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JMTR's Role in Business and Management Research

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This is an invited article for the first issue of Journal of Management and Tourism Research (JMTR).

Management thinking remains around human behaviour throughout the social progression. The purpose of this article is to review the scientific research in the discipline of business and management with a view to propose directions for the future research in business and management together with the role of JMTR in this context. The article is structured into three main areas; Scientific Research in Social Science; Evolution of Philosophical Foundation and Management Theories and Scientific Management Research in today and future.

Scientific Research in Social Science

Social science can be described as the study of society and social behaviour and includes many academic disciplines such as sociology, anthropology, history, geography economics and management. The debate regarding what constitutes in social science scientific research and the link between natural and human sciences has attracted considerable debate over a long period. For example, philosophers and great social theorists such as Plato, Aristotle, Karl Marx, and Max Weber have pondered this question (Rick & Peterson, 2017).

Yet, despite over two centuries of debate and discussion, questions remain around the validity of various research methods used in social science research. The on-going debate suggests the answers to this debate which are intricate in nature. Not surprisingly many scientific studies tell us that the practice and the meaning of social science are more complex than what many people perceive. Additionally, social science research is central to a “reality-based community” and it relies on people carefully studying experiences, events, and facts in social reality (Vogel, 2017). Interestingly, while social research helps us to answer questions about the social world it also raises new questions that may change the way we view the world.

Management, as a part of the social sciences family (Harlow, 1975), also relies on an understanding of other social science disciplines. The concepts and theories of ‘management’ that have developed were not a gift from God but have been evolving gradually over the centuries. For example, many years ago, the Egyptians built the Pyramids, the Chinese built The Great Wall, and the Mesopotamians irrigated their farmlands. In Sri Lanka, our own ancestors built massive irrigation engineering projects, Stupa and citadels such as Sigiriya. So, how did these early civilizations accomplish such

impressive feats? Obviously, they had considerable coordination, organization, and human resource skills that enabled them to deliver expected outcomes effectively and efficiently (Patton, & Appelbaum, 2003).

Bodroz'ic' and Adler (2018) define a management model as a "distinct body of ideas that offers organizational managers precepts for how best to fulfil their technical and social tasks". At its core, management can be viewed as a process of effectively utilizing an organization's resources in order to efficiently achieve its desired outcomes. Management theories, like the social sciences in general, as discussed previously, have attracted considerable debate about being a 'real' science. Management research is concerned not only with "knowing what", but also goes to the questions associated with "knowing how" (Tranfield and Starkey, 2002). Probably the most striking feature within the discipline is that management research operates on no single agreed ontological or epistemological paradigm and it is multi-disciplinary in nature. Further, Tranfield and Starkey (2002) indicated that it is a heterogeneous and fragmented field utilizing knowledge and research methods often drawn from associated disciplines in the social sciences.

Application of scientific method to the investigation of relationships among natural phenomenon or to solve a problem was gradually accumulated and management research evolved with more scientific evidence over the decades. Progressively, the mode of knowledge-production system expanded to trans-disciplinarily spheres in which "team working" rather than "heroic individual endeavour" established as a norm (Rick et al, 2017).

Evolution of Philosophical Foundation and Management Theories

A thorough an understanding of evolution of the theory is important for contemporary managers (Davidson and Griffen, 2000) to work on evolving natural phenomena empirical applications are of paramount importance in business management perspective. A theory is a "conceptual framework for organizing knowledge and provides a blueprint for action" (Davidson and Griffen, 2000). A range of theories such as classical theory, neoclassical theory, and contemporary management theories have informed development of the management field. Successively, these theories have contributed to the evolution of contemporary management philosophies. Classical management theory that emerged in the early-1900s was the "first well-developed framework for management" (Davidson and Griffin, 2000). It consists of two distinct branches: scientific management and administrative management. Scientific management focused on improving the performance of individual workers as illustrated in the work of Taylor (Smith et al, 2012). Taylor developed a system where the most efficient way to do different jobs were identified, workers were scientifically selected and trained, supervisors ensured that workers performed their tasks as identified by management and workers were paid according to their performance (Davidson and Griffin, 2000). The administrative management theory, concentrated on the management of the total organization rather than the individual worker. Fayol, an important contributor to this theory, identified a range of specific "managerial functions of planning, leading, organizing and controlling" (Davidson and Griffin, 2000). Scientific research foundations in business

research emerged during this period where the central focus was to build the knowledge to support the revolutionized industry expansion and social change.

Positivist social science, interpretive social science, and critical social science were three approaches that offered different ways to observe, measure, and understand social reality on which the management doctrinaires also relied on. Western European philosophers developed positivism, which emphasized discovering causal laws, careful empirical observations, and value-free research, in the late-eighteenth and early-nineteenth centuries which set the foundation for early management scholars Bodrozic and Adler (2018). It has been a dominant paradigm in the field of business and management research, especially as practiced in the United States since 1945 (Dawson, 2014). The paradigm accentuated precise quantitative data and often involved the use of experiments, surveys, and statistics in research. Researchers in many fields such as public health administration, criminal justice, market research, policy analysis, program evaluation relied on positivist social science.

A second approach, interpretive social science, originated in the nineteenth century and was significantly informed by Max Weber and German philosopher Wilhelm Dilthey which have set new direction in the management research discourse. It is concerned with examining how people interact and with providing meaning for this interaction. In contrast to positivism, the interpretive approach acknowledges that subjective experiences, beliefs, and the behaviours of people can be as equally important as precise quantitative data which has become the core of human behaviour studies (Patton & Appelbaum, 2003). The critical social science paradigm is based on, as the name suggests, a critical process of inquiry that goes beyond surface illusions to uncover the real structures in the material world in order to help people change conditions and build a better world for themselves and others (Brigs, 2012). The critical social science paradigm was critical of some concepts of the both positivism and interpretivism.

In the 1980s, postmodernism and feminism arose from the critical social science paradigm and number of business and management researchers have worked in this perspective. Postmodernism, like the critical process, attempts to deconstruct the social world to gain an understanding of internal hidden structures. Postmodernists adopted a qualitative approach to exploring the social world and relations from which consumer behaviour studies, employee behaviours and satisfaction studies have got the basis during last few decades (Smith et al, 2012). On the contrary, the feminist approach used multiple research techniques to explore how existing social systems discriminated against women and other minorities. This approach attempted to give a voice to women and worked toward correcting a predominantly male-oriented perspective in the development of theory. Feminism presents the social world as an “interconnected web of human relations full of people linked to one another by feelings of trust and mutual obligation” (Gunter, 2000:8). These theoretical developments enriched management research field into the areas such as women rights, contributions, concerns and special considerations in various industry concern.

Hence, a distinctive characteristic of management research is that it engages with both the world of theory and the world of practice. Because, management researchers started

arguments on increasing the efficiency of workers and organizations based on management practices, which were an outcome of careful observation. Based on that, the approaches such as classical approach mainly look for the universal principles of operation in the striving for economic efficiency. At the next generation, Neo Classical Theory occupied Human relations management and Behavioural science approaches were foundations for scientific research. Scholars such as Elton Mayo (Hawthorne studies) and Abraham Maslow (hierarchy of human needs) heightened management discourse through their findings. Their concepts have extensively been used in motivational theories in organizational and business management frameworks.

Management Research – Way Forward and the Role of JMTR

There are three key issues or debates at present in the context of business and management research and they are; the long-lasting tensions between qualitative and quantitative methodologies in conducting research; the second debate is that whether management research should lead to developments in academic theory or whether it should lead to solutions of practical problems. The former referred to as pure research conjures the image of white-coated scientist studying companies and their employees of a distance; the latter, known as applied research suggests researchers in grey suits or overall working with managers and employees to understand the strategies and practices. Third issue is that whether management research is driven by businesses or hegemony which is political oriented. This is because the research is taken place within the peripheries of formal organizations that have distinct boundaries which are controlled from within. Hence, access to companies depends on senior managers being convinced that the potential benefits will outweigh the costs. Consequently, researcher may have to confront the ethical issues and to navigate complex political relationships (Easterby-Smith et al, 2012).

This brings us back to the question of whose interests are served by business management research. Traditionally, the ultimate constituency for organizational research was managers. Scholars were encouraged to conduct research with “managerial relevance” or possibly “policy relevance.” Besides, business corporations kept growing bigger during the 1960s and 1970s, the need for managers to staff their internal hierarchies led to a massive expansion in management education. The demand for business and managerially relevant research was evident. Yet beginning in the 1980s, changes in the economy were reflected in the kinds of jobs taken by MBA students. Instead of seeking management jobs at MNCs or conglomerates, MBAs from elite schools went into finance and consulting. Traditional corporations, particularly manufacturers, shrank or even disappeared through multiple rounds of outsourcing and downsizing, while the largest employers came to be in retail, where hierarchies within stores are relatively short. Meanwhile, information technologies increasingly turn the tasks of management (measuring and rewarding performance, scheduling) over to algorithms.

Contemporary management theories are concerned with problem solving and they use scientific approaches, mathematical tools and techniques. The different factors involved in

management can be quantified in research and findings and expressed in the form of equations in this approach. Descriptive, correlations and OLS regression were extensively used in the previous decades and Structural Equation Modelling has almost saturated in terms of number of scientific publications in reputed journals (Rex et al, 2005). Management research also focuses on identifying the important variables in situations. Hence, Management researchers forces to identify the interrelationship and find solution to specific situations (Smith et al, 2012). Moreover, the modern scientific management researches force to apply the managerial knowledge in recognized actual problems and the variation of the environment in which they operate between different enterprises and levels.

Over the decades, management researches have been shifted from trans-disciplinary, to multi-disciplinary and today in to interdisciplinary researches in multifaceted subject areas. UN last year replaced MDGs with SDGs and the discourse of sustainability is at the core of industry and academia. Consequently, the management researchers are in a cross road in addressing this sustainability-bottom line orthodoxy (Rick et al, 2017). Therefore, SUSTAINABILITY will undoubtedly lead the management research agenda in next decade. And also, business and management research will engage in modes of research that are not only intellectually challenging but also how theoretical developments put into practice. Thus, the future research should focus both on theoretical developments while emphasizing the fact that these theoretical developments are essentially necessary to put into practice while focusing on quantitative, qualitative and mix methods. The enterprises, societies and technologies are progressed in a phase which is fare ahead the advancement of research approaches. The management research discipline is evolving into a more complex discourse and new paradigms such as mobilities have been introduced in sociological contexts (Hannam et al 2014).

In this backdrop, The JMTR is expected to play a catalyst role in disseminating knowledge within its scope and focuses the future directions in business and management research in the areas of entrepreneurship, business management, human resource management, marketing management, tourism destination planning and management, tourism marketing, hospitality management, events management and so forth. Prominently, novel methodological approaches, unexplored areas and empirical issues addressing concurrent management issues are key focuses of JMTR. Equally, it is expected to be a platform for young researchers to contribute to the industry and academia through their research findings. This and future issues of JMTR will begin the project of opening up these new avenues of management research, facilitating the crossing of disciplinary boundaries, bringing new theoretical tools to bear on empirical problems, and enabling conversations between academics and policy arenas.

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Differentiation; UWU Experience

Dr. Chandra Embuldeniya

Founder, Vice Chancellor of Uva Wellassa University (2004-2011)

One of the world leaders was asked by a young student in the audience “what do you foresee in this situation...” and added a few more words to describe the situation. This wise leader in his casual attire with lots of grey hair stood up and said, “I do not foresee”, adding “I saw”. This brought a thunderous applause from the audience. That leader was Lee Kwan Yew. This is the same with Uva Wellassa University and the concepts we launched at the outset in 2005. I am happy that those concepts have stood the test of time, thirteen years. Entrepreneurship is now heard in every university after we introduced it at UWU. Essential Skills and Broad General Education have come to stay with many institutions, though not using the same terminology. Continuous assessments are now the practice, even being spoken at schools. Technology education came into the university system because we made Science and Technology and all those programs that contributed to value addition with technology learning a great student experience. Multidisciplinary and interdisciplinary systems came into the local education system. English is now becoming the preferred language for university education. Quantitative reasoning has proven to be indispensable for everyone leaving with a degree. Value addition for creating wealth through knowledge economy came to be as we created the centre of excellence for value addition and made it our business. These are some of the enlightening work our university gifted this nation with. All the pioneers and the lecturers who joined me, 24 of them at the outset and later became over a hundred, have etched their names on these achievements for their endurance. More than anything I commend the Entrepreneurship and Management Faculty for having more of our students becoming practicing real time entrepreneurs. This credit is shared by the other two faculties as well. **How I saw entrepreneurship is not in books but in practice and that is established by creating a ready to practice mindset with students realizing the potential from within. What practice? Creating wealth and social value using knowledge with other attributes. If this hurdle of realization is overcome, then it means the graduate is work ready.** I believe more and more of them would live up to the challenges facing the revolutionizing technology and disappearing jobs. It means the jobs that existed during our time will no longer be available in a few years and be replaced by machines and people with different skills. That also implies how we prepare the mindset of student to face an unseen future that could become a volatile nexus of knowledge, skills and attitudes required in a very competitive market. I am happy to note that UWU continues to emphasize the right weights on skills and attitudes. Thus, the uncertainties with knowledge would be less predominant in shaping futures.

I congratulate the Faculty Board, the Senate and the Vice Chancellor for this initiative taken in launching the Journal. The Journal should become the repository of credence of our students, lecturers and those who would wish well UWU as the centre of excellence for value addition.

Table of Contents

JMTR's Role in Business and Management Research	iv
<i>J.P.R.C. <u>Ranasinghe</u>, J. <u>Buultjens</u></i>	
Exploring the Relationship between Beach Boys and Tourists using Host-guest Theory: the case of Bentota, Sri Lanka	1
<i>W.H.M.S. <u>Samarathunga</u></i>	
Assessing the Antecedents and Consequences of Work Life Imbalance (With Special Reference to Female Nurses in Government Hospitals)	21
<i>K. <u>Biyagama</u>, J. <u>Sutha</u></i>	
The impact of content characteristics of online reviews on travelers' hotel booking intention	41
<i>D.M.M.I. <u>Dissanayake</u></i>	
Impact of Value Added Tax on Poverty in Sri Lanka	57
<i>N.P.R. <u>Deyshappriya</u></i>	
The Determinants of Profitability of Listed Finance Companies in Sri Lanka	79
<i>H.W.O.M.N. <u>Aluvihare</u>, Y.M.C <u>Gunaratne</u></i>	
Determinates of Tourist Loyalty: an extended structural equation model from post-war tourism development context in Sri Lanka	95
<i>J.P.R.C <u>Ranasinghe</u>, A.M.D.B. <u>Nawarathna</u></i>	

Research Article 01

Exploring the Relationship between Beach Boys and Tourists Using Host-guest Theory: The Case of Bentota, Sri Lanka

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Abstract

Beach boys in the informal tourism sector are often identified as sex workers whose behaviour affect the tourists' experience either positively or negatively. The relationships developed between the beach boys and the tourists constitute important phenomenon in tourism host-guest theory. Thus, the paper brings light to the relationship between beach boys and international tourists visiting Sri Lanka along with their contributions and hindrances towards the tourism development of the country. Further, the findings are compared with similar international cases to grasp a comparative standpoint. The sample consisted of eleven beach boys in Bentota National Holiday resort, whose interviews were recorded, transcribed and analysed through qualitative content analysis method using NVivo 11 tool. The results indicate that the beach boys make diverse attempts to initiate relationships with the tourists by being sales persons, guides, companions and sex partners while some beach boys eventually become the life partners of the foreign female tourists extending the horizons of host-guest theory. The study further discusses the theoretical and managerial implications of the findings.

