management Sciences, Uva Wellassa University, Sri Lanka

Abstract

Tourism income is one of the important segments that contribute to the Sri Lankan economy. Recent trends of Sri Lankan Gross Domestic Production (GDP) shows a significant role which played by the service sector indicating over 60 percent contribution. Island economies such as Bahamas and Maldives secures half of their government revenue from tourism where in Sri Lanka it remains at the fifth place in terms of foreign revenue earning items. Equally, of those economies where tourism is bullying, tourism related activities play a critical role in generating tourism income, foreign direct investment, employment opportunities as well as increasing gross domestic production. Thus, with an eye to clarify the relationships between tourism income and economic growth of Sri Lanka this study explores the significant variables contribute to tourism income and their relationships with the overall GDP. In order to achieve research objectives the quantitative approach was entrusted through secondary data based OLS regression analysis of the data from 1979 to 2017. This paper analyzed the contribution of tourism income for the growth of Sri Lankan economy using time series analysis using the data from 1970-2017. The researcher identified relationship between economic growth and tourism income in terms of four macroeconomic variables. Political stability is used as a proxy which has been tested as a dummy variable. Findings show significant relationships among macroeconomic variables tested and the economic growth of the Island. Stable political condition is positively influenced on tourism income. This study highlighted the country has to maintain and promote tourism destinations and stable political situation to secure stable tourism income and long term economic growth.

Keywords - *Tourism income, economic growth, political stability, post-war economies*

Thus, this study investigates the key question 'what kind of a relationship exists between tourism income and Sri Lankan economic growth and it further clarifies what are the significant variables influence on tourism income in Sri Lanka to explain the relationship between growth of Sri Lankan economy and tourism income. The paper expects to elaborate on how service industries like tourism can contribute to postwar economies in securing much waited economic prosperity. Further it clarifies the important areas of tourism to secure its contribution to economic growth in island economies for policy planning and implementation.

Background

Tourism implies, the exercises of people setting out to and remaining in outside spots from their typical condition with different purposes for not more than connective year. Tourism sector is one of the top six export earner to Sri Lanka. When considering the definition given by the United Nations World Tourism Organization (UNWTO), according to the SESRIC (2010) "international tourism comprises the activities of people traveling to and staying at places outside their usual places of residence for a period not exceeding 12 months for leisure, business and other purposes".

Different reasons such as the Liberation Tigers of Tamil Eelam led internal military conflicts and Janatha Vimukthi Peramuna led insurrections hindered the trendy growth of tourism industry growth at different milestones in the past. As a result, the annual tourist arrivals dropped to 185,000 for three years from 1987. There were lot of negative impacts arose due to war to tourism industry in Sri Lanka. In 2009 at the resolution of military conflicts, Sri Lankan government propelled a Tourism Development Strategy (TDS) with a five-year all-inclusive strategy for 2011-2016. Because of end of the war and other development activities, the tourism sector becomes a main driver of the Sri Lankan economy in terms of foreign exchange earnings, employment generation and attracting foreign direct investment. This research is about a study of contribution of tourism income for the growth of Sri Lankan economy.

Sri Lanka's natural replacement and its uniqueness give opportunities to attract tourists to the country. Worldwide tourism developed with the progress of universal vacationer entries by 3.9percent of every 2016 to an aggregate of 1,235 million, from 1,189 million of every 2015.The highest growth of all regions with 8.4percent was recorded from Asia & Pacific in 2016.

There are different impacts of tourism income to economic growth among, before war, during war and after war. Therefore, the study of contribution of tourism income to the growth of Sri Lankan economy is significance when making decisions about tourism industry. There are some difficulties to find data in order to analyze the contribution of tourism to the national GDP.

Tourism industry is defined as a group of businesses producing a product or service. Transportation, lodging, meals, entertainment, retail sales, and some other things are included in tourism, therefore, it is not possible to identify tourism as a single "industry" in the national accounts. All of these activities are included in different sectors such as food and beverages, trade and transport. Therefore, the traditional approach ignores tourism's role as an economic activity and a generator of income and jobs in an economy. As a result of the absence of tourism in official economic statistics, it has led to a continuing battle to establish tourism credibility as an economic activity and generator of income in the economy. Therefore, analysts cannot use official national income statistics to measure the impact of tourism on an economy.

Tourism related government agencies in Sri Lanka have been just collecting basic data like number of tourist arrivals, foreign exchange earnings from tourism, direct and indirect employment generation and hotel occupancy rate for the last decades. Although tourism is expected to play a crucial role in post-war development strategy in Sri Lanka the promises and prospects seems les focused as nearly a decade passed after re-establishing peace in the island economy. And there is a knowledge gap to be identified of this area. Therefore, there is an urgent need to fill this research vacuum in order to prepare more realistic and proper development strategies for Sri Lanka rather than producing just policy statements with some targets without policy analysis.