Keywords: *beach boys, content analysis, host-guest theory, informal tourism sector*

Introduction

Although many planning approaches have been adopted to plan a tourist resort, emergence of an informal sector is inevitable. The informal sector predominantly consisted of the locals living around the destination those who provide an array of services to the tourists visiting the destination and make a living. Beach boys are also known as one of the players in the informal tourism sector (Davidson, 2004). Much about the employment in the informal tourism sector is yet not known in developing countries (Snow & Wall, 1993). This has led to create new research avenues in identifying host-guest relationships in tourism literature.

Beach boys are among those men who make a living by providing different services to the tourists and they are commonly found in tourist destinations all over the developing world

(Nyanzi, Rosenberg-Jallow, Bah, Nyanzi 2005). The beach boys are addressed in different names according to their culture and the language. Some of the common names found in the literature are: *Sanky Pankies* in the Dominican Republic (Herold, Garcia and DeMoya, 2001), *Kuta cowboys* / *Cowok* / *Gaidor* / *Casanovas* / *Gigolo* in Indonesia (Dahles, 1998; Jennaway, 2002; Wolf, 1993), *Bricheros* in Peru (Bauer, 2008), *Gringueros* in Costa Rica (Romero-Daza and Freidus, 2008), *Kamaki* in Greece (Kibicho, 2009), *jineteros* in Cuba (Cabezas, 2004), *Rastamen* in Kenya (Kibicho, 2009), *Bomas* in Gambia (Brown, 1992), *Beach Bums* in Barbados (Phillips, 2008). However, the definitions for the term beach boy are restricted to the sexual contacts they maintain with the tourists. For example, Miller (2002) defines beach boys as heterosexually identified young men who provide sexual and other services to tourists. Similar to Miller (2002), Jennaway (2008) also came up with a definition, i.e., beach boys are the young men who loiter about the beaches, bars and cafes patronized by Western tourists, hoping to strike up a relationship with them. Both definitions imply that beach boys intend to initiate relationships which are more sexual in nature. Similarly, the researches on sexual relationships between female tourists and local males are in high demand among the researchers. For example, studies have been conducted in Dominican Republic (Herold, Garcia and DeMoya, 2001), in Barbados (de Albuquerque 1998; Karch and Dann 1981), in Jamaica (de Albuquerque 1998; Pruitt and LaFont 1995), in Ecuador (Meisch 1995), in Greece (Zinovieff 1991), in Gambia (Brown 1992) and in Indonesia (Dahles, 1998; Ford and Wirawan, 2000) exploring the sexual relationship between the host and the guest.

In Sri Lanka, as illustrated in Airport Survey Results – 2017, a majority of the tourists visiting the country either starts or ends their journey from a beach destination (SLTDA, 2017). Thus, it is imperative to create long lasting first and last impressions with the tourists. It is common at tourist destinations that the tourists are frequently approached by the men asking whether they need any assistance (Herold, Garcia, DeMoya, 2001). Many researchers have concluded that the intention of such men is to initiate a sexual relationship with the tourists and to clear a path to migrate to a developed country (Herold, Garcia, DeMoya, 2001; Jennaway, 2008; Spencer and Bean, 2017; Weichselbaumer, 2012). Consequently, both Sri Lankan and international media reports illegal activities of beach boys, which are of harassments in nature, drawing a negative attention to Sri Lanka tourism (BBC, 2018).

Since the stakeholders involved with the tourism industry are highly varied, the literature demands for comprehensive studies in different aspects of tourist-host interactions (Zhang et al, 2006; Yoo & Sohn, 2003). The relationship between hosts and guests can be explored in the context of beach boys, which is rarely explored in Sri Lanka. Followed by other international studies, the studies conducted in Sri Lanka, for instance, Beddoe (1998), Miller (2002), Miller (2011), Miller and Nichols (2012) are either about or come with arguments about the relationship between beach boys and tourists in providing sexual services. Whilst this is not a dispute, the literature is silent about some general information about beach boys and the nature of their relationship with the tourists in different perspectives which imply the different aspects of host-guest theory. As such, this paper not only explores the nature of relationship between the beach boys and tourists but also challenges the current notion that

beach boys are predominantly sexual service providers to the tourists who are on vacation in Sri Lanka.

Literature Review

Informal Sector in the Tourism Industry

Modern economic turmoil in most of the developing countries have given a birth to an informal sector, or an informal economy. International Labour Organization (2004) refers the informal sector to those performing legitimate but non-observed economic activities which are not subject to national labour legislation, income taxation, social protection or entitlement to employment benefits. In the developing countries informal economy is growing fast (Ford and Wirawan, 2000; Taylor, 2001; Williams, 1999). Similar to many other industries, tourism industry has also got its own informal sector (Oppermann, 1993) and some of the jobs in this informal sector are occupied with prostitutes and beach boys (Davidson, 2004), chauffeurs and tour guides, rurally based pieceworkers, beach-based hawkers and street vendors (Ranasinghe, 2017). Dahles (1998) identifies that unqualified and unorganized youths involved in the tourism industry are forming the informal sector. The informal sector in tourism provides a range of services to the tourists including selling clothes, ice-cream, toys, sunglasses, postcards, providing transport and guiding, running restaurants and hotels, sexual services and drugs (Dahles, 1998; Snow & Wall, 1993). Department of Census and Statistics of Sri Lanka (2012) identifies informal sector as a very important employment generator that helps the economy by generating employment and income opportunities for the poor.

Host-guest Relationship

Host guest interaction is an important social contact phenomenon which is complex and multi-faced. Reisinger and Turner (2003, p. 37) defined social contacts in tourism as “the personal encounter that takes place between a tourist and a host”. De Kadt (1979) identified three main tourist–host encounters. Firstly, when tourists purchase products from the residents. Secondly, when tourists and hosts find themselves side by side and finally, when tourists and hosts come face to face in order to exchange information and ideas. Reisinger (2009) further stresses that the social interactions between hosts and guests occurs more often at tourist attractions and when tourists purchase goods and services from the hosts. Knox (1982), as cited in Ap and Crompton (1998) states that the tourists’ holiday experience may be either spoiled or enhanced by the social contacts with the hosts.

Beach Boys and Their Relationship with Foreign Tourists

Beach boys are also a part of the host community whose livelihood is depending on tourists. Certain illegal and unethical practices of beach boys leave the host-guest relationship vulnerable. In other words, if the tourism industry begins to bring in costs exceeding the benefits, the relationship between both parties would be at a great risk (Faulkner and

Tideswell, 1997). For an instance, drugs, prostitution, sex work, sexual liaisons between tourists and hosts, both of a commercial and noncommercial nature turns the host-guest relationship into a fragile state (Spencer & Bean, 2017). Researchers including Connell (2005), Herold (1992) and Miller (2011) indicated that beach boys try to conquest their sex desires through the company of female tourists and to find better prospects in their lives. However, it is not only the beach boys seek for sex. According to Spencer and Bean (2017) travel motivated by sex desires has consistently been a key motive for the people to travel across the borders for a long time. As a result, different tourism typologies including sex tourism and romance tourism are visible. When it comes to Sri Lanka, as early as 1980's sex tourism was in the front play. Tan (1999), in his research, quoted Spartacus (an international gay guide magazine in early 1980's), which named Sri Lanka as a famous destination for gays. Further, Beddoe (1998) also stated that romance tourism is observed in Sri Lanka with the involvement of beach boys. Whether it is romance tourism or sex tourism, giving a clear definition for sexual encounters between hosts and guests is not easy since the relationships are formed with mutual consent and economic motives are not involved at all the times (Willis, 2012). During most occasions, the relationships begin with friendship, later developed into intimacy and companionship and ends with sex (Spencer & Bean, 2017), which leaves the scenario more difficult to define or understand. However, such relationships often benefit the beach boys economically and allow them to tap a higher status in their lives which they have never experienced before (Connell, 2005). Further, not all sexual relationships take the form of commercial (Jereys, 2003). However, most of the researchers argue that it is nothing but commercial sex tourism that takes place with the involvement of beach boys. For instance, Albuquerque (1998), Davidson, (2004), Herold (1992) and Miller (2011) conclude in their researches that beach boys approaches the female tourists in different ways and offer sexual services in return of money while evaluating their chances to migrate to a developed country through a more established relationship with a foreign female tourist.

Beach boys use different strategies to approach the tourists and behave in a certain way to get their attention. According to Dahles (1998), in Indonesia, the informal sector beach boys ask many questions to understand the socio-demography and economic backgrounds of the tourists. Further, beach boys are commonly found around the tourist destinations and present themselves as guides, friends and boyfriends (Jennaway, 2008; Dahles, 1998). Although Tan (1999) notes most of the Sri Lankan beach boys are homosexual, Miller (2011) identifies them primarily as heterosexual. The contrasts in identifying the nature of the beach boys demands more deep investigations on beach boys in Sri Lanka. Beach boys provide an array of service to the foreign tourists. Many researchers including Espinal and Koenig (2002), Herold (1992) and Nyanzi et al. (2005) identified three types of beach boys according to the type of services they render. The first category, amateurs, provided nothing but becomes a harassment to the tourists. However, at the intermediate level, they help the tourists to find cheap and clean hotels, guest houses and restaurants, motor bikes for cheap rates and supply drugs. The third category tries to establish more concrete relationships with the tourists and start receiving them on an annual basis. Further, Nyanzi et al. (2005) outlined, with the

minimum qualifications, the beach boys provide many useful services to the tourists including working as a guide, interpreter, companion and a friend (Ranasinghe, 2016).

The benefits received by the beach boys totally depend on the type of the service they rendered to the tourists. At the intermediary level, the tourists may sponsor for meals and drinks, offer them wrist watches, walkmans, radios, leather jackets, their entry into a club paid, and get the chance to accompany the tourist on their various excursions and enjoy (Herold, 1992; Herold, Garcia, DeMoya, 2001). According to Cohen (1971), Herold (1992), Herold, Garcia, DeMoya (2001) and Zinovieff (1991), the beach boys those who belong to the advanced category receive free air tickets abroad, sponsorships for expensive household equipment, receipt of money in a timely basis from foreign tourists along with a letter, or even the opportunity to marry a female foreign tourist and settle in a developed country. Dahles (1998) in his study in Indonesia identified the distinct behaviours of the beach boys to maximize the benefits, for example they never take the lead when they are in the company of the foreign tourists. Further, the beach boys are highly precautionous about the quality of services they provide to the tourists since the benefits they receive totally depend on the satisfaction that the tourists are getting. Other than the direct benefits received by the beach boys, they maintain a system to receive commissions from almost every transaction made by the tourists. For example, the souvenir industry has made the beach boys to earn large commissions (Dahles, 1998), that may range from 10 percent to 60 percent of the selling price (Soedarso, 1992). The previous literature, as stated earlier provides valuable blueprints to understand the breadth of beach boys, while the succeeding sections explain the methodology employed.

Methodology

Study Site

Bentota National Holiday Resort (BNHR) is the first planned holiday resort in Sri Lanka, which is located approximately 65 Km's away from Colombo, along the southern coastal belt. The resort is a home to a pristine beach, range of accommodations from five-star luxury hotels to budget hotels. Further, the resort offers a shopping arcade, restaurants, a bank, a post office, a police post, a telecommunication centre and a lifesaving unit for the convenience of the tourists. Founded in 1969, the NHR is said to be the best planned resort in Sri Lanka with the highest number of tourist arrival in the Southern Province (SLTDA, 2017).

Sample and Data Collection

A qualitative approach has been employed to reach research objectives through in-depth interviews, semi-structured interviews with the beach boys and observations in the BNHR area. A qualitative content analysis has been performed using NVivo software (11.0).

The sample for the study was collected from Bentota, a beach resort on the Southwest part of Sri Lanka. The sample (n=11) consisted of two senior beach boys who have decades of experience as beach boys and a vast knowledge of tourism industry through the eye of the informal sector and 09 beach boys. The sample is small but it reached the saturation early than expected given the objectives of this study are limited to explore the relationship between beach boys and tourists in the coastal area of BNHR area. Two in-depth interviews followed by 09 semi-structured interviews were conducted by the researchers. Interview approach enabled the researcher to expand on what appear to be significant replies (Bryman & Bell, 2007). The sample was reached by means of 'snowball'. The first two in-depth interviews with the two key informants assisted the researcher to identify and understand the common phenomenon associated with the role of a beach boys and the nature of relationship they maintain with the foreign tourists. In order to compare the findings, certain similar type of relationship topics was also discussed considering the previous researchers. The study questions were categorized under nine categories including: demographics, motivations for being a beach boy, services provided to the tourists, repeat tourists, self-marketing, benefits received, unethical and illegal activities, education and training and finally challenges facing. This approach allowed the researcher to construct a demographic profile of each of the participants which is presented in the Table 01.

Table 1: Socio-Demographic Profile of the Respondents

Informant Code	Age	Income	Education	Marital Status	Years of Experience
BB 1	26 - 35	60,001 - 75,000	Ordinary level	Single	11 – 15
BB 2	46 - 60	Above 75,000	Ordinary level	Single	Above 16
BB 3	15 - 25	45,001 - 60,000	Ordinary level	Married	11 – 15
BB 4	36 - 45	Above 75,000	Grade 08 - 10	Married	6 – 10
BB 5	46 - 60	45,001 - 60,000	Ordinary level	Married	Above 16
BB 6	15 - 25	45,001 - 60,000	Advanced level	Single	1 – 5
BB 7	15 - 25	60,001 - 75,000	Grade 08 - 10	Single	1 – 5
BB 8	36 - 45	Above 75,000	Grade 08 - 10	Married	Above 16
BB 9	15 - 25	60,001 - 75,000	Ordinary level	Married	1 – 5 years
BB 10	26 - 35	Above 75,000	Grade 08 - 10	Married	6 – 10
BB 11	15 - 25	30,001 - 45,000	Ordinary level	Single	1 – 5 years

The interviews were conducted by the researcher with a research assistance in December 2017 and January 2018, the busiest months for Sri Lanka tourism. The duration of the first and second interviews were 140 minutes and 110 minutes respectively. The average duration of the semi-structured interviews ranged from 30 – 45 minutes but were often disturbed by the presence of tourists. In such occasions, the researcher paused the interview and contacted the same interviewee at a later time and resumed. The interviews were audio-recorded and transcribed. Further, many informal conversations with other tourism service providers (tuk-tuk drivers, guides, restaurant workers), and both participatory and non-participatory observation were employed to understand the context of the study. Given some information

are sensitive in nature, the researcher maintained great care to keep the anonymity of the respondents.

Analytical Approach

The researcher used NVivo, a content analysis software, to code the transcribed interviews and word counts and most representative sentences were analyzed. Content analysis is a research method for making replicable and valid inferences from data to their context, with the purpose of providing knowledge, new insights, a representation of facts and a practical guide to action (Krippendorff, 2004). 309 references were derived from the 11 interviews conducted that were significant based on the answers of the interviewees (Table 2). The identified references were then allocated to one of the eight nodes which have already been defined as separate units of analysis within the software. Then, the relative importance of each node was calculated by dividing the number of references assigned to the node by the total number of references and is presented in the Table 2.

Table 2: *Coding Summary*

Name of Node and Sub-nodes	References	Percent (%)
Motivations to join	30	9.5
- Economic factors	12	3.8
- Educational factors	11	3.5
- Personal factors	07	2.2
Services provided	54	17.4
- Tours & excursions	35	11.3
- Personal assistance	19	6.1
Repeat tourists	11	3.5
Self-marketing	19	6.1
- Direct conversations	10	3.2
- Referrals	05	1.6
- Other	04	1.3
Benefits received	67	21
- Monetary rewards	19	6.1
- Sponsorships & gifts	39	12.6
- Other	09	2.3
Unethical and illegal activities	38	12.2
- Prostitution	22	7.1
- Illegal drugs	16	5.1
Education & training	24	7
- Professional education	05	1.6
- Foreign languages	13	4.2
- Guide license	06	1.2
Challenges facing	66	21.3

- Warnings issued by private and public agencies and other people	28	9.1
- Uncertainty	19	6.1
- Other challenges	19	6.1
TOTAL	309	

Four most representative words (key words), in terms of word count and depth, from each node and sub-node were abstracted and analyzed. The key words were derived through running word frequency command in NVivo. In order to analyze the narratives coding scheme of key words in each sub-node were employed. As an indicator, the depthness of the respective key words was calculated by dividing the word count of the given word by the total number of words in the node. The most representative sentences, which include the keyword of each node, were also selected. Such sentences elaborate the node and its implications in order to understand the relationship between the beach boys and international tourists.

Analysis and Discussion

Motivations to Join

There are many reasons among all the interviewees to become a beach boy (Table 3). Previous jobs of the present beach boys in Bentota area had been the path opener to become a beach boy. Most of the beach boys had worked closely with the foreign tourists as waiters, bar tenders, tuk-tuk drivers, boat service providers. Further, some of the successful beach boys have inspired other younger boys to take up this job and to support them during the busy seasons. Economic reasons also act as a key motivator for the youths in coastal areas to take up this job since the people believe the foreign tourists are rich and affluent, hence beach boys can earn a lot of money. Less education qualification plays a pivotal role for the beach boys to join with this sector since the duties and responsibilities involved are treated as less difficult and complex compared to other occupations. Besides, the youth perceive being a beach boy is the best solution for their unemployment problem.

Table 3: *Motivations to Become a Beach Boy*

Category (Node)	Key Words	Word Count	Depth	Core Phrases
Motivations to join	Work	26	8.67	“Earlier I worked in a hotel for many years” BB01; “First, we have to work under another beach boys” BB01; “Most of my neighbouring brothers and friends are working with foreign tourists and I was fascinated by them” BB06; “Being a beach boy is more profitable than working in a hotel” BB08

Money	12	4.00	“I did not have money, neither my parents could spend for me” BB01; “Being a beach boy I can earn a plenty of money” BB02; “I wanted to earn money” BB04; I think this is a good opportunity to earn a lot of money” BB07
Good	11	3.66	“We, had a good image about the people who are with the tourists” BB01; “Beach boys have a good demand from foreign ladies” BB05; “You can earn a good income being a beach boy” BB09
Education	10	3.33	“According to my education, I knew that I would not be able to find a good job” BB03; “...without having a good education, we could not find other job that helps earn us a lot” BB05; “I could not complete my school education successfully” BB06

Services Provided

The beach boys in Bentota provides a range of services to the tourists (Table 4). However, it was observed that the services provided are entirely up to the desire of the tourists. Whilst most tourists have asked for and provided with excursions, round tours, boat tours, massage treatments, shopping tourism garden tours and surfing, certain illegal products and services have also been rendered. For instance, illegal drugs have been requested by the tourists. However, it is not clear that whether the tourists are aware about the illegal nature of that product. The tourists also find it very convenient to obtain services from the beach boys since they are widely available and the friendly nature of the beach boys.

Table 4: Services Provided by Beach Boys

Category (Node)	Key Words	Word Count	Depth	Core Phrases
Services provided	Provide	27	10.80	“We provide whatever we are asked to provide” BB01; “Even tourists ask us to provide illegal drugs” BB05; I provide boat tours, tours to the herbal gardens, excursions to Galle etc.” BB11
	Tours	26	10.40	“We provide round tours in the countryside” BB02; “... many services like round tours, boat tours, Ayurvedic treatments, shopping tours, garden tours etc.” BB05; “...boat tours, round tours, brief garden tours, surfing, visits to massage centers” BB09

Boat	15	6.00	“We conduct boat tours along Bentota river” BB02; “We provide many services including boat tours, round tours, organizing parties etc.” BB10;
Shopping	09	3.60	“Sometimes I accompany them during their shopping” BB06; “We also take them for shopping” BB05; “Tourists need our assistance for local shopping” BB07

Repeat Tourists

Repeat tourists have a high value to any tourism destination since they bring more foreign currency and more tourists to any destination. If a destination is often frequented by repeat tourists means that the destination is successful in attracting and retaining tourists. This study identifies that beach boys also work as informal tourism promoters in Sri Lanka by attracting repeat tourists (Table 5). Out of the beach boys interviewed, majority (n=9) of them receive repeat tourist in an annual basis. The number of repeat tourists mainly vary according to the years of experience they have in the field.

Table 5: Repeat Tourists

Category (Node)	Key Words	Word Count	Depth	Core Phrases
Repeat tourists	Repeat	27	10.23	“I have around 6 -7 repeat guests per year” BB04; “I have three repeat foreign families. But they are not annual visitors” BB05; “I receive around 10 repeat tourists annually” BB06
	Receive	20	7.60	“Annually I receive three repeat tourists” BB01; “Annually I receive around 20 tourists” BB08; “I do not receive repeat tourists since I am new” BB11

Self-Marketing

The informal sector service providers often have to market their products and themselves to get the attention of the tourists so as to work on a business. The beach boys in BNHR employ many techniques to approach the tourists whilst respecting the privacy and convenience of the guests (Table 6). The most common method used by the beach boys to approach the tourists is through establishing a direct conversation with them. Further, the beach boys are extremely cautious about the services they provide to the tourists since happy tourists bring more clients and money for them. Further, in order to establish the trust about themselves and the services provided, the beach boys show some recommendation letters

issued by some other tourist from the same country. Further, photo albums they maintain about the happy tourists during the previous tours help them to tangibilize the services they provide. It was also discovered that the beach boys have allied with some other stakeholders of the tourism industry to get more businesses. They include, tuk-tuk drivers and waiters of the hotels. Based on their recommendations and directions, the beach boys find opportunities to serve the foreign tourists. In addition to that, in order to get the attention of the female tourists, the beach boys engage with physically demanding sports like beach volleyball, jet skiing, surfing and wind surfing.

Table 6: Self-Marketing

Category (Node)	Key Words	Word Count	Depth	Core Phrases
Self-marketing	Tourists	40	6.08	“We never disturb a tourist who is resting in the beach” BB01; “Once I satisfy a guest, he will direct some more tourists to me” BB05; “... showing them my albums taken with other tourists” BB10
	Talk	30	4.56	“I get tourists from the beach, by talking to them directly” BB07; “We talk to them directly” BB08
	Recommendations	20	3.04	“...through the recommendation of other tourists” BB07; “I have friends in the hotels and they recommend me” BB09; “I maintain a recommendation book” BB10
	Friends	12	1.82	“My friends those who are driving tuk-tuks also help me to get some tourists” BB04; “Through the contacts of my friends in the hotels” BB08; “With friends we play many games in the beach and the sea” BB09

Benefits Received

All the beach boys in the sample had enjoyed different types of benefits (Table 7). It is important to note that the nature of the benefit received depend on the strength of the relationship they maintain and the level of satisfaction of the tourists. Out of many benefits received, income is the main benefit enjoyed by the beach boys in BNHR while they perceive company of the foreign tourists also as a motivating factor. Further, some beach boys receive money on a monthly basis from their foreign friends. In addition to that, many beach boys had received houses as presents from the tourists or they were sponsored to buy

a new house. However, follow-up questions regarding the valuable presents revealed that when the tourists donate or sponsor for a house, they tend to visit the house in an annual basis and stay a longer period with the locals. Therefore, it is not clear whether these expensive offerings are either true gifts or investments in the eye of the foreign tourists.

Table 7: Benefits Received

Category (Node)	Key Words	Word Count	Depth	Core Phrases
Benefits received	Received	42	5.00	“A strong relationship helps us to receive more benefits” BB01; “We don’t receive that much presents now” BB02; “The benefits we receive depend upon the satisfaction we give” BB03
	Benefits	31	3.79	“The main benefit is the income” BB02; “Knowing foreign languages will always be beneficial” BB03; “There are many benefits one can enjoy in this job” BB05
	Money	20	2.53	“Freedom, Money, company of foreigners and foreign tours are the main benefits” BB09; “There are some old guests of mine who send me money monthly” BB03; “I have friends who ready to send me money if I need” BB05
	House	20	2.53	“One couple built up a house for me” BB03; “One German Lady presented me this house” BB06; “Some foreigners helped to build my house” BB08

Unethical and Illegal Activities

All the beach boys in BNHR have engaged with different types of illegal activities when servicing the foreign tourists. The statements pertaining to illegal and unethical practices are presented in the Table 8. All the beach boys interviewed had had sexual intercourses with female foreign tourists. Even, some have perceived maintaining a sexual relationship is a part of their job. Further, they were expected to be temporary sex partners by the female tourists. Additionally, beach boys have been given money by the foreign tourists for being a sex partner. The next illegal action of the beach boys is supply of illegal drugs. In most occasions, beach boys inform the tourists about availability of drugs and in certain cases tourists have requested for local drugs. Consequently, when requested for prostitutes, beach boys do not hesitate to provide the same service.

Table 8: Unethical and Illegal Practices of Beach Boys

Category (Node)	Key Words	Word Count	Depth	Core Phrases
Unethical and illegal activities	Sex	27	6.80	"I have done sex with countless foreign ladies" BB01; "Maintaining a sexual relationship is part of this job" BB06; "Some female tourists want us to become their temporary sex partners" BB08; "I have been given money after sex" BB 11
	Drugs	23	5.79	"Somehow we have to satisfy tourists by providing whatever they like including drugs" BB01; "We have to smuggle some illegal drugs to the area" BB06; "Tourists like to try local drugs" BB09
	Prostitutes	19	4.79	"We have to supply prostitutes to the tourists" BB03; "Sometimes tourists ask for local prostitutes" BB06; "There are many prostitutes that we know" BB08

Education & Training

When studying about the beach boys, their education and training is also worth investigating. Although education and training levels are not pre-requisites in joining with this informal industry, different beach boys are in different stages in their education and training levels (Table 9). However, most of the beach boys have not completed their school successfully. In contrast to school education, the beach boys are more focused on learning a foreign language that benefits them to approach the tourists easily. German, English. French and Russian languages have a high value in performing their jobs, according to their opinion. In addition to that, after understanding the legal requirement to become a guide, the beach boys are keen to pursue a relevant course and to possess a guide license which will earn them a legal acceptance as guides.

Table 9: Education and Training Levels of Beach Boys

Category (Node)	Key Words	Word Count	Depth	Core Phrases
Education and training	School	50	8.61	"I schooled up to grade 10" BB04; "I could not complete the school successfully" BB07; "I went to the school only up to grade 08" BB08
	German	31	5.34	"I'm very good in German, both writing and speaking" BB01; "I studied German in German Cultural Institute" BB02; "My

			German knowledge is better than English” BB02; “I speak German, French and Russian” BB06
English	27	4.65	“Earlier I could not speak English” BB03; “English is important” BB04; “Most of the tourists speak at least English” BB07
Course	18	2.93	“I have no time to follow any courses” BB01; “I completed Responsible Tourism Partnership Course” BB03; “I did a course of three months for the area guide license” BB04; “Tourist Board area guide license course” BB05; “Now I am following an Area Tourist Guide course” BB09

Challenges Faced by Beach Boys

When performing their duties as beach boys, the beach boys face a range of challenges (Table 10). One of the main challenges is age. As the name sounds and when considering the duties that they have to perform, the beach boy job is more suitable for young men. Further, most of the beach boys commented that being young (below 30) is advantageous in performing their duties. It was further revealed that the involvement of new beach boys causes damages to the businesses of the elderly beach boys. Moreover, the present beach boys are in the understanding that this is not a full time or a pensionable job. The second most cited challenge is the involvement of police and relevant authorities. As indicated earlier, servicing for a foreign tourist without having a valid license is illegal in Sri Lanka. Thus, police often inquire for the guide or tourist facilitator license when the beach boys are found with the company of foreign tourists, which affect their business. Hotels, travel agencies and tour guides are also found as threats to perform their duties since these parties often discourage the tourists to obtain the services from beach boys.

Table 10: Challenges Faced by the Beach Boys

Category (Node)	Key Words	Word Count	Depth	Core Phrases
Challenges faced	Challenge	25	7.37	“The first challenge is that I am old and I cannot work as I used to” BB05; “New beach boys impose a big challenge to us” BB06; “The biggest challenge is we cannot do this forever” BB07
	Police	16	4.42	“Police put pressure on us” BB04; “Police is making many troubles to our job” BB06; “Police and tourism officers are always asking for our license” BB08
	Guides	13	3.83	“Senior guides neglect us” BB03; “Hotels

			and tour guides also give falsified information about us” BB06; “Guides often sell them our tours” BB07
Agencies	8	2.36	“All inclusive packages of the travel agencies are a problem for us” BB05; “Hotels and travel agencies are discouraging the tourist to obtain our service” BB07; “Hotels and travel agencies scare the tourists not to get our service” BB10

Conclusions and Implications

Although often neglected or downgraded, beach boys are an important sector in the informal tourism industry, who try to make a living by providing different services to the tourists. Previous researches only discuss the beach boys’ sexual relationships with the foreign tourists ignoring the services they rendered to the tourists, motivators to become beach boys, benefits they received, illegal practices and challenges facing. The encounters between the beach boys and foreign tourists are important aspects in host-guest theory since the studies pertaining to beach boys are limited. Thus, this study aimed at filling this gap through an explorative study. Content analysis was carried out in this study to understand the relationship between beach boys and tourists and to check the applicability of international findings with the local context. The study further sheds new light on how socio-demographic and economic characteristics of beach boys, contributes and impacts on tourism development and the influence on the tourists. Table 11 summarizes the qualitative analysis in word count and the depth of the four main key words in a node.

Table 11: Summary

Nodes	Key Words	Depth	Words
Reasons for joining	Work – Money – Good – Education	19.66	59
Services provided	Provide – Tours – Boats – Shopping	30.8	77
Repeat tourists	Repeat – Receive	17.83	47
Self-marketing	Tourists – Talk – Recommendations – Friends	15.5	95
Benefits received	Receive – Benefits – Money – House	15.49	126
Unethical and illegal activities	Sex – Drugs – Prostitutes	17.38	69
Education and training	School – German – English – Course	21.53	126
Challenges facing	Challenges – Police – Guides – Agencies	17.98	62

Many factors motive Sri Lankan local males to become beach boys. This study identified economic factors as the main reason for them to become beach boys which is closely followed by less educational qualifications. The findings are similar to the conclusions of

Herold, Garcia and DeMoya, (2001) about the involvement of beach boys in Dominican Republic in two aspects. First, beach boys in both countries have worked in tourism related industries before becoming beach boys and second, the beach boys were inspired to take this job by their neighbours and peers who are more successful as a beach boy. Whilst many studies including Connell (2005), Dahles (1998), Herold (1992), and Spencer and Bean (2017) identify sexual desires are strong motives for local men to become beach boys, the current study do not support that argument in Sri Lankan context.