Thus, this study investigates the key question 'what kind of a relationship exists between tourism income and Sri Lankan economic growth and it further clarifies what are the significant variables influence on tourism income in Sri Lanka to explain the relationship between growth of Sri Lankan economy and tourism income. It entrusts of quantitative approach through analysis of time series data extracted from annual reports of CBSL, SLTDA over the period from 1970 to 2017 using OLS regression. The paper expects to elaborate on how service industries like tourism can contribute to postwar economies in securing much waited economic prosperity. Further it clarifies the important areas of tourism to secure its contribution to economic growth in island economies for policy planning and implementation.

Theoretical Background

According to the United Nations World Tourism Organization (UNWTO), "international tourism comprises the activities of persons traveling to and staying at places outside their usual permanent places of residence for a period not exceeding 12 months for leisure, business and other purposes". This definition implies that tourism includes a trip to an alternate area and it is just a brief development from the standard place of living arrangement. Set of exercises identified with tourism incorporates transportation, correspondence, lodging and sustenance, shopping and stimulation. Tourism's commitment to financial advancement has been very much reported in the writing. Tourism has become a major source of foreign exchange earnings, under export earnings for lot of developing countries. Tourism expenditure is an invisible export which creates a flow of foreign exchange in to the economy of the destination country (Archer, 1982). Like most other type of export, the tourism receipts create business turn over, family unit salary and government income.

Tourism as a Source of Income

Income from travel covers the estimated tourism revenues, supplemented by data on the provided health- recreational services and education expenses (International recommendations for tourism statistics). Tourism income is the collection of number of tourism overnights, average daily spending and revenues evident through international transactions reporting system.

Existing evidence suggests that many developing countries are able to gain a significant amount of government revenue from international tourism For instance the World Trade Organization (1998) claimed that these countries generate 10 percent to 25 percent of government revenue from the tourism sector. Some countries generated more than 50 percent of government revenue from the tourism sector. The contribution of tourism to government revenue, for example, accounted for over 50 percent in the Bahamas and over 40 percent in Maldives. Though the contribution of tourism to the economy has been quantitatively measured in some countries, little focus has been paid to study the causal relationship between tourism growth and economic growth. The real contribution of tourism in the economic growth might be insignificant in the first level OLS regression analysis. Subsequent examination of the causal relationship between tourism and economic growth using multivariate co-integration, error-correction modeling and variance decomposition analysis helps to clarify real contribution of variables to GDP. The aftereffects of the examination propose that there is a noteworthy causal relationship from tourism receipts to the Gross Domestic Product (GDP) of Sri Lanka. Tourism costs create wage to the economy and urge the speculation important to back development in other monetary areas. A few nations animate this growth by expecting guests to acquire a specific measure of outside cash for every day of their remaining. An imperative marker of the part of universal tourism is its age of outside trade profit. Tourism is one of the best five fare classes for upwards of 83percent of nations and is a primary wellspring of outside trade profit for no less than 38percent of nations (McCatty and Serju, 2006). Coordinate commitments are produced by charges on wage from tourism work and tourism organizations, and by coordinate demands on voyagers, for example, takeoff charges. Backhanded commitments originate from expenses and obligations imposed on products and enterprises provided to travelers.

Economic Growth

Simply economic growth is an increase in the production of goods and services over specific period. To be most accurate, the measurement must remove the effects of inflation. There have been several empirical studies which explored the impact of tourism on economic growth in emerging economies (King and Ari Gamage, 1994). Hazari and Sgro, (2004) developed a growth model in which they model tourism as an added component to the domestic aggregate demand. Furthermore, they model the foreign supply of capital and the growth in export as dependent on tourism growth. This is created by tourism going about as a timesaving gadget, which enables the local populace to devour now as opposed to later. This is made by tourism going about as a timesaving contraption, which empowers the neighborhood masses to eat up now rather than later in tourism economic benefits concern.

Direct and indirect employment

Direct employment refers to employment directly related to the production of forest products or services. As a result of this direct employment, employment is also generated in the

businesses that supply goods and services to the forest sector. This is referred to as indirect employment. (Sustainable forest management in Canada)

Gross domestic production

According to view points, Gross domestic product is the best way to measure a country's economy. It is the total value of everything produced within the country. If they are located within the country's boundaries, the government counts their production as GDP. There are two different ways to measure a country's GDP, as nominal GDP and real GDP.

Foreign direct investment

According to some scholars Foreign Direct Investment (FDI) was considered to be the lifeblood of economic development especially for the developing and underdeveloped countries. FDI is imperative for the economy as it is a momentum of growth, strengthens domestic capital, generates employment, augments productivity, and fosters exports through up gradation of technology and many more. Thus, there are innumerable determinants which lead to increase or decrease in the flows of FDI in any economy.