Unlike the beach boys found in other countries, Sri Lankan beach boys provide an array of services to the tourists. They include recommending hotels, restaurants, providing transportation services, organizing tours, excursions, parties, selling souvenirs etc. On one hand it is very convenient for the tourists to get their needs fulfilled through easily available beach boys, but on the other hand, supply of tourism related services by unqualified and unorganized persons without being monitored by authorities might cause chaos in the industry. Beach boys make a living by providing personalized services to the tourists. As such, they need to get the attention of the tourists and establish a healthy relationship with the tourists through various approaches. In Sri Lanka, the most common way of approaching to the tourists are by talking with them directly and volunteering themselves to make the tourists familiarize with the area.

Present study findings about the benefits enjoyed by Sri Lankan beach boys have certain similarities with the benefits received by beach boys in other countries. The common benefits received include, receipt of different type of gifts, clothes, sponsorships and foreign trips. Further, the study identified that the beach boys clear a path to settle in a developed country after establishing a strong relationship with foreign tourists, especially with the female. Topics related to sex and beach boys are very common. The present study also found that the beach boys often engage with sexual activities with the female foreign tourists visiting Sri Lanka. On the other hand, unethical sexual relationships affect Sri Lankan culture and social value systems adversely and will eventually destroy the social orders and family structures. Popularizing of drugs and prostitution, on the others hand is another illegal practice of the beach boys in Sri Lanka.

The intent of the study was to generate a holistic idea about beach boys through the host-guest relationship theory, challenging the existing notion of sex workers that they are pinned at. The study concludes that the beach boys develop very strong relationships with the tourists by providing various services to the tourists through which they receive many personal benefits and even a safe passage to migrate to a developed country after marrying foreign tourists. Further, the tourists continue to patronize the services of the beach boys encouraging more young men to join with this informal industry. As a result, the beach boys become an inseparable segment in the Sri Lankan tourism industry servicing the foreign tourists, even though the negative impacts caused by them to the tourism industry are unavoidable.

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Research Article 02

Assessing the Antecedents and Consequences of Work Life Imbalance (With Special Reference to Female Nurses in Government Hospitals)

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Abstract

Work life imbalance has been identified as one of the serious problems among nurses in health care industry of Sri Lanka. The overall research study has been structured based on the concept indicator model built up with referring to the two research objectives, which was identifying the antecedents and consequences of work life imbalance. The qualitative research was conducted through structured interviews, using 20 female nurses who are employed at Colombo District Government Hospitals. Qualitative data were analysed by using the thematic analysis. The findings of the study revealed that, parental demand, lack of family support, task difficulty, nature of working schedules and lack of staff as the antecedents which create the work life imbalance and intention to leave the job, conflicts in work and home, health problems, feeling overload and stress and demanding leaves as consequences of work life imbalance. Consequently, the current study concluded that among the majority of selected participants, the work life imbalance is existing. Based on the in-depth data collected by participants, it identified that they are having struggles in balancing their work lives while balancing their personal lives. Finally, study suggests management of hospitals to pay more attention on reducing nurses' work life imbalance by taking necessary steps and actions. Equally, this study will be beneficial in employees' perspective to enhance their work life and personal life by getting a proper understanding of work life imbalance.

Key Words: *Work life imbalance; Antecedents; Consequences*

Introduction

In today's age, work life balance is a topic which has been subjected to be discussed by many people around the world. Most of the time companies are understanding the importance of work life balance due to the conflicts face by their employees from their personal and professional obligations. The result of a poor balance between work and personal life not only affects employees, but it also affects the companies that they work for because, it can be resulted to generate lower productivity levels at work places. When

employees are having a healthy work life balance state, it will enhance their satisfaction and ultimately it will increase the productivity of the work places. Therefore, work life balance can be identified as an important subject to study. Work-life balance means effectively combining working life with private obligations or aspirations (Littig, 2008). Previous scholars gave the concepts clarity between work life balance and work life imbalance. According to them, work life balance means balancing everything, which it brings significant advantages to individuals (Lockwood, 2003; Dallimore & Mickel, 2009), while work life imbalance means not balancing everything, which can be result to have numerous negative consequences to individuals (Byron, 2005; Haemmig & Bauer, 2009). Above definition explain that individuals have to perform different roles in different parts of their lives. Sometimes performing a one part might affect to perform other parts of their lives. Therefore, there is demand of balancing work and life. Work life balance of women in current world is very critical due to roles that they have to play as a wife, a mother, a daughter, a child, as an employee. In Sri Lanka, women employment is nearly 35% (Annual report of Census and Statistic Department, 2015). Nursing is one of a significant job that women are engaged in. Total amount of nurses in Sri Lanka is 35,629 (Annual Health Bulletin Report, 2015). Healthcare industry plays a major role in a country's medical sector performance and its wellbeing. Due to rising health issues in the country, the performance of Health Care workers is very important. Nurses are the "backbone" of any health care system and their workload is multifaceted and very complex (Alwis, 2015). Nurse in Sri Lanka carries out many roles including providing care to patients, administering medications ordered by the doctor, coordinating paramedical services, as well as supervising junior nursing and assistant staff members. They are more interactive with patients rather than other workers. To complete their tasks, they engage in shift works and night duties. Because of that, work stress can be increased and work life imbalance may occur. Therefore, it is very important to consider the facts that cause work life imbalance to them. In any organization, Human resource is considered as a valuable asset. Therefore, organizations must realize these facts and take necessary steps toward developing work life balance policies in order to enhance their working states as well as personal state.

The working status of women in Sri Lanka is changing and this has led to increase the pressure upon women when balancing their work at office as well as at home. Imbalanced work life will make more women to quit their jobs to fulfill the duties at home. When considering medical sector, nurses are playing a major role and they also face the problem in balancing their work as well as their family. Many researches have been conducted to identify the meaning, reasons and the outcomes arising from the work life balance (Shankar & Bhatnagar, 2010; Naithani, 2010; Grzywacz, Carlson & Shulkin, 2008; Dallimore & Mickel, 2009). However, only few researches have conducted to identify the work life imbalance in general (Shobitha & Sudarsan, 2014; Devadoss & Minnie, 2014; Duxbury & Higgins, 2008; Lu & Kao, 2013). To identify consequences of work life balance, there is only one empirical research conducted. More supportive the family- friendly culture perceived by employees, the lower the intangible extensions of work demand on home life (Baldry and Scholarios, 2003). Thus, it is important to understand work life imbalance and find out its consequences. Hence this research is focusing on assessing antecedents of work

life imbalance and its consequences with special reference to female nurses in Sri Lankan government hospitals.

Literature Review

Work life balance can be identified as relationship between your work and the commitments in your personal life, and how they impact on one another. When it explains in simple term, work life balance means managing your work life along with your personal life without any conflicts. While there are many issues in a working environment, work-life balance (WLB) has attracted attention in recent years. In actual scenario, most people are struggling to balance their work life with their family life. Due to the rising advancements and many other various factors like competitive environments, developing markets, globalization and technological innovations in the industries, the work load that have to complete by each individual employee is very critical and important.

Work-life balance is a broad concept defined in different ways by different researchers using diverse dimensions. "Work" and "Life" have been rather loosely defined in literature (Guest 2002) where work is paid employment and life is everything outside of the formal employment. According to Taylor (2003), there are many different definitions of the term work -life balance. He argues that 'balance' is presumed to exist between the paid work we perform and the lives we lead outside our job. Tara Shankar & Jyotsna Bhatnagar (2010) said that a person can experience work family balance perfectly, even though work weighs more than family, and in a consistent way in the course of a whole lifetime. Another area where we can apply this Work life balance is employee and employer perspective. Lockwood (2003) has defined WLB from two angles, and perspective, on from the employer viewpoint and the other from the employee's viewpoint. Work Life Balance from the Employees' viewpoint: "refers to the dilemma of reconciling and managing both work obligations and personal/family responsibilities". Work Life Balance from the Employer's viewpoint: "refers to the challenge of creating and developing strategies, policies and best practices for a supportive organizational culture where employees can focus on their jobs while at work". However, when people have a balanced work life and personal life, they will get positive consequences. Some researchers have found out this through their findings. According to the findings of Lockwood (2003); Dallimore & Mickel (2006), we can generally state that Balance in at least the majority of key areas of an individual's life brings significant advantages, both material and non-material, to all involved.

Work life imbalance means not managing or balancing one's personal life as well as the work life. This is a negative term. There is no proper definition given to this work life balance. But scholars have found out the general meaning of work life imbalance throughout their findings. Work life imbalance was initially termed as work family conflict (Shobitha & Sudarsan, 2014). Kahn et al. (1964) defined it as "a form of inter role conflict in which the role pressures from work and family domains are mutually incompatible in some respect. That is, participation in the work (family) role being made more difficult by virtue of participation in the family (work) role". Based on literature review we can identify the

general nature of this work life imbalance. According to Victor Devadoss and J. Befija Minnie (2014), Work-life 'imbalance' has over a period of time attracted concern because of increasing problems related to employee health, monotony at work place, declining levels of productivity and efficiency at the employee level. And also, they said that Imbalance also has a negative impact in the personal life of working people-some of which have even become social hazards- increasing number of divorces, infertility due high stress levels, advent of nuclear families. Imbalance between organizational and personal commitments and the inefficient management of life priorities can lead to serious consequences in each or all of these domains (Shobitha & Sudarsan, 2014). In lot of literature, they explained that work life balance is highly influencing for female. Higgins & Duxbury (1992) said that while both genders are affected by the challenges of balancing work and family, women report higher level of difficulty and related stress. As the subjective meaning of balance differs by gender, work-life balance concerns how women leaders handle family life while fulfilling responsibilities at work (Guest, 2002). Dr. Sudhinder Singh Chowhan (2012) found out that there is significant difference in Work-life imbalance in terms of gender. Females are suffering from work-life imbalance more than males comparatively. Based on their findings of many reserchers, they have found out the fact that Work-family imbalance has numerous negative consequences for both employees and employers (i.e., organizations), and therefore for the wider community as well (Byron, 2005; Jones, Burke & Westman, 2005; Haemmig & Bauer, 2009).

When it comes to the nurses' point of view, Work life-home life balance is reported as a strong factor contributing to retention of nurses in the profession (Morelle, 2005). He also found that work demands of nurses' causes an imbalance in fulfilling the family needs. Work load of nurses are depending on the patient admitted to hospitals. Number of patients that nurses have to treat is unpredictable. Due to illnesses, virus flus, accidents and other matters, they have to contribute vastly. The increased workload often results in exhaustion and the nurses will have no energy left after the work and this often results in an imbalance between work life and home life (Ranasinghe & Rathnayake, 2016; Dinta Suresh, 2013). According to Dr. Umesh Maiya and Viveka Marie (2015), Health care sector is an area where one has to work 24/7, always vigilant and on toes. This creates stress among nurses when they are working overtime and constantly under pressure. Striking balance between work and family is essential to have physical and mental health. Nurses may be faced with extremely high patient loads and the perception of job insecurity, which can contribute to stress and work-life imbalance (Mrinal M. Varma, Angela S. Kelling, Shanta Goswam, 2016). Based on the findings of Dr. Ipseeta Satpathy, Dr. B. Chandra Mohan Patnaik, Ms. Sasmita Jena (2014), they concluded that most of the nursing staff were dissatisfied with Work Life Balance and family related issues and personal problems caused concern for nursing staff. Also Work-life balance issues have assumed a lot of importance in recent times due to increasing in single parent families, dual career couples and issues of elder care which create complex situations for the nursing staff.

Methods

The phenomenological approach was using under qualitative method, that has been designed to assess the antecedents and consequences of work life imbalance of female nurses of government hospitals to explore the objectives in a detailed manner. According to Rubin and Babbie (2010), qualitative design is a research design that is subjective and involves a naturalistic and interpretive approach where data is normally gathered using interviews to generate qualitative data. Moreover, Corbin and Strauss (2008) explained that Qualitative Research is primarily exploratory research. Further they emphasized, the Phenomenological approach, inquiry what people experience in regard to some phenomenon or other and how they interpret those experiences. A phenomenological research study is a study that attempts to understand people's perceptions, perspectives and understandings of a particular situation (or phenomenon).

Sample and Sample Technique

A sample of Twenty (20) female nurses who are working in government hospitals in Sri Lanka have taken to conduct the study. Government hospitals were selected since 75.06% of the hospitals in Sri Lanka are government hospitals.

The research has been conducted through convenience sampling where subjects are selected because of their convenient accessibility to participate in study. This is also known as availability sampling and it is a specific type of non-probability sampling method that relies on data collection from population members who are conveniently available to participate in study.

Data Collection

Structured interview method was used for data gathering research information. Personal interviews were carry out in order to identify the nurses' problems in relation to their work life imbalance, its antecedents and consequences since it helped to identify deep views, opinions and experiences of respondents regarding the research problem. Structured interview guidelines were used to conduct the interview. Rather than depend on that in depth and cross questions were asked in structured interview method.

Data Analysis

Gathered qualitative information were analyzed through "Thematic" analysis using "NVivo 10" software. Thematic analysis is a process of identifying, analyzing, and reporting patterns/themes of qualitative data (Braun & Clarke, 2006). This method was used to divide the answers given by the respondents into themes and analyze them based on these themes or nodes. Based on research problems, two main themes were constructed and under that sub themes were built to identify antecedents and consequences of work life imbalance.

Interviews were transcribed into word documents and assigned these transcribed data in to patterns and themes.

Findings

The purpose of this research study was to assess the antecedents and the consequences of work life imbalance. The questions that asked by the research were also based on the main purpose. The major questions that were addressed by the research are:

1. What are the antecedents of work life imbalance?
2. What are the consequences of work life imbalance?

Based on these main questions, structured interview guidelines were built and qualitative data were collected through 20 structured interviews in order to conduct the research.

Demographics of Respondents

Twenty female nurses were selected as interviewees of the research. All the participants are currently employing in government hospitals in Sri Lanka. Out of these 20 nurses, 9 nurses (45%) were from nursing “grade 1”, 8 nurses (40%) were under nursing “grade 2” and 3 nurses (15%) were in nursing “grade supra”. All the participants were married and out of that only one nurse was expecting a child. All the other nurses were already parents. Before starting the interview all the nurses were asked whether they are suffering from work life imbalance. Out of 20 nurses, 16 nurses (80%) responded that they are struggling with work life imbalance and other 4 nurses (20%) stated that they do not have any issues regarding work life imbalance.

By using thematic analysis technique at initial, two parent nodes were built at the first place as basic categories. They are antecedents node and consequences node. Under these two basic nodes, sub nodes or child nodes were constructed accordingly. All these nodes were built according to the inductive analysis where it based on the information mentioned by the interviewees.

Themes Summary

Table 1: Theme Summary, Source: Through Qualitative Findings

Parent Themes	Child Themes
Antecedents	<ul style="list-style-type: none">• Parental demand• Lack of family support• Task difficulty• Nature of working schedules• Lack of adequate staff

Consequences	<ul style="list-style-type: none">• Intention to leave the job• Conflicts in work and home• Health problems• Feeling overload and stress• Demanding leaves
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Antecedents

Parental Demand

According to the findings, most of the participants (17 out of 20 participants, 85%) perceived to have parental demand as a critical antecedent which leads to creates work life imbalance. Further it illustrates that, lot of nurses have problem in taking care of their children due to their work. The results indicate that nurses have to put maximum effort to spend much more time with their children and participate in their school and other works rather than other female workers. Based on their idea, when nurses are working at hospitals, they have to cover lot of duties and tasks in hospitals. Due to these duties and tasks, nurses have limited time to contact with their kids. In addition, when nurses are back in homes, due to household works also they find it hard to contribute more time with their children.