Inflation

According to some scholars inflation is shown as increasing general price level of the country. Some studies interpret negative relationship between inflation and economic growth. Nevertheless, several studies have accounted for the opposite. (Thirlwall and Barton, 1971), report a positive relationship between inflation and growth in a cross section of industrial countries and a negative relationship in a cross section of 7 developing countries. (Gillman et al., 2004), based on a panel data of Organization for Economic Cooperation and Development (OECD) and Asia-Pacific Economic Cooperation (APEC) countries, indicate that the reduction of high and medium inflation to moderate single digit figures has a significant positive effect on growth for the OECD countries, and to a lesser extent for the APEC countries. Similarly, (Alexander, 1997) finds a strong negative influence of inflation on growth rate of per capita GDP using a panel of OECD countries.
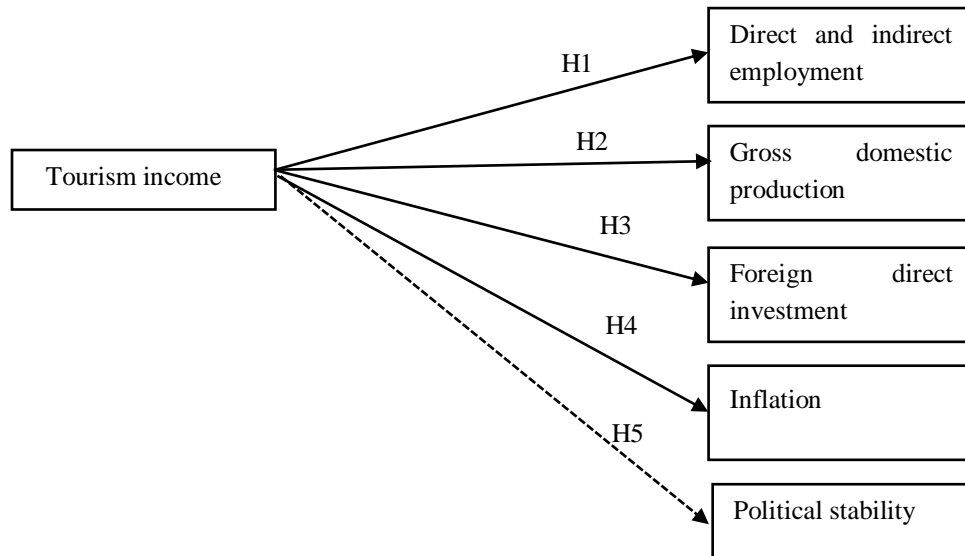
Conceptual Framework

Figure 1: Conceptual Framework

Hypothesis

Based on the extensive review of literature, the study proposes the following hypotheses to be tested in the course of this study.

H_1: There is a positive relationship between and Tourism income and Direct and indirect employment

H_2: There is a positive relationship between and Tourism income and Gross domestic production

H_3: There is a positive relationship between and Tourism income and foreign direct investment

H_4: There is a negative relationship between and Tourism income and Inflation

H_5: There is a positive relationship between and Tourism income and Political stability

Methodology

This study intends to analyze the secondary data from 1970 to 2017 to trace the contribution of tourism and related income to the economic growth of the country. The Annual reports of the Central Bank of Sri Lanka (CBSL) were the key source to collect data for the study. Secondary information is that information which will be obtained from the works of other authors which have already being published. There are several different data secondary

collection methods that can be used for a given research work. Data is obtained from secondary sources for this study. Researches, Annual statistical reports of Sri Lanka Tourism Development Authority, World Tourism Organization reports, Annual reports of Central Bank of Sri Lanka, etc. used to obtain secondary data.

The following operationalization table highlights the key variables and dimensions concerned in the study and the related secondary data were traced through the above sources pertaining to these variables and prepared for the analysis.

Operationalization

Table 1

Variables	Dimensions	Measures
Tourism income	Gross domestic production	Using secondary data
Economic growth	Foreign direct investments Inflation	Using secondary data
Direct and indirect employment	Political stability Using secondary data	Using secondary data

Dummy Variable

A dummy variable is an artificial variable created to represent an attribute with two or more distinct categories/levels. In this research, the researcher used 0, 1 dummy variable, 0 for war period and 1 for non-war period.

Data Analysis

Different strategies were utilized to break down the gathered information to accomplish the examination destinations set toward the start of the study. In order to explain the findings of the study, descriptive statistics, correlation analysis and time series regression analysis techniques were used in this study. In this study to accomplish the research objective utilize correlation and simple linear regression based on the gathered secondary data. Time series regression analysis is used to understand which among the independent variable are related to the dependent variables, and to explore the forms of these relationships.

Results and Discussion

Descriptive Analysis

According to descriptive analysis, it consists the mean, median, maximum, minimum and standard deviation values of collected data set. Those descriptive statistics data is based on tourism income, direct and indirect employment, gross domestic production, foreign direct investment and inflation of Sri Lanka, which include data since 1970 to 2017. And also there

are 48 observations. The first column of the table indicates the mean values of independent variable and dependent variables. According to the above results, highest mean value denote the GDP and lowest are denote by INF. The highest and lowest mean values are respectively 2330243 and 9.579971. Other dependent variables' mean values are 98355.23 for EMP and 253.6792 for FDI. As well as there is 58731.51 mean value for independent variable (TI). All dependent variables and independent variable have positive mean value according to analyzed time period.

When talk about the independent variable (TI), tourism income contribute to Sri Lankan economy by Rs. Mn. 58731.51, as an average of throughout considering years. The maximum tourism income was Rs. Mn. 598356 and it was recorded in year 2017. And also minimum income recorded in 1971, and it was Rs. Mn. 20.30000. As well as there is Rs. Mn. 131507.2 standard deviation (variance) in tourism income with concerning the previous year income throughout the time series. Establishment of Ceylon Tourism Board and organized tourism in 1966 were very much good impact to Sri Lankan tourism sector, as well as Sri Lankan economy. United National Party took political power in 1970 and the new president (Mr. J.R. Jayawardhene) was introduced open economy system to Sri Lanka. It was one of a critical point of booming tourism sector within Sri Lanka (SLTDA, 2017)

With concerning other dependent variables, direct and indirect employment (EMP) took as 1st. Tourism comprises 98355.23 employment opportunities as an average of considering 48 years. Tourism generated 359215.0 employment opportunities in 2017; it was generated highest employment opportunities. And also generated minimum employment opportunities were recorded in 1970 as 12078 (SLTDA, 2012). Employment opportunities changing around 84872 amount year by year. Expand of tourism sector, introducing new tourism destinations and promoting existing tourism destinations were impact to create new employment opportunities. There are other reasons behind the improvement of employment opportunities. Those are enhancement of workforce within the country, employees' self - motivation and interested to work in tourism industry, etc.

Gross domestic production is the total value of everything produced by all the people and companies in the country and it is a good indicator to measure country's economic growth and performance. There is 2330243 GDP at current market price in Sri Lanka as an average of those 48 years. When considering about existing data GDP annual growth rate averaged as 5.84 percent in recent years. Its high point record as 16.12 percent and lowest were record as 0.50 percent within recent years. Maximum GDP amount was recorded in 2017 as 11906000 at current market price. And also minimum was recorded as 13664.00 in 1970. GDP at current market price can be changed around 3571480 year by year. Agriculture, industrial, services are the main sectors that contribute as gross domestic production in Sri Lanka. Economic agriculture contributed by 7.7percent, industry contributed by 27. 2percent and 55.8percent contributed by services sector to gross domestic production. In here we can identify services sector is the main and important sector within gross domestic production in Sri Lanka.

When talk about Foreign Direct Investment (FDI), it spread around US $ 253.6792 as an average throughout analyzed years. Maximum FDI amount is recorded as 1375.000 in 2017. As well as minimum amount is recorded as 1.000000. There are 3 negative FDI amount was recorded in 1970, 1975 and 1977. 1970-1980 time period is the first decade of introduced open economy system to Sri Lanka, before that there were no economic relationships between another countries. There is US $ 329.8376 amount of variance in FDI with concerning previous year, throughout the time series.

Another independent variable is inflation (INF). Simply inflation is rising general price level of goods and services, as well as falling the purchasing power of currency. According to analysis average inflation rate recorded as 9.579971percent, maximum rate recorded as 26.14541percent in 1980, and also minimum rate recorded in 1977 as 1.224880percent. And then the variance of spreading inflation rate is 5.533316percent. Central Bank tries to keep the economy running smoothly in order to limit inflation and avoid deflation. When exploring the recent decade inflation rate we can identify there are increasing and decreasing trend in there. According to the data 2015 is the latest year which recorded minimum inflation rate, it was 2.2 percent.

Correlation Analysis

Correlation analysis is used to measure the association or strength of the relationship between two variables. It interprets the relationship between independent variable and dependent variable to check whether there is a positive relationship or negative relationship. Table 4.2 represents the correlation analysis between the dependent variables (EMP, GDP, FDI, and INF) and independent variable (TI) and dummy variable (PS). According to the analyzed data there are 5 positive relationships and 1 negative relationship.

According to the results there is a strong positive relationship between TI and EMP its value is 0.930076909. There is another strong positive relationship between TI and GDP, its value is 0.895022599. And there is strong positive relationship between TI and FDI, its 0.826221841. Therefore we can determine these 3 variables and independent variable have positive linear relationship, it means, if tourism income (TI) is increase, employment (EMP), gross domestic production (GDP), and foreign direct investment (FDI) are also increase.

There is only one negative relationship between TI and INF, it is -0.311204500, it is a weak negative relationship. Due to the reason that, inflation is continuously increasing general price level of goods and services. So that, inflation and other variables have negative relationships too. If inflation rate is increase it negatively affect to tourism income, employment, and gross domestic production. There is a weak positive relationship between tourism income (TI) and dummy variable (political stability, PS). The value is 0.326921827.