In addition to that, nurses who had infant kids, have problem in breastfeeding and look after them with constant care. It was noted that, in that case they need to get help from others to take care of their children. Nurses stated that sometimes husbands are also busy with their jobs. Nurses identified that in these kinds of situations they are really getting helpless regarding their kids if they cannot afford help from other parties. Some participants identified that because of their absence, their kids are getting closer to others who are looking after them behalf of them.

“When I am not having many works, I have time to contact with family randomly via phone to see whether they ate or slept. My kids are giving me phone calls when I am at work. Children like to talk with me in telephone because they miss me. But when there are lots of works I cannot even think about it. I don’t even have time to answer the phone. So sometimes my children scold at me asking why I am not answering. My kids were really sad and angry when I get back home after these types of incidents...”

Participant 01, personal interview-2017

Lack of Family Support

Lacking of family support is another major factor identified by nurses. According to their perception, if nurses have good family support, they can easily do job and also they can minimize problems in the family. Based on the information gathered, 16 nurses out of 20 nurses stated that they have lack of family support. This support can be mainly received from their parents and their husbands. According to the data, majority of nurses are having

the support from their parents rather than their husbands. Nurses identified that how they are having a lack of support without the help from their parents

“.....When I had my son there were 5 nurses who were on maternity leave. My mother was living with my brother those days. She didn't come here because she always hates the weather here. And my mother in law lives next door. But refused to look after him because she said that she can't deal with babies. I and my husband were helpless because of that.....”

Participant 05, personal interview-2017

Apart from that, considerable amount of nurses stated that they are having low amount of support from their husbands. The main reason for this is their husband's job. Majority of nurses identify that the job of their husbands are very much important in balancing work and family.

“My husband is doing tourism. He was not at home all the time when my son is little. Still like that. I think if my husband was there it could have been a big help when son was little. Because of that I didn't have much time to learn and do exams. I had to consider my son. I expected my husband's help a lot.....”

Participant 04, personal interview-2017

Task Difficulty

Fourteen nurses out of 20 stated that because of the difficulties in the work they have to perform, they feel higher amount of stress and find it hard to balance both work and family. One of the reasons nurses have identified is that they have to do multiple tasks at one time because the low amount of staff and also increasing the amount of patients day by day. Because of this matter, most of the times they have to get scolded by doctors, supervisors as well as from patients and also nurses have to work for long working hours sometimes

“.....I am handling 2 inventories regarding drugs and other goods. I am doing a job of two nurses in that case. It is supervisor's responsibility to manage this. But since there is no enough staff I have to complete this. Handling inventories is a critical thing. If one inventory is missing, I have to get scolded by both doctors and supervisors....”

Participant 18, personal interview-2017

In addition to that, they cited about critical and difficult duties that they have to perform as nurses as the other reason. Some of the tasks that nurses have to do are way too risky according to their information and sometimes they have to do tasks even though they dislike performing them.

“...There may be patients who are having dangerous infections like HIV. We have to put a syringe and draw blood from them to send the sample to laboratory. There is a high possibility to pass those kinds of viruses in to our body. This is a huge pressure. If something happens my whole life including my family is in danger.....”

Participant 16, personal interview-2017

Nature of Working Schedules

Nurses identified that due to their working schedules, they are facing problems in balancing work life and family life. Normal hours allocated for a shift is 6 hours but they have to work more than that. Nurses have to do extra hours (OT) and night duties for 12 hours for a month definitely including 24 hours shifts sometimes. In clinical wards, nurses have to work for 8 hours without extra duty or night shifts. But due to large amount of patients, they have to work more than allocated time.

This problem decrease the hours they have to spend with family and because of that family problems are easily occurring. Nurses stated that most of their husbands are dislike of doing night duties because they think that it is not safe to do night duties for females. Besides the other reason is misunderstanding of husbands as well as sometimes from their in-laws. Some nurses mentioned that when they are doing night duties, they also feel uncomfortable due to many reasons arise from patients and their staff.

“....My mother in law is very strict. She doubts about me when I am doing night duties. I am doing it to earn more money. But when I am doing it more she is always having doubts. My husband also sometimes whining when I am doing night shifts....”

Participant 06, personal interview-2017

“When it comes to some male patients they are very bad. I worked in male wards. When I am doing night duties sometimes they are showing their secret body parts to me through sarongs. At those times I feel really upset and angry and disgust.....”

Participant 01, personal interview-2017

Lack of Adequate Staff

Nurses mentioned that in many hospitals there are low amount of nursing staff. Nurses have mention that because of this reason they have to bear a huge amount of work load a day. Due to lack of staff nurses stated that they are facing many problems in many ways. One is rising of working stress of the nurses because they have to do multiple tasks at one time.

“...Also I am working at a hospital ward which is having a small number of staff. So I have to work overtime other than the normal night shifts I have. Especially in festive season and

during the special holidays, nurses have to work. Actually sometimes we are doing a job that has to do by 3 people ...”

Participant 10, personal interview-2017

Nurses identified that sometimes they cannot do their work properly due to the overload of work. Internal conflicts are also arising because of that with their superiors. In family side, because of the more duties, nurses will miss family responsibilities and conflicts will arise among family members.

“.....But if the staff is less, we can't give proper attention to patients because we have to look for many patients. If something going wrong our supervisors and doctors are shouting at us. And when I go home late, my husband is shouting at me. One ward must have at least 10 nurses as my opinion. Otherwise nurses can't work.....”

Participant 04, personal interview-2017

Consequences

Intention to Leave the Job

Nurses identified that if they are coming to the maximum level of imbalance of work life and family life. Two main reasons identified by nurses for leaving the job is inability of completing family responsibilities and feel very much pressure from work. However because of rising family expenditures, their limited and specific knowledge, nurses are still hanging with their job in order to earn good money. Nursing is a job which is paying a good salary and pension benefit. Nevertheless 2 nurses out of 20 nurses are in the idea of leaving the job.

“I will leave my job if that is a worst case scenario. There were time my mother in law shouted at me saying she can't look after son. At that time I wanted to give up my job. But I stayed because the job is important....”

Participant 13, personal interview-2017

“I am actually now going to leave my job because I can't work at hospital with TB. Supervisors are not also giving me flexible working schedules to work even I am suffering from this. My husband and son is pressuring me to leave my job. I have only 3 years remaining. I am 57 years old and I think now it is enough...”

Participant 04, personal interview-2017

Conflicts in Work and Home

Nurses have to complete tasks at work place and they also have responsibilities at home as a wife and a mother. Due to their heavy working schedules, lack of staff and difficult works, nurses have to contribute a lot as an employee. In that case, nurses will miss family responsibilities. Because of their working stress, nurses mentioned that they find it hard to complete their work properly and also, they have to argue with their supervisors and fellow staff most of the time.

“When my supervisors are scolding and when patients’ parents are shouting, I feel down sometimes. And feel angry. I am also arguing back with them at this kind of times. Nurses cannot do everything like robots. They need to understand that....”

Participant 06, personal interview-2017

When it comes to home, there also nurses have to face for conflicts especially from their spouses. Since nurses are doing work for more extra hours and night shifts, they mentioned that there is possibility to the occurrence of conflicts between husbands and them. Some of the nurses identified that their kids are also feeling sad when they are not home for a long time.

“My husband is working in Doha. When I am on duty he can’t contact with me because of time difference. So we are hardly contacting with each other. He is sometimes misunderstanding me. I don’t want to talk about that but that is a big problem. He is complaining that I am not even caring about our daughter also....”

Participant 02, personal interview-2017

Health Problems

Because of the imbalance of work and family, nurses stated that they are suffering from health problems. Health problems can be identified in both physical health term and mental health term. 2 nurses out of 20 nurses are currently suffering from health related diseases. Apart from that, majority of the participants are having physical pains and feeling of stress. When engage in the job, nurses always have to go here and there and they have to bend and lift too. Most of the nurses identified that they do not even have time to sit and rest a little bit.

“Now I am suffering from TB. I am sneezing all the time. That is the physical pain I feel. My back is sometimes paining when I am engage with my duties since I am old...”

Participant 04, personal interview-2017

When nurses are home and engage with household things this pain is increasing because throughout the day they become tired. Nurses also stated that feeling of stress is a huge

problem. According to nurses' view, they are easily getting angry, sad and down because of their stress.

"There are sometimes I get angry with my daughters because of the stress. But I am always trying to manage it. I don't even have time to rest sometimes. Most of the time I am bathing at night after completing works at home. Because of that I got wheezing and my hair also got white early. And I have troubles in sleeping...."

Participant 16, personal interview-2017

Feeling Overload and stress

Most of the nurses stated that they are feeling overload of work because of the lack of staff and heavy working schedules. Since there is low number of nurses in a ward they have to do lot of work at one time. Nurses identified that they are working for more hours than their scheduled time and feeling tired and stress. Because of this matter, nurses are finding it hard to balance their family life as well as work life properly. Most of the respondents are suffering from this work overload and finally it result to a huge stress.

"If nurses have to do a one duty at one time, we can manage thing but actually we cannot do that. We are doing many tasks at one time. With that how we can find time to contact with home? That is impossible. I don't know about others. I am really unhappy when I have to do lot of things at once and it is a huge stress for me...."

Participant 20, personal interview-2017

Demanding Leaves

Demanding leaves is one of the important results arising when they cannot handle both work life and family life. Majority of the nurses mentioned that as a solution they are always getting leaves when they have problems. Sometimes there may be family emergencies that nurses have to attend immediately. At these times nurses identified that they are taking leaves. Some nurses stated that they are staying at home on leave with no pay. In case of sudden situations and when nurses are feeling unwell, nurses mentioned that it is really hard to take leaves from the supervisors. But all of the nurses identified that they somehow took their leaves after lot of arguments with supervisors. Participants identified that they are taking their available leaves to the fullest because of the stress of the job.

"I will take leave if there is an emergency matter. In my case I take all my leaves to the maximum..."

Participant 05, personal interview-2017

"I will get absent. Sometimes my family members will have personal matters. In that case I will stay at home with no pay. There were times I actually did that. When I was pregnant

one day I did a night duty while vomiting. And in the morning the nurse who was appointed to take the morning shift got absent. My supervisor asked me to cover that shift also. But I demanded a leave and I went home that day..."

Participant 19, personal interview-2017

Discussion

Objective 1 – Identify the Antecedents of Work Life Imbalance

When understanding the concept of work life imbalance, it is necessary to know what the factors creating this work life imbalance to employees and how they are occurring within them. This objective has built to assess those factors of work life imbalance and to find out the reasons for that using the current research's findings as well as the past researches' findings.

According to the research findings, parental demand has been found out as an important antecedent of work life imbalance. As a parent, a person has to complete many responsibilities for his or her children. Nowadays, each and every person involves with jobs. Due to the rising expenditures in families, both mothers and fathers engage in jobs. As the parents get busy with their works, they will find less time to pay attention to their kids. Because of that, the work life imbalance can be occurred. Based on research findings, when employees have depending kids, this parental demand is increasing. If mothers are breastfeeding, these mothers have high tendency of restlessness and anxiety resulting from lack of sight of their child when they engage in work. Because of these reasons nurses are having hard time in balancing family and work when it comes to parental demand. The current study findings were validated by past researches and they have noted that how parental demand is affecting to work life imbalance. According to these findings combining work and parenting can interfere with a working parent's ability to dedicate sufficient time to their family and this situation is highly related to workers who have younger children. (Adema and Whiteford, 2008; Beutell and Greenhaus, 1980).

Family support is very much important when balancing work life and family life. Based on research findings, if a person is having lack of family support, he or she will find problems in balancing personal life as well as the work life. When an employee is getting busy with his or her work life, they will miss some family responsibilities. To fulfill these responsibilities, they need the support from their family a lot. This support can receive from their parents, siblings, and children as well as from their spouses. When it comes to women, they play active role in the economic development of their country. Because of that they need to have a high family support to manage their family life and work life. Support is not only doing household works and taking care of their kids. They should have a good understanding regarding their job too. That will help them to relive the stress that they are receiving from work demand and family demands. Understandable family is very important to everyone. Some scholars have mentioned their opinion regarding this family support and

work life imbalance. They are identifying that support receive from family members will play a significant role in balancing personal and professional lives (S. Padma , M. Sudhir Reddy, 2013; Marcello Russo and Abraham Carmeli, 2015; Carmen K. Fu and Margaret A. Shaffer, 2001).

Task difficulty can also be aroused to employees due to many aspects as an antecedent of work life imbalance. According to the research findings having to do multiple tasks and performing critical and difficult duties leads task difficulty. Based on research findings it is found out that lack of staff and increasing the amount of duties will cause task difficulty to the respondents. In any organization, there should be a sufficient amount of staff in order to complete task. When it comes to organizations like hospitals, the duties that staff has to perform is unpredictable. It is hard to assume the amount of patients that are going to admit to the hospital per a day. Due to these facts, employees have to perform multiple tasks to fill the responsibilities of the job. Another fact identified by the research is performing critical and difficult duties and they will be uncomfortable to them sometimes. Because of this matter, employees will suffer from the stress and it will directly influence to their personal life too. Past research conducted by Natural Standard Research Collaboration in 2003 is also supporting this result by identifying experiencing difficulty in delegating tasks may be diagnosed with depression, obsessive-compulsive disorder, and/or anxiety disorder. In addition, it will create problems when accomplishing personal and family commitments.

Another important antecedent identified by the research findings is nature of work schedules. According to the research findings, the respondents are having normal working schedules for 6 hours and also, they have some other schedules like night shifts, 24 hour shifts and extra 12 hours shifts. Because of these extreme working schedules, employees will find difficulties in managing work life and family life. If a person has to spend more time at work place rather than his or her home, that will be a problem to them when fulfilling family responsibilities. Flexibility of work schedule is an important factor avoids work and family imbalance. According to the respondents of the research, they cannot have flexible work schedules due to their job. Since they are dealing with the health of the country, they have to consider their job too. However, in the other side it is clashing with their family life. Another thing is because of these types of bus working schedules, they will suffer from work related stress and they will also suffer from work related illnesses. Past researchers are also identifying how this work schedules are important to balance work life and family life through their findings. According to their findings, there is strong evidence that non-standard work hours and complex working schedules has a negative influence on work life balance and (Albertson et al., 2012; Tipping et al., 2012).

Based on research findings, it found out that lack of staff is negatively influence with the work life balance of employees. In that case, tasks that one employee has to perform is increasing. If person has to work beyond that capacity, his or her stress will increase and also his or her productivity will decrease. In government hospitals there are many number of patients who taking treatments per a day. If the number of nurse staff is less, it is very difficult to manage their duties with that much of patients. In Sri Lanka, health issues are

arising day by day. Because of that there must be an adequate amount of nurses to serve them. Nonetheless according to the findings, lack of nurse staff is causing work related problems and family related problems to them. When considering the previous studies, research findings of “Acas” Organization in United Kingdom (2015) and Mark Royal (2013), many Organizations around the world expecting their employees to do more work with fewer amounts of staff and that is leading to increasing dissatisfaction with work life balance.

Objective 2 – Identify the Consequences of Work Life Imbalance

As a result of work life imbalance, many outcomes will reach to employees. To have a clear knowledge of this work life imbalance, it is very important to recognize the results that can arise due to this term. Based on past findings, these consequences are discussing in an expansive manner in the below.