As a summary of correlation analysis, there are insignificant relationships between tourism income and employment, tourism income and gross domestic production, tourism income foreign direct investment, tourism income and inflation. But all these relationships are positive

without the relationship between tourism income and inflation. There is significant positive relationship between political stability and tourism income.

Time series data analysis

Regression analysis is a statistical process which used to estimate the relationships among variables. This study is based on time series data about Sri Lanka covering the period from 1970 to 2017. In regression model there are some assumptions, these assumptions can be tested as diagnostic test. To improve the validity of the regression results researcher used these test. There are main assumptions regarding the regression analysis and they are stated in order as follows.

Time series Unit Root Test

When exploring results of Unit roots test individual root Fisher- ADF, INF is stationary at level. With the 1st difference only TI and GDP has unit root (non-stationary). But with the 2nd difference GDP is the only one variable with having unit root.

According to the results of Unit roots test individual root Fisher- ADF majority tests arrived with a corresponding P value which is greater than 5percent at Level. Meaning that according to majority results researcher can't reject the Null hypothesis at level. Then after estimating the 1st difference it shows that some tests arrived with P value which is greater than 5percent. But after estimate the 2nd difference it shows that majority tests arrived with a corresponding P value which is less than 5percent. After estimate 1st difference TI and GDP has unit root. But after estimate 2nd difference only GDP has unit root. But with 2nd difference majority variables are non-stationary.

Regression Model of Tourism Income and Employment

This shows the impact of tourism income on employment for the time period of 1970 to 2017. According to the results, it shows 0.0000 p- value. Since the probability value is less than 0.05 therefore, it is significant. It means tourism income impact on EMP. According to the value of the coefficient, it shows the tourism income positively impact on EMP. Based on the analysis the impact of tourism income can analyze by following formulated equation;

$$EMP = 63101.3020352 + 0.600255712484*TI$$

When the tourism income becomes 0 the employment will be 63101.3020352. Further tourism income increased by one unit employment from the tourism sector increase by 0.600255712484 units.

The R- squared value of the analysis is 0.865043. The value means 86.5percent variation/ fluctuation of EMP can be explained by the tourism income. The remaining 13.5percent variation of EMP is influenced by the other variables beyond tourism income. The other

variables mean the variables which are out from the study. And also the Probability (F-statistic) value is 0.000000, it denote the accuracy of the model.

Regression model of Tourism income and Gross domestic production

This shows the impact of tourism income on gross domestic production for the time period of 1970 to 2017. According to the results, it shows 0.0000 p- value. Since the probability value is less than 0.05 therefore, it is significant. It means tourism income impact on GDP. According to the value of the coefficient, it shows the tourism income positively impact on GDP. Based on the analysis the impact of tourism income can analyze by following formulated equation;

GDP = 902651.756401 + 24.3070703391*TI

When the tourism income becomes 0 the employment will be 902651.756401. Further tourism income increased by one unit gross domestic production under tourism sector increase by 24.3070703391 units.

The R- squared value of the analysis is 0.801065. The value means 80.1percent variation/ fluctuation of GDP can be explained by the tourism income. The remaining 19.9percent variation of GDP influenced by the other variables beyond the independent variables operationalized in this study. The other variables mean the variables which are out from the study. And also the Probability (F-statistic) value is 0.000000, it denote the accuracy of the model.

Regression model of Tourism income and foreign direct investment

This shows the impact of tourism income on foreign direct investment for the time period of 1970 to 2017. According to the results, it shows 0.0000 p- value. Since the probability value is less than 0.05 therefore, it is significant. It means tourism income impact on FDI. According to the value of the coefficient, it shows the tourism income positively impact on FDI. Based on the analysis the impact of tourism income can analyze by following formulated equation;

FDI = 131.971351704 + 0.00207227441393*TI

When the tourism income becomes 0 the foreign direct investment will be 131.971351704. Further tourism income increased by one unit foreign direct investment increase by 0.00207227441393 units.

The R- squared value of the analysis is 0.682643. The value means 68.2percent variation/ fluctuation of FDI can be explained by the tourism income. The remaining 31.8percent variation of FDI influenced by the other variables beyond the ones included in this study. The other variables mean the variables which are out from the study. And also the Probability (F-statistic) value is 0.000000, it denote the accuracy of the model.

Regression model of Tourism income and Inflation

This shows the impact of tourism income on inflation for the time period of 1970 to 2017. According to the results, it shows 0.0313 p- value. Since the probability value is less than 0.05 therefore, it is significant. It means, tourism income impact on INF. According to the value of the coefficient, it shows the tourism income negatively impact on INF. Based on the analysis the impact of tourism income can analyze by following formulated equation;

INF = 10.3490177499 - 1.30942840391e-05*TI

When the tourism income becomes 0 the inflation will be 10.3490177499. Further tourism income increased by one unit inflation decrease by 1.30942840391 units. And also the Probability (F-statistic) value is 0.031316, it denote the accuracy of the model.

Regression model of Tourism income and Political stability (dummy variable)

This shows the impact of tourism income on political stability (dummy variable) for the time period of 1970 to 2017. According to the results, it shows 0.0233 p- value. Since the probability value is less than 0.05 therefore, it is significant. It means tourism income impact on PS. According to the value of the coefficient, it shows the tourism income positively impact on PS. Based on the analysis the impact of tourism income can analyze by following formulated equation;

PS = 0.426225335069 + 1.25613421439e-06*TI

When the tourism income becomes 0 the political stability will be 0.426225335069. Further tourism income increased by one unit political stability increase by 1.25613421439 units. And also the Probability (F-statistic) value is 0.023330, it denote the accuracy of the model.

Discussion

The contribution of tourism income for the growth of Sri Lankan economy under 4 criteria and under 1 dummy variable was considered by this research. Based on the results of the study there is a positive relationship between tourism income and economic growth of Sri Lanka. Most of the previous research studies confirmed this fact, (Balaguer and Cantavella-Jordá, 2002) for Spain, (Dritsakis, 2004b) for Greece, (Kim and Chen, 2006) for Taiwan (Gungor and Katircioglu, 2010) for Turkey.

Furthermore, (Wanhill, 1983) investigated co-integration and causality between tourism and economic growth in Mauritius and found that tourism has contributed to economic growth. Moreover, he claimed that tourism has a significant positive impact on Mauritian economic development. (Sugiyarto et al., 2003) so that, tourist spending, as an alternative form of exports, gives the foreign exchange earnings. Subsequently, it is used to import capital goods to produce goods and services, which in turn leads to economic growth in host countries (McKinnon, 1964). According to (Mitchell and Ashley, 2006b), the tourism industry may

contribute significantly in economic growth, employment and reduction of poverty. But, (Yavuz, 2006), found that there is no causality relationship between tourism income and economic growth for the Turkey.

Existing evidence suggests that many developing countries are able to gain a significant amount of government revenue from international tourism For instance; the World Trade Organization (1998) claimed that these countries generate 10percent to 25percent of government revenue from the tourism sector. Some countries generated more than 50percentt of government revenue from the tourism sector. The contribution of tourism to government revenue, for example, accounted for over 50percent in the Bahamas and over 40percent in Maldives.

According to Vroom, (1979), Tourism generating areas provide employment for thousands with the outlook for future growth surpassing all estimates. (Gentry, 2007) identified Belizean women's employment experiences in alternative, mass, and non-tourism businesses are examined to determine whether the alternative sector addresses criticisms attributed to mass tourism employment through case study. As well as according to the researcher's findings there is a positive relationship between tourism income and employment.

With the researcher's analyzed data, there are there is a positive relationship between tourism income and gross domestic production. When go through with previous findings, (Wickremasinghe and Ihalanayake, 2007) proposed that there is a noteworthy causal relationship from tourism receipts to the Gross Domestic Product (GDP) of Sri Lanka according to their examination. As well as, (Çağlayan et al.), researched the causal connection between tourism income and gross domestic production (GDP) utilizing board information of 135 nations for the time of 1995-2008. The result indicated that there was bidirectional causality in Europe between tourism revenue and GDP, unidirectional causality in America, Latin America and Caribbean countries. (Mishra et al., 2011) analysis the causality among real GDP, foreign tourist arrivals and foreign exchange earnings in India using VECM for the period spanning from 1978 to 2009.

According to my findings there is a positive relationship between tourism income and foreign direct investment. With comparing (Archer, 1982) interpreted tourism become a major source of foreign exchange earnings, under export earnings for lot of developing countries. Tourism expenditure is an invisible export which creates a flow of foreign exchange in to the economy of the destination country. And, (Aktar et al., 2014) established the long run relationship between the tourist arrivals and foreign exchange earnings. As well as, (Balaguer and Cantavella-Jorda, 2002) argued that, foreign exchange brought by international tourism will lead to economic growth. According to Prinz P. Magtulis and Sauk-Hee Park (2017), high-level public corruption, low economic development and the government's inability to establish a good business environment reasons for reduced FDI.

When talk about the inflation, some studies interpret negative relationship between inflation and economic growth. Nevertheless, several studies have accounted for the opposite. (Thirlwall and Barton, 1971), report a positive relationship between inflation and growth in a cross section of industrial countries and a negative relationship in a cross section of 7 developing countries. But, (Alexander, 1997) finds a strong negative influence of inflation on growth rate of per capita GDP using a panel of OECD countries. With considering the researcher's findings there is a negative relationship between tourism income and inflation.

When considering the Sri Lankan context (Wickremasinghe and Ihalanayake, 2007) and (Ranasinghe and Deyshappriya, 2010) proved there is a positive relationship between tourism income and economic growth. (Ranasinghe and Deyshappriya, 2010) identifies tourism as "one of the key engines of growth and development in the Sri Lankan economy. "They further assert that it "is a key focus of the Government's industrial strategy."