When an employee is feeling that they are not balancing their work life and family life well, there are many options that they can take. Intention to leave the job is one of the impotent consequences found out through research findings. If one person is in an extreme situation where he or she cannot balance work and family, they will tend to leave the job. Even though most of the participants said that they have work life imbalance, majority of them still engage with their job. The reason is good options available to them from their job as receiving a pension after the retirement and receiving a good salary. Another reason is they cannot engage in another job because they have only knowledge regarding that particular area. As per the past findings, the relationship among leaving the job and work life balance can be identified. According to these findings, there is a significant relationship between work-life conflict and turnover intentions; the more work-life conflict staffs struggle with, the more they think about quitting their jobs (Robert Half, 2015; Taghrif S. Suifan and his peers, 2016).

Base on the findings, when there is work life imbalance, there is a possible chance to occur conflicts in the work place as well as in the home. A person has to complete tasks at their work place and also they have to fulfil responsibilities of family. Sometimes when fulfilling one responsibility, it can clash with other responsibilities he or she have. If an employee has busy working schedules and lot of duties, they will get limited time to think about family responsibilities. Hence, when they have lot of family responsibilities as parents, spouses, they may have neglect or miss their job. Because of that they will start arguments and conflicts with their peers and supervisors and also when they are at home they will start conflicts and arguments with family members. In that case it identifies that conflicts at work and at home tend to manifest them more frequently when an imbalance is present. Prior scholars also support this finding through their research findings. Findings of De Villiers and Kotze (2003) and Borris B. Baltes and his peers (2010) are emphasizing that the most significant work-family conflicts arise from complex workplace issues, and complex family related issues which strongly influence the work-life imbalance.

Person should have a good health condition to successfully entail in their job and to live happily with their family members. However, because of work life imbalance, employees have possibility to suffer from health related issues. These can be physical problems as well as mental problem. According to the research findings, the heavy working schedules and working duties are causing health problems to respondents. When it comes to nurses, they have possibility to have these illnesses. Especially they have mentioned that based on their ward, they have possibility to pass illnesses to their bodies. Moreover, when the job is getting restless and uncomfortable, that will cause physical pains to them because increasing stress can cause negative impact on mental health. These health conditions will affect them when they are dealing with family responsibilities. Some past literatures also confirm this fact throughout the findings. When it comes to both mental and physical health, they have found out that imbalance between the job and personal life is likely to damage both mental and physical health (Zoe Roberts, 2003; Mental Health Foundation of Scotland, Wales and Northern Ireland, 2015)

When a person has to do tasks beyond his or her capacity, they will end up feeling overload. This matter can occur due to many aspects. Based on research findings, some reasons are heavy working schedules, lack of staff like wise. Because of these reasons, the work amount that one has to complete is increasing and because of that they may feel overloaded and their productive capacity will be reduced. Because of the overloaded nature they may feel stressed, anxious and also there is a chance to suffer from other kinds of health problems too. When they feel overloaded they may find it hard to complete their family responsibilities at home. That will cause problems in family life. Past scholar, Erin Brownfield and his peers (2005) says that it is not just long hours that make people feel overload. It is also the amount of pressure on the job and there can be work and nonworking-related outcomes from feeling overload like more mistakes made on the job, resentment towards employers and co-workers, less-successful relationships with friends, spouses and children, and poor health, to name a few.

One of the most important consequences identified by the research findings is demanding more leaves. When they are in a critical situation, they are demanding leaves to manage their family life with work. There are many leave options available to employees. However, the important thing is taking more emergency leaves as a result of work life imbalance. Emergency leaves are an effective means of achieving work life balance, because most times unforeseen circumstances boom up and employees are torn between their work and their personal issues to address. The emergency leave is however, necessary at times and situations when employees have necessary personal issues to attend even though their supervisors are not allowing them to take leaves. Past findings are also give similar opinions regarding this. These findings mention that due to work life imbalance, tendency of taking more leaves can be arise among employees (Altonji and Oldham, 2003; Nina Tomazevic and her peers, 2014).

Conclusion

This study was conducted mainly to identify which factor and results of work life imbalance have more influence on their work life and family life using female nurses of government hospitals. Qualitative research design was used to proceed with research study and structured interview method was utilized to interview 20 female nurses working at Colombo District Government Hospitals. Throughout interviews, in-depth data were gathered by the respondents based on their experiences and ideas. These data were then categorized under antecedents theme and consequences theme and they were analysed using thematic analysis to generate final research outcomes, in order to attain research objectives.

As mentioned in the discussion of the research findings, major antecedents and consequences of work life imbalance has been identified. When it comes to antecedents, these are based on job perspective as well as their family perspective. Working Schedules, lack of staff, task difficulty is having the strongest significant relationship with work life imbalance in job perspective. In addition to that, when it comes to family perspective, parental demand and lack of family support are identified as antecedents of work life imbalance. This study found that there are negative consequences occur due to this work life imbalance. Intention to leaving the job, conflicts in work and home, health problems, feeling overload and stress and demanding leaves are the consequences identified through this research. The support from the family especially for look after children is a big challenge for current day female employees. Study identifying that female employees have found the involvement of family matters and demand issue getting from the family as a barrier for balance work and family life. In terms of working nature, the higher level of involvement and demand of work make negative impact upon work life imbalance.

The results, however, may not be generalized to other sectors or industries in Sri Lanka elsewhere as the sample size and population was limited to healthcare industry. Another reason for not being able to generalize the research findings is the qualitative nature or the design of the research study since, the qualitative researches cannot be generalized. But as females, they have to play many roles in the life. Therefore, there is a significant possibility of occurring work life imbalance to female employees because of these many role demands they have.

Recommendations

It is suggested that the management and supervisors should pay a significant attention for the development of policies to deal with work life balance programs, and practices within the organization with strategic thinking.

Family friendly programs can be built within the organizations to help workers to have a good family life. For an example, as female employees are playing the role of mother, they need to give constant care and attention to their children. If hospitals can build day care centers to their children, this problem can be minimized.

Arranging flexible working schedules and providing transport and meal facilities to nurses is very practical in reducing their exhausted personal life obligations.

Since the nursing staff in Sri Lanka is in a low level currently, Health Ministry can increase the recruitment level of both female and male nurses per year.

The betterment is needed from employees themselves by managing their work and family role through this study by having a clear-cut understanding about their family role and job role separately to recover from the work life conflict issues.

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Research Article 03

The Impact of Content Characteristics of Online Reviews on Travellers' Hotel Booking Intention

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Abstract

Since the internet provides an ideal platform for sharing and distributing information, online consumer reviews have become an important source of information to travellers in recent years. Consumers now have wide opportunity and ability to post positive or negative consumption-related experiences and evaluations for any interested party to review. Much of the existing researches focus on identifying the causal relationship between online reviews and travellers' hotel booking intentions but sheds less light on identifying the individual impact of different content characteristics of online reviews on hotel booking intention separately. Therefore, this study mainly focuses on identifying how the content attributes: Usefulness, Reviewer Expertise, Timeliness, Volume, Valence, Comprehensiveness and Anonymity of online reviews affect travellers' hotel booking intention. The sample consists of 384 inbound travellers visited Sri Lanka and the judgmental sampling method was applied. To achieve the proposed research objective, the quantitative research method was adopted and data were gathered through self-administered structured questionnaires from the inbound travellers visited Sri Lanka. Collected data were analysed using SPSS package and basic descriptive statistics, correlation analysis and stepwise regression test were run on data to find out the answer for the research question. Consequently, the findings revealed that usefulness of online reviews, valence of online reviews and timeliness of online reviews have positive and significant impact on hotel booking intention. Further, usefulness of online reviews is the most influential content characteristic of online reviews which has the strongest predicting power on hotel booking intention of travellers. Hospitality practitioners can enhance their consumer review management by applying the recommendations provided based on the findings of this study.

Keywords: *content characteristics, hotel booking intention, inbound travelers, online reviews*

Introduction

Tourism and hospitality industry is probably being one of the mostly affected industry by the internet as this industry largely depends on the distribution of information where internet provides a good platform for distribution of information. Therefore, today consumers are more empowered than ever (Broniarczyk & Griffin, 2014). Consumers can share their experiences, ideas, suggestions, criticisms and opinions via internet as a form of word of mouth, to reach a wide audience (Chen et al., 2011) and interact with one another (King et al., 2014). Consequently, the way people search, locate, and access information has been changed with the emergence of the internet (Kasavana et al., 2010). Intangible nature of the services leads consumers to rely more on recommendations and suggestions of others especially for the products and services related to the tourism and hospitality industry since purchasing intangible products and services involves higher risk (Ranasinghe, 2017, Park & Kim, 2008). According to Xiang & Gretzel (2010) three quarters of travellers have considered recommendations and suggestions available on the internet as a major information source when planning their tours. Jalilvand et al., (2011) defined that online consumer reviews are one form of eWOM and it is included positive or negative statements made by the consumers about their experiences or opinions on a product or service they consumed. Accordingly, eWOM lays a foundation for online consumer reviews and is experiencing massive growth (Brown et al., 2007) and are one of the most reliable sources of information for selecting a better product and services. With the availability of travel information over the internet, travellers can search for required information on products and services, compare and evaluate the alternatives and, finally, make their reservations at various tourism service providers; hotels, restaurants, entertainment providers etc. (Law et al., 2009). A growing number of individual are now actively taking the advantage of this opportunity. According to eMarketer (2017) 25% of infrequent travellers, 36% of leisure travellers and 33% of frequent travellers report having changed their hotel stay based on reviews provided by other consumers.

It is generally accepted that travel reviews have either positive or negative impacts on a hotel's reputation to attract or repel potential customers from a hotel (Sparks et al., 2013). On the other hand, the influence of consumer reviews is particularly important in tourism and hospitality industry, since the quality is only perceived after the consumption of the particular service or facility (Ye et al., 2009).

Multiple opinions about same product and services from different travellers from different countries and different cultural backgrounds are available on the blog pages, review sites and even in social media, facilitating the potential travellers to have a good understanding about the specific product and service before consuming and experiencing them by themselves (Kim & Lee, 2015). Furthermore, consumers are not following any vested or structured pattern to post their experiences and recommendations on the Web (Park & Kim, 2008). Consequently, those reviews comprise with different characteristics rather than positivity and negativity.

Even though numbers of empirical studies have indicated effect of eWOM on sales (Zhang et al., 2011), consumer purchasing decision-making (Lee et al., 2008), customer satisfaction and their revisit intentions (Berezina et al., 2012) and consumer attitude (Ranasinghe, 2018), little is known regarding how individual travellers integrate opinions from several reviews presented in multiple ways in the online context for planning their tours with various intangible and high involving tourism service oriented products.

Further, many research studies conducted by various scholars such as Lee et al., (2008), Ye et al., (2009), and Vermeulen & Seegers, (2009), have focused on examining the causal relationship between online reviews and travellers' purchase intention and behaviours. These studies were mainly carried out to investigate how online reviews as a whole influence travellers' attitudes toward tourism products and services, and then traveling intentions/behaviours (Lee et al., 2008; Ye et al., 2009). However, there is little evidence on how the content attributes of online reviews individually effect on purchase intention of travellers.

Findings of many research studies have proven that online reviews have a significant effect on consumer behaviour in different industries. However, few researches have examined the impact of online reviews specifically in the hotel sector. On the other hand, some previous studies reported that online consumer reviews are perceived as having lower credibility due to the absence of source cues on the internet (Smith et al., 2005; Dellarocas & Narayana, 2006). Therefore, the influence of consumer reviews needs to be further tested in different contexts.

Therefore, to fill these gaps, this study mainly focuses to identify how the different content characteristics of online reviews effect on travellers' hotel booking intention.

Conceptual Background and Hypotheses Development

Online Consumer Reviews

Jalilvand et al., (2011) stated that online consumer reviews are one form of eWOM and it is included positive or negative statements made by the consumers about their experiences or opinions on a product or service they consumed. Many research studies have been carried out to identify the reasons for consumers to rely on other consumers' reviews. Li & Bernoff (2008) stated that it's mainly due to the unbiasedness of the reviews and independent from marketing and editorial personnel. According to Chen (2008) consumers rely on other consumers reviews to reduce the risk and uncertainty of the purchase decision. Additionally, the opinions and recommendations of other consumers may help in determining whether to trust the product or firm under consideration (Sparks et al., 2013). eMarketer (2017) stated that six out of ten consumers have a preference for the web sites which have peer written reviews. As a result of that most of the firms are now taking the advantage of online consumer reviews as a new marketing tool (Dellarocas & Narayana, 2006). Online consumer reviews play two distinct roles: 1) role as an informant where it provides user

oriented information for consumers; and 2) role as a recommender where it provides positive or negative indication of product or service (Park et al., 2007). 83% of online shoppers stated that their purchasing decisions are based on online product evaluations and reviews (Opinion Research Corporation, 2008).

In the context of online reviews, understanding the ways of processing multiple opinions and suggestions made by the different consumers, is critical for the potential consumers (Kim & Lee, 2015). Consumers using online reviews are challenged with large volume of conflicting information (Sen & Lerman, 2007) and therefore, the consumers' perception, intention and decisions depends on its content attributes and presentation (Wathen & Burkell, 2002), such as valence (Sparks & Browning, 2011), informational cues (Hansen, 2005) and source credibility (Pornpitakpan, 2004).

Content Characteristics of Online Reviews

Usefulness of online reviews

The traveller's decision making process is significantly influenced by the consumer reviews available in review websites and hotels' interactive web sites, particularly if they found the information available is truly useful and relevant to their purchasing decision (Herrero et al., 2015). Therefore, it's reasonable to argue that usefulness of online reviews undoubtedly influences consumer expectations (Zhao et al., 2015). Park et al., (2009) define the usefulness of online review as "the degree to which consumers believe that online reviews would facilitate their purchase decision-making process". Potential consumer's evaluation of the usefulness of online reviews is significantly important since it performs as a predecessor to information adoption in both offline and online environments (Rieh, 2002). Willemsen et al., (2011) suggest that the key aspect of consumers to rely on online reviews is mainly due to the usefulness of the reviews. Further, the potential customers believe that the reviews of other consumers increase the confidence of them and reduce the risk by assisting them with making imaginations of the product or service easily before purchasing (Yoo & Gretzel, 2008). On the other hand, there are number of consumer reports which prove that individuals trust other consumers' views, opinions and suggestions posted online (Intelliseek Research, 2004). Usefulness of online reviews can be considered as an effective predictor of consumers' intent to comply with an online review (Park & Lee, 2009). Several other scholars also have suggested that usefulness of online reviews could also determine the frequency of usage (Davis, 1989; Wöber, 2003).

Thus, this study proposes the following hypothesis:

H1: The usefulness of online reviews has a positive impact on travellers' hotel booking intention

Reviewer Expertise

In the online context, the knowledge and the competence of a reviewer cannot be evaluated straightforwardly due to the limited access to personal attributes and their background. Therefore, web sites strategically take the duty of evaluating the reviewer by rating him or her based on many factors (Zhao et al., 2015). Further, it is accepted that the individuals who have highly ranked in expertise are more likely to have sound knowledge of alternative products and services available (Mitchell & Dacin, 1996). As suggested by Applbaum & Anatol (1972), the expertness is the extent of skillfulness, authoritativeness, competence and qualification an individual possess about the specific field. Consumers tend to evaluate the expertise of reviewers based on their past behaviour or records in terms of the number of reviews written and the content of the reviews or information provided for others' queries and form opinions of the present message (Weiss et al, 2008).