With comparing those previous works, the researcher can conform her findings. Because lot of previous findings proved that there are positive relationship between tourism income and economic growth, tourism income and employment, tourism income and gross domestic production, tourism income and inflation, as well as there is negative relationship between tourism income and inflation. Therefore, with considering the researcher's developed hypothesis, the researcher can conform the hypothesis.

Conclusion and Recommendations

Conclusions

The tourism sector is viewed as one of the most important engines of growth in the Sri Lankan economy with its natural advantages and its unique tourism destinations. According to annual research statistics of 2017, tourism' total contribution to GDP was recorded as 13.5percent. And also tourism' total contribution to employment was increased by 2.8percent with comparing 2016. This study was conducted to find out whether tourism income contribute to the Sri Lankan economic growth. Researcher go through the data about tourism income, direct and indirect employment created from tourism sector, gross domestic production in country and inflation rate between the time period of 1970-2017. And also the researcher took political stability as dummy variable for the analysis purpose. According to this research and its findings there is a theoretical contribution made from this research.

Lot of previous researchers did the researches to examine the relationship between tourism income and economic growth in various countries with compare with various variables. Therefore when look at this research there is a theoretical contribution can identified. As an empirical contribution there is positive relationship between political stability and macroeconomic variables, such as foreign direct investment, inflation, etc.

Recommendations

Sri Lankan Rupee (LKR) is continuously depreciating again USD and this trend gives the advantage to tourists where the real contribution of the tourism income to the economy remains at low level. Thus the rupee value has to be maintained consistently strong to gain the real benefit of tourism revenue to the economy. Political stability showed positive I the Island since 2009, after the end three decades war. Yet, the prevailing turbulent internal political conditions resulted cancelling number of reservations from international tour operators. This trend has to reach an end to enhance tourism performance and consequently the contribution of tourism to economic growth. According to the results there are relationships between tourism income and other selected variables in this study. Based on the relationships examined the following recommendations can be furnished from this study. Tourism performance should be strengthened and for this the promotion of destinations is mandatory. Further, diversified tourism products and services can be introduced to attract different market segments whom can contribute to the economic growth of the Island. Tourism Improve performance of tourism related government agencies. Infrastructure being a critical aspect of the tourism industry developing and maintaining quality and reliable infrastructure that can facilitate tourism should be a key focus to reap benefits of growing global tourism sector.

Limitations and Future Research

This research investigates the contribution of tourism income for the growth of Sri Lankan economy. The economic development is a wider consideration many economies trying to achieve with the contribution of industries like tourism. This study concerns only the growth where broader development is overlooked. Thus, future researchers can investigate the contribution of tourism income for the development of Sri Lankan economy. Because growth and development are different concepts, as well as economic development is broader area than growth.

References

Aktar, M. A., Sadekin, M. N. & Saha, S. K. 2014. Relationship between tourist arrival and foreign exchange earnings: The case for Bangladesh. *Mediterranean Journal of Social Sciences*, 5, 162.

Alexander, W. R. J. 1997. Inflation and economic growth: evidence from a growth equation. Applied Economics, 29, 233-238.

Alfaro, L., Chanda, A., Kalemli-Ozcan, S. & Sayek, S. 2004. FDI and economic growth: the role of local financial markets. *Journal of international economics*, 64, 89-112.

Archer, B. & Fletcher, J. 1996. The economic impact of tourism in the Seychelles. *Annals of tourism research*, 23, 32-47.

Arikunto, S. 2006. Research Methods. Jakarta: Rineka Cipta.

Ary, D., Jacobs, L. C., Irvine, C. K. S. & Walker, D. 2018. Introduction to research in education, *Cengage Learning*.

Balaguer, J. & Cantavella-Jorda, M. 2002. Tourism as a long-run economic growth factor: the Spanish case. *Applied economics*, 34, 877-884.

Balaguer, J. & Cantavella-Jordá, M. 2002. Structural change in exports and economic growth: cointegration and causality analysis for Spain (1961-2000), *Instituto Valenciano de Investigaciones Económicas.*

Çağlayan, E., Şak, N. & Karymshakov, K. Identifying Tourism and Economic Growth Nexus: Hurlin-Venet Approach.

Dritsakis, N. 2004a. Cointegration Analysis Of German And British Tourism Demand For Greece. *Tourism management*, 25, 111-119.

Dritsakis, N. 2004b. Tourism as a long-run economic growth factor: an empirical investigation for Greece using causality analysis. *Tourism economics*, 10, 305-316.

Durbarry, R. 2004. Tourism and economic growth: the case of Mauritius. Tourism Economics, 10, 389-401.

Durbarry, R. & Sinclair, M. 2002. The price sensitivity of tourism demand in Malta. Report for the Malta Tourism Authority.

Eugenio-Martín, J., Martín Morales, N. & Scarpa, R. 2004. Tourism and economic growth in Latin American countries: A panel data approach.

Fayissa, B., Nsiah, C. & Tadasse, T. 2007. The impact of tourism on economic growth and development in Africa. Middle Tennessee State University, Department of Economics and Finance. Working paper.

Fernando, S. 2012. An Assessment of the Impacts of Tourism in Sri Lanka.

Fernando, S. 2017. The Tourism-Led Development Strategy in Sri Lanka.

Fernando, S., Bandara, J. S., Liyanaarachch, S., Jayathilaka, R. & Smith, C. 2013. Political violence and volatility in international tourist arrivals: the case of Sri Lanka. Tourism Analysis, 18, 575-586.

Gentry, K. M. 2007. Belizean women and tourism work: Opportunity or impediment? Annals of Tourism Research, 34, 477-496.

Gillman, M., Harris, M. N. & Mátyás, L. 2004. Inflation and growth: Explaining a negative effect. *Empirical economics*, 29, 149-167.

Gunduz*, L. & Hatemi-J, A. 2005. Is The Tourism-Led Growth Hypothesis Valid For Turkey? *Applied Economics Letters*, 12, 499-504.

Gungor, H. & Katircioglu, S. 2010. Financial development, FDI and real income growth in Turkey: an empirical investigation from the bounds tests and causality analysis. *Actual Problems of Economics*, 11, 215-225.

Hazari, B. R. & Sgro, P. M. 2004. Tourism and growth in a dynamic model of trade. Tourism, Trade and National Welfare. *Emerald Group Publishing Limited*.

Kasman, A. & Kasman, S. K. 2004. Turizm gelirleri ve ekonomik büyüme arasındaki eşbütünleşme ve nedensellik ilişkisi. Iktisat Isletme ve Finans, 19, 122-131.

Kim, H. J. & Chen, M.-H. 2006. Tourism expansion and economic development: The case of Taiwan. Tourism management, 27, 925-933.

Lee, C. G. 2010. Health care and tourism: Evidence from Singapore. Tourism Management, 31, 486-488.

Mccatty, M. & Serju, P. 2006. Tourism, economic growth and employment. Kingston: Bank of Jamaica.

Mishra, P., Rout, H. B. & Mohapatra, S. S. 2011. Causality between tourism and economic growth: Empirical evidence from India. *European Journal of Social Sciences*, 18, 518-527.

Mitchell, J. & Ashley, C. 2006a. Can tourism help reduce poverty in Africa. *Overseas Development Institute, London*.

Mitchell, J. & Ashley, C. 2006b. Tourism business and the local economy: Increasing impact through a linkages approach. *ODI Briefing Paper*.

Moutinho, L. & Hutcheson, G. D. 2011. The SAGE dictionary of quantitative management research, *Sage Publications*.

Nell, K. 2000. Imported inflation in South Africa: An empirical study. *Department of Economics Discussion Paper, University of Kent*.

Oh, C.-O. 2005. The contribution of tourism development to economic growth in the Korean economy. Tourism management, 26, 39-44.

Ranasinghe, R. & Deyshappriya, R. 2010. Analyzing the significance of tourism on Sri Lankan economy; an econometric analysis.

Rasul, G. & ManandhaR, P. 2009. Prospects and problems in promoting tourism in South Asia: A regional perspective. *South Asia Economic Journal*, 10, 187-207.

Saunders, M., Lewis, P. & Thornhill, A. 2009. Research methods for business students, *Pearson education*.

Sequeira, T. N. & Campos, C. 2005. International tourism and economic growth: A panel data approach. Milan, Italy, Fondazione Eni Enrico Mattei Nota di Lavoro, 141, 1-14.

Smith, C., Bandara, J. S., Liyanaarachchi, S. & Fernando, S. 2014. Managing the Tourism-Led Development Strategy in Post-War Sri Lanka.

Wang, M. 2009. Manufacturing FDI and economic growth: evidence from Asian economies. Applied Economics, 41, 991-1002.

Wanhill, S. R. 1983. Measuring the economic impact of tourism. *The Service Industries Journal*, 3, 9-20.

Wickremasinghe, G. B. & IhalanayakE, R. 2007. Causal relationship between tourism and economic growth in Sri Lanka: some empirical evidence. CAUTHE 2007: Tourism-Past Achievements, Future Challenges, 742.

Xiao-Lan, Z. D.-L. W. 2006. Empirical Research about the Effect of FDI in the Services on the Economic Growth [J]. *Journal of International Trade*, 11, 014.

Yavuz, M. H. 2006. The Emergence of a New Turkey: Islam, Democracy, and the AK Parti, University of Utah Press.

Yıldırım, J. & ÖCAL, N. 2004. Tourism and economic growth in Turkey. Ekonomik Yaklaşım, 15, 131-141.

Zortuk, M. 2009. Economic impact of tourism on Turkey's economy: evidence from cointegration tests. *International Research Journal of Finance and Economics*, 25, 231-239.