However, the role of online reviewer expertise is still unclear because some scholars specify that source expertise to strengthen the impact of message or review whereas others indicate consumers to rely more on non-expert sources (Senecal & Nantel, 2004). In accordance with these research studies, consumers believe fellow consumers' opinions and suggestions are less biased and their experiences are easier to relate with their expectations (Bickart & Schindler, 2001). According to Vermulan & Seegers (2009), reviewer expertise plays a significant role in hotel booking intention and reviews made by experts have an overall positive impact on hotel consideration and booking intention than the reviews by non-experts. On the other hand, most of the research studies on reviews are focused on features of the review content only (Ghose and Ipeirotis, 2011). However, the information about the reviewer himself such as his own character, social relation has not been given much importance in many studies. These characters of reviewers need to be keenly studied in order to find if the review is helpful or not. Based on the aforementioned statement, the following hypothesis is, therefore, proposed:

H2: Reviewer expertise has a positive impact on travellers' hotel booking intention

Timeliness of Online Reviews

During the information search stage, consumers tend to consider higher amount of relevant information which is associated with a specific time period. This scenario leads to the research concept of timeliness (Zhao et al., 2015). Timeliness defines as the availability of the output information at a time suitable for its use (Bailey & Pearson, 1983). Different consumers may post their ideas about hotels, especially renowned or infamous ones, in different time periods. Therefore, timeliness of consumer generated content may influence the potential consumers' purchasing decisions (Zhao et al., 2015). From the consumers' point of view, the average usefulness of online reviews may decline as the time elapses (Liu, 2006). Jindal & Liu (2008) suggest that in the online consumer review context, more recent product reviews used to get more user attentions. When the consumer reviews an online review which is not updated recently, he gets confused whether the message contain with the

information which is still valid or not. Therefore, the timelier the information is, the higher the perceived information usefulness of the content.

Thus, another hypothesis is proposed:

H3: The timeliness of online reviews has a positive impact on travellers' hotel booking intention

Volume of Online Reviews

Volume measures the total number of interactive messages and opinions which is one of the major attributes of WOM (Liu, 2006). According to Davis & Khazanchi (2008), in online context, volume is defined as the total number of comments from different reviewers about a specific product or service. A recent study by Steffes & Burgee (2009), suggests that consumers can acquire a better evaluation when the number of online review increases. The number of reviews in online context, relevant to a specific product is used as an experimental tool by consumers to assess the quality of the product (Yang & Mai, 2010). On the other hand, a total number of online reviews of a product indicate the popularity of the product since it directly relates with the sales volume of the product as well (Chen & Xie, 2005). Further, large number of online reviews plays a role as a risk reduction strategy for many consumers by eliminating or reducing the uncomfortable feeling of risk exposure which will ultimately lead to increase the purchase intention (Buttle, 1998). However, some research studies argued that increase in volume of online consumer reviews alone does not have significant impact on book sales in e-commerce multi product sales (Davis & Khazanchi, 2008). It has also been identified that consumers rarely view comments beyond the first two pages in review sites (Pavlou & Domoka, 2006). Nevertheless, Duan et al., (2008), have argued that the volume of online reviews has a direct association with the product sales. Therefore, by considering the information irregularity and the unique features of tourism and hospitality products intangibility and incorporation of production and consumption, this research argue that higher volume of online reviews may reduce a perception of risk, and hence, the following hypothesis is proposed:

H4: The Volume of online reviews has a positive impact on travellers' hotel booking intention

Valence of Online Reviews

Both positive and negative online reviews can influence consumers' attitudes towards a given company. (Zhao et al., 2015). Positive consumer reviews are defined as reviews which offer positive arguments in support of a particular product or service. Negative Consumer reviews are defined as reviews which offer negative opinions against a particular product or service (Sen & Lerman, 2007). Therefore, Message valence emphasizes on either the positive (benefits gained) or negative (benefits lost) product and service attributes (Maheswaran & Meyers-Levy, 1990). However, the valence of online reviews, either

positive or negative, has been strongly perceived to influence the consumer product judgment (Sen & Lerman, 2007), since both positive and negative comments can be presented concurrently to potential consumers particularly in the online context (Herr et al., 1991).

An experimental study conducted by Vermeulen & Seegers (2009) to investigate the impact of online hotel reviews on consumer consideration in Netherlands discovered that positive consumer reviews have a positive impact on consumer consideration, whereas negative consumer reviews have no significant impact on consumer consideration. Even though, negative consumer reviews decrease consumer attitudes towards hotels, the enhanced hotel awareness compensates for this effect, causing no effect on consideration (Vermeulen & Seegers, 2009). Therefore, the findings of previous studies on the impact of message valence, negative or positive, are inconsistent (Zhao et al., 2015). According to Westbrook (1987), consumers' loyalty, product evaluation and purchase decisions can be influenced by both positive and negative information. Therefore, the following hypothesis is proposed:

H5: The Valence of online reviews has a significant impact on travellers' hotel booking intention

Comprehensiveness of Online Reviews

In online context, different types of messages are available for information seekers ranging from simple recommendations to more complex and detailed comments with factual deceptions. This can be identified as comprehensiveness; completeness of the message, which is a measure of how detailed and complete the messages are (Cheung et al., 2008). Sullivan (1999) suggests that, the more detailed information brings a wider breadth of user categories and user orientation of the online customer review, resulting a greater likelihood of user acquisition and user retention. Further, the consumers who obtained comprehensive online information have significant influence on their purchase intention (Lee et al., 2009)

In unfamiliar situations, potential consumers always seek for detailed and specific information to make their purchasing decisions (Anderson, 1998). Therefore, particularly in uncertain online context, the comprehensiveness of a review could be a key factor to be considered by the consumers when making their purchasing decisions based on the contents available online (Zhao et al., 2015). More detailed the reviews are; more customers can understand and satisfy their awareness about a specific product or service. Not only the number of words that affect, but also the comprehensiveness, since incomplete information will be interpreted by different customers in different ways (Sa'ait et al., 2016). Therefore, study proposes the following hypothesis:

H6: The comprehensiveness of online reviews has a positive impact on travellers' hotel booking intention

Anonymity of Online Reviews

Online consumer reviews are generally posted and shared anonymously among the strangers (Sen & Lerman, 2007). Many previous studies have shown that consumers always struggle to identify fake reviews (Walther et al., 2001; Kiran & Vasantha, 2015). Online reviews with the reviewer's identity disclosure are perceived to be more useful than reviews which lack such information (Sen & Lerman, 2007). This lack of identity generates issues regarding the credibility and trustworthiness of the information posted on the online since the sources of the information are not clear (Rains & Scott, 2007). Even though the term of anonymity as a research construct is being discussed for more than a decade (Reed et al., 1998) it seems that confusions and misunderstanding regarding the concept still exist. Douglas & McGarty (2001) defined anonymity as condition of being unknown (nameless) to others.

However, some previous research studies suggest that online consumer reviews are perceived to be with lack of credibility than the traditional WOM due to this anonymous nature (Dellarocas & Narayana, 2006). Forman et al., (2007) find that when online reviewers in Amazon.com reveal their demographic information; age, gender and location, it has a positive impact on sales. Surprisingly, it was found from the same study that the presence of socio-demographic information such as real name and photo did not contribute significantly to the perception of usefulness. Further, it is commonly believed that consumers tend to form impressions of reviewers even with relatively limited non-verbal and social cues available in the online context (Racherla & Friske, 2013). However, the role of anonymity in the consumers' purchase intention is still underexplored empirically (Lee et al., 2008). Thus, the following hypothesis is proposed:

H7: The anonymity of online reviews has a negative impact on travellers' hotel booking intention

Methodology

This study seeks to extend existing knowledge by integrating seven content characteristics of online reviews and empirically testifying their impact upon inbound travellers' hotel booking intention. The study sample consisted of inbound travellers visited Sri Lanka and stayed in a hotel. Hence, the primary unit of analysis of this study is an inbound tourist. At a 95% confidence level (Saunders, Lewis and Thornhill, 2009), a total number of 384 inbound tourists were targeted for collecting primary data and self - administered close ended questionnaires were distributed to collect raw data. Judgmental sampling technique was applied to this study and it involves selecting the cases from the population based on the researcher's knowledge and judgment which brings more accurate results. 337 complete responses were obtained and used for further data analysis giving a valid respond rate of 87.76 percent. Participants of this research presented their degree of agreement on each item by using a five-point Likert scale, ranging from (1) "Strongly disagree" to (5) "Strongly agree".

Explanatory factor analysis was used to determine the dimensions of the variables and only the items with factor loading greater than 0.6 were employed for further analysis. The Kaiser–Meyer–Olkin (KMO) measure used to determine the adequacy of the sample size and presented in Table 01. Further, to purify the measures, a reliability analysis was undertaken and the Cronbach’s alpha for each variable checked. The result of the reliability analysis indicates that the alpha coefficients of all constructs were above 0.6 indicating acceptable internal consistency.

Table 01: Results of Principle Component Analysis and Reliability Test

Variable	No. of Items	KMO	Bartlett’s Test Chi Square Value	Cronbach’s alpha
Usefulness of online reviews	11	.916	2421.846***	.925
Reviewer expertise	07	.861	1047.123***	.864
Timeliness of online reviews	03	.641	250.090***	.733
Volume of online reviews	06	.841	1220.688***	.894
Valence of online reviews	10	.861	1312.131***	.856
Comprehensiveness of online reviews	05	.737	902.599***	.840
Anonymity of online reviews	03	.729	540.728***	.875

Data Analysis

Respondents' Profile

According to the respondents' socio demographic profile, the sample was balanced in terms of gender; there were approximately 52% male and 48% female respondents. The participants' age category was mostly between 25-34 years (34%), followed by 35-44 years (26%), 16 -24 years (20.8%), 45- 60 (13.6%) and above 60 years (4.7%). Further, a vast majority of the travellers (43%) stay in between 8 to 14 days in Sri Lanka. approximately 28% of the respondents have stayed in four-star hotels in Sri Lanka while 19% in five-star hotels, 14% in three-star hotels, 11% in resorts and 10% in small luxury hotels and budget hotels equally in each. Further, approximately 25% of respondents have booked their hotels through booking engines, 23% through the travel agencies in their home countries, 21% through travel agencies in Sri Lanka, 19% through the hotel web site and 10% through e mails, telephones. In terms of purpose of visiting Sri Lanka, overwhelming majority (71%) is visiting Sri Lanka for leisure purpose and 9% for their business purposes.

Results and Discussion

The study has developed seven causal hypotheses in order to identify the causal impact of independent variables on dependent variable which were tested through the stepwise

regression analysis. The relationship between dependent variable and independent variables was investigated using correlation analysis. The association between variables is strong when $r > 0.5$ (Cohen, 2013). According to the table 02, correlation coefficient of usefulness of online reviews and hotel booking intention was .683 and sig value was 0.000 which indicates a positive strong statistically significance association between usefulness of online reviews and hotel booking intention. The correlation coefficient of reviewer expertise, timeliness of online reviews and volume of online reviews with hotel booking intention consecutively demonstrated as 0.521, 0.585 and 0.592 where the sig value also less than standard (0.05). It implies that there was a strong, positive correlation among the hotel booking intention and independent variables: reviewer expertise, timeliness of online reviews and volume of online reviews. Further, as indicated by the table, valence of online reviews ($r = 0.672$) and comprehensiveness of online reviews ($r = 0.558$) had a strong and positive statistically significant association with the hotel booking intention. However, the relationship between anonymity of online reviews and hotel booking intention showed a positive but weak correlation with $r = 0.081$ and $\text{sig} = 0.139$.

Table 02: Correlation Analysis

Variable	Booking Intention	Usefulness of online reviews	Reviewer Expertise	Timeliness of online reviews	Volume of online reviews	Valence of online reviews	Comprehensiveness of online reviews	Anonymity of online reviews
Booking Intention	1.000							
Usefulness of online reviews	.683**	1.000						
Reviewer Expertise	.521**	.633**	1.000					
Timeliness of online reviews	.585**	.667**	.519**	1.000				
Volume of online reviews	.592**	.726**	.626**	.637**	1.000			
Valence of online reviews	.672**	.747**	.612**	.693**	.738**	1.000		
Comprehensiveness of online reviews	.558**	.558**	.516**	.627**	.714**	.713**	1.000	
Anonymity of online reviews	.081	.040	.218**	.039	.067	.040	.089	1.000

**Correlation is significant at the 0.01 level (2-tailed).

Stepwise regression analysis was conducted to test the hypothesis. Consequently, three models under three steps were generated through the SPSS. The stepwise regression

excluded the variables “reviewer expertise, volume of online reviews, comprehensiveness of online reviews and anonymity of online reviews” from the model due to insignificant explanatory powers of the respective variables. Hence, stepwise regression was limited to three variables; Usefulness of Online Reviews, Valence of Online Reviews, and Timeliness of Online reviews. R^2 equals to 0.533 in the third model and It highlighted that when other factors are constant, these three variables; usefulness of online reviews, valence of online reviews, timeliness of online reviews explain 53.3 percent variation of hotel booking intention. After adding variable “timeliness of online reviews” in to the model, R^2 was increased by 0.007 and reduced F value by 5.039. The change of F value was significant at 0.05 level. Further, the sig value of ANOVA test was 0.000. It was less than the standard level (0.05) indicating that regression coefficient of usefulness of online reviews, valence of online reviews and timeliness of online reviews were not equal to zero. Hence, the model is strong enough to predict linear relationship between independent variables and the hotel booking intention.

Table 03: Regression Coefficient Table

Model	Unstandardized Coefficients	Standardized Coefficients	T	Collinearity Statistics	
	B	Std. Error	Beta	Tolerance	VIF
3 (Constant)	.361	.194			
Usefulness of Online Reviews	.420	.067	.369	6.232***	.399
Valence of Online Reviews	.385	.076	.311	5.088***	.374
Timeliness of Online reviews	.132	.059	.123	2.245***	.469
Excluded Variables					
4 Reviewer Expertise	0.60			1.194***	.233
Volume of Online Reviews	0.43			.712***	.477
Comprehensiveness of Online Reviews	0.25			.433***	.665
Anonymity of Online Reviews	0.59			1.568***	.118

As Shown in the table 03, hotel booking intention of inbound travellers visiting Sri Lanka was affected by usefulness of online reviews, valence of online reviews and timeliness of online reviews significantly. Hence study only accepted hypothesis 01, 03 and 05.

The usefulness of online reviews is the most powerful variable which determines the intention of booking a hotel. The findings of the study were positively aligned with the findings of (Zhao et al., 2015; Racherla & Friske, 2013). The usefulness of online reviews can be increased by ensuring the following factors: 1.) online travel reviews should be related to the particular product or service concern, 2.) content of the online reviews should be beneficial, credible, reliable, genuine, neutral, understandable and accurate, 3.) Online reviews should encourage the travellers to book the hotel concern, 4.) Online travel reviews should ensure the smartness of online shopping on travellers mind while making them easy to book the hotel.

Both positive and negative reviews should be there in the web sites to have a better understanding of a hotel. Therefore, the presence of both positive and negative online reviews is paramount important to increase the trustworthiness of the respective hotel. This finding is further supported by the previous scholars: (Westbrook, 1987; Zhao et al., 2015) as well. Therefore, it's recommended to have a good valence of the online reviews about a particular hotel. Not only the positively valence reviews but also negatively valence reviews also should be there to increase the trustworthiness of the hotel. This is important due to the fact that tourism and hospitality industry is a service-oriented industry where everything is not constant every time; service failures can occur due to human errors even in a well reputed luxury hotel. Therefore, absence of negative reviews will diminish the trustworthiness of the hotel. However, according to the findings, abundance of negative reviews also diminishes the hotel booking intention. Therefore, it's recommended to carefully manage the valence of the online reviews. It is further recommended to indicate the summery of the number of positive or negative online reviews which may help consumers to grasp the level of valence of the reviews and is a good strategy to regulate consumers' information processing, as well as influence the hotel booking intention.

When a traveller reviews an online review, which is not updated recently, he gets confused whether the message contains with the information which is still valid or not. Therefore, the timelier the information is, the higher the perceived information usefulness of the content. This finding extends previous studies (Kim & Lee, 2015; Zhao et al., 2015) suggesting that timeliness of the content is one of the key factors that travellers concern when they review online reviews. If the available reviews about a particular hotel tend to be old, the validity of the reviews in the present context is doubtful which leads to a diminution of the booking intention about the respective hotel.

The travellers who post online reviews are not always experts in the tourism and hospitality field. They only post comments based on their personal experiences, opinions and recommendations. The study conducted by Zhao et al. (2015) found a positive significant relationship between reviewer expertise and travellers' hotel booking intentions which is

consistent with the study done by Vermulan & Seegers (2009). However, the finding of this study is contradictory with the previous findings. Therefore, researcher contacted few inbound travellers and professional from the industry where they suggested that the individuals when they read the reviews of others, tend to struggle only to identify whether the content of the review is truth and honest, not whether the reviewer is an expert or not. Further, Senecal & Nantel (2004) suggested that the role of online reviewer expertise is still unclear because some scholars specify that source expertise to strengthen the impact of message or review whereas others indicate consumers to rely more on non-expert sources. Therefore, web sites, specially the third-party review sites should welcome the travel reviews posted by non-expert travellers as well.

Further, impact of both volume and comprehensiveness of online reviews on hotel booking intention was statistically insignificant at 0.05 percent level. The finding of the study is not positively associated with the findings of (Park et al., 2007; Duan et al., 2008; Zhao et al., 2015). However, some scholars have found that volume of online consumer reviews alone does not have a significant impact on purchase intention (Davis & Khazanchi, 2008). It has also been identified that consumers rarely view comments beyond the first two pages in review sites further highlighting the insignificant of the variable in booking intention (Pavlou & Domoka, 2006). Accordingly, finding of this study suggest that web sites should implement mechanisms to limit the number of online reviews by avoiding the information overloaded. Though, in an uncertain context, travellers tend to read more comprehensive reviews, this might be changed when they are familiar with the hotel. In such situations, travels more rely on the reviews with few focused words. However, this finding is not aligning with the previous findings of Cheung et al., (2008) and Zhao et al., (2015). Therefore, researcher contacted few inbound travellers and professional from the industry where they suggested that in contemporary travel world, travellers; particularly the millennial, do not want to spend much time on reading lengthy reviews, rather they prefer to read short but clear comments from the other travellers. The majority of the respondents of this study were in the age group of 25 to 34 years old which further supports the conclusion. Therefore, increasing the number of reviews or posting lengthy reviews may not provide any batter impact on hotel booking intention. A rating system can be introduced to reader to evaluate the review and the reviews only with higher visitor rating can be making available to the readers avoiding them with an information overloading situation.

Racherl & Friske (2013) found that the demographic information of the reviewer such as gender, nationality and occupation does not influence the purchasing behaviour of consumers. Similarly, in Sri Lankan context, impact of anonymity of online reviews on hotel booking intention of the inbound travellers was statistically insignificant. Therefore, web sites, specially the third-party review sites and hotel owned web sites should welcome the travel reviews posted by the travellers who are not disclosing their identity. However, hoteliers and other relevant authorities need to invest resources in enabling their web site visitors to diagnose the usefulness of available reviews.

Conclusion

Online reviews play a major role in cyber space allowing consumers to obtain the ideas, experiences, recommendations, suggestions and criticisms of former consumers. It implies a need for a better understanding of their impact within the tourism and hospitality industry. Therefore, the primary objective of this study was to identify the impact of seven content characteristics of online reviews upon hotel booking intention. To achieve this objective, a model was developed, and data were collected to statistically examine the impact of content characteristics of online reviews on hotel booking intention. In conducting this research, several significant content characteristics of online reviews which affect hotel booking intention were identified. Usefulness of online reviews, valence of online reviews and timeliness of online reviews, were accepted indicating a statistically significant impact on hotel booking intention of the travellers visiting Sri Lanka. Therefore, understanding of the impact of these three factors and managing them accordingly by the respective authorities; hotels, third party travel review sites, booking engines etc., will lead to higher booking intention of the travellers about the respective hotels.

However, the findings of this study highlighted that reviewer expertise, volume of online reviews, comprehensiveness of online reviews and anonymity of online reviews had a statistically insignificant impact on the hotel booking intention of the respondents. Therefore, further investigation of these findings is important. Ultimately, it is hotel managers and employees responsibility to provide a better and memorable services, facilities and experiences to their hotel patrons and encourage them to post their opinions, experiences, to the hotel web sites, review sites, social networks and other relevant internet platforms to share with other travellers which will inevitably leads the potential travellers to book the hotel and to better utilize the online reviews as a gainful marketing tool.

Limitations and Future Research Directions

Although the findings of this study may have important implications, limitations do exist. The major limitation of this study was the language of the questionnaires distributed among travellers. The questionnaires were designed only in the English language. Hence, the future studies can be further improved by distributing questionnaires in other languages as well. Particularly in Sri Lankan context, there are many inbound travellers from China, India, France and German where the English is not the mother tongue. Further, this study focused only on the inbound travellers booking intention. However, in Sri Lankan context there is a large number of domestic travellers as well. Therefore, it is recommended to conduct the study focusing on domestic travellers as well.

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Research Article 04

Impact of Value Added Tax on Poverty in Sri Lanka

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Abstract

This paper examines the impact of Value Added Tax (VAT) on poverty in Sri Lanka, by considering the amount of VAT paid by the household on the consumption of food items. The study based on Household Income and Expenditure Survey (HIES) data of Sri Lanka in 2012/13 and Ordered Probit model was applied for empirical estimation. The results confirm that, despite VAT contributes to national tax revenue significantly, it essentially increases the probability of being extreme poor, poor and vulnerable non-poor by 0.0061%, 0.4942% and 1.4760% respectively, while reducing the probability of being non-poor by 1.9764%. Apart from that, the recent hike in VAT rate of Sri Lanka from 11% to 15% increases probabilities of being extreme poor, poor and vulnerable non-poor by 0.017%, 1.39% and 4.16% respectively, while decreasing the probability of being non-poor by 5.57%. Thus, the study recommends to rationalize and continue VAT exemptions, introduce a twin VAT rate for essential and luxury goods and services along with a gradual shift from indirect to direct taxes in order to lessen VAT burden on lower income groups while ensuring higher tax revenue for the government.

Keywords: *Value Added Tax, Poverty, Indirect Taxes, Headcount Index, Tax Revenue*

Background of the Study

Tax Structure and Value Added Tax in Sri Lanka

Taxes play a central role in government finance by accounting for the largest share of government revenue in both developed and developing countries. In particular, indirect taxes generate significantly higher revenue for governments compared to direct taxes such as income tax. According to Amirthalingam (2010), an indirect tax is a tax that is imposed upon the individuals other than those who are intended to bear the final burden of the tax. Despite most of the direct taxes are progressive, indirect taxes are regressive as individuals are taxed irrespective of their income levels. In fact, indirect taxes are imposed on producers and however they shift tax burden to consumers by increasing the prices. Nevertheless, indirect taxes have been a vital tool of raising government income through increasing tax revenue. Unlike other indirect taxes, there is a growing discussion on Value Added Tax (VAT) due to its regressive nature, despite VAT generates massive revenue for governments' financing.

According to Shoup (1988), VAT is a tax that imposed on value which is added into goods and services by producers or distributors during the processes of production or distribution chain. As VAT is an indirect tax, the tax is borne by the final consumer of goods or services. In 1954, VAT was introduced firstly in France and thereafter VAT has become major indirect tax in many developed and developing countries. According to Amirthalingam (2010), the pace spreading out and adaptation of VAT by other countries has been significantly higher compared to other tax development in recent history. Sri Lanka introduced VAT through act No.14 of 2002 by replacing Good and Services Tax (GST) and VAT rate was multi-tier during that period. More specifically, standard VAT rate was 20% along with concessionary rate of 10% in 2002. Apart from that, several goods and services were exempted from VAT while providing zero VAT rate for some other goods and service. However, the VAT rate was amended almost annually and the current VAT rate is 15%.

Table 01 summarizes the revenue of each tax as a percentage of GDP along with both tax and non-tax revenue of Sri Lanka during the period of 2010-2016. The ratio of tax revenue to GDP in Sri Lanka which was 13% in 2010, has been significantly low and dropped down to 10.1% by 2014. Despite it started increasing in since 2015 (12.4%), the average tax revenue to GDP ratio stands at 12% during the period of 2010-2016. In 2010, VAT generated the highest revenue as a percentage of GDP (3.9%) compared to other main taxes in Sri Lanka and however, the contribution of VAT has gradually declined to 2.0% by 2015. It is apparent that, VAT revenue to GDP ratio started increasing after raising the VAT rate from 11% to 15% in 2015.

Table 01: Tax revenue and tax structure as a percentage of GDP during the period of 2010-2016

Item	As Percentage of GDP							Average (2010-2016)
	2010	2011	2012	2013	2014	2015	2016	
Tax Revenue	13.0	12.4	12.0	11.6	10.1	12.4	12.4	12.0
Non-Tax Revenue	1.7	1.9	1.9	1.5	1.4	0.9	1.9	1.6
Income Taxes	2.4	2.4	2.3	2.4	1.9	2.4	2.2	2.3
VAT	3.9	3.3	3.0	2.9	2.6	2.0	2.4	2.9
Excise Taxes	2.3	2.8	3.0	2.9	2.5	4.5	3.8	3.1
Import Duties	1.1	1.2	1.1	1.0	0.8	1.2	1.3	1.1
Other Taxes	3.1	2.7	2.7	2.5	2.3	2.2	2.6	2.6

Source: Created by the author based on Annual Central Bank Reports (Various years) of Sri Lanka.

However, the revenue from excise taxes as a percentage of GDP has outnumbered that of VAT by 2016 and also the excise taxes accounted for the highest average tax revenue as percentage of GDP during 2010-2016. In fact, excise taxes have been significantly increased in order to control alcoholism which was found to be one of the factors of poverty in Sri Lanka. In general, none of tax revenue as a percentage of GDP has shown a clear trend during the period of 2010-2016.

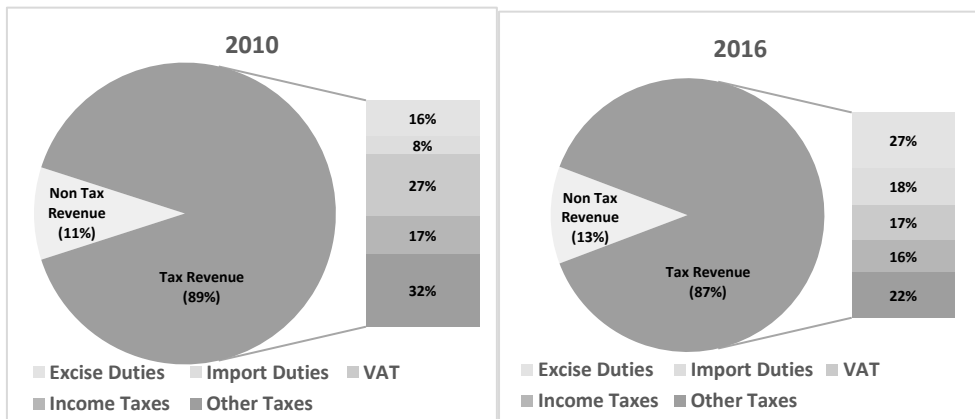


Figure 01: Government revenue structure and composition of tax revenue of Sri Lanka between 2010 and 2016

Source: Created by the author based on Annual Central Bank Reports (Various years) of Sri Lanka.

Figure 01 compares structure of government revenue of Sri Lanka together with the composition of tax revenue, between 2010 and 2016. Tax revenue which has been the driving force of government revenue, however slightly declined from 89% in 2010 to 87% by 2016. Apart from that, as a single tax, VAT accounted for the largest share of tax revenue (27%) in 2010. However, the share of VAT has dramatically reduced down to 17% by 2016 and now stands at the 4th position. Reduced contribution of VAT is mainly due to large number of VAT exemption and also reduced VAT rate till 2014. In addition to VAT and excise taxes, the contribution of income tax on tax revenue of Sri Lanka has been remained the same during the last six years while the contribution of import duties has increased by 10%. In conclusion, VAT has been one of the major taxes which remarkably boosts government tax revenue of Sri Lanka and however, the contribution of VAT on tax revenue has decreased over time.

Recent Trends in Poverty in Sri Lanka

Overall poverty reduction process of Sri Lanka is widely appreciated due to continuous and significant drop down in poverty figures especially during last two decades. Figure 02 illustrates poverty trends in Sri Lanka during the period of 1990-2016. It is apparent that

poverty headcount index reached a peaked (28.8%) by 1995/96 from 26.1% was in 1990/91. However, the population below the official poverty line which is measured by headcount index, have declined from 28.8% in 1996/96 to 4.1% by 2016. Similarly, other poverty measures such as poverty gap and squared poverty gap indices also dropped down significantly. Moreover, approximately 3,841,000 people were in poverty in 2002 and which has decreased to 843,913 by 2016. Similarly, in 2016, 3.1% of total households' which accounted for approximately 169,392 households in Sri Lanka, were estimated as poor households.

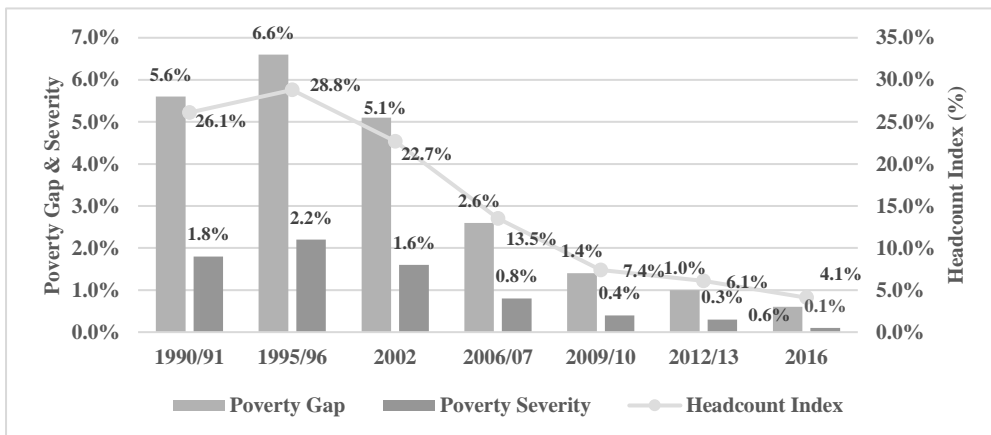


Figure 02: Poverty Trends at National Level in Sri Lanka During the Period of 1990-2016

Source: Created by author based on HIES reports (Various years)

Though the poverty incidence at national level has been significantly decreasing over time, the pace of poverty reduction across the sectors is uneven. Poverty disparities which exist across the sectors such as urban, rural and estate are illustrated in figure 03.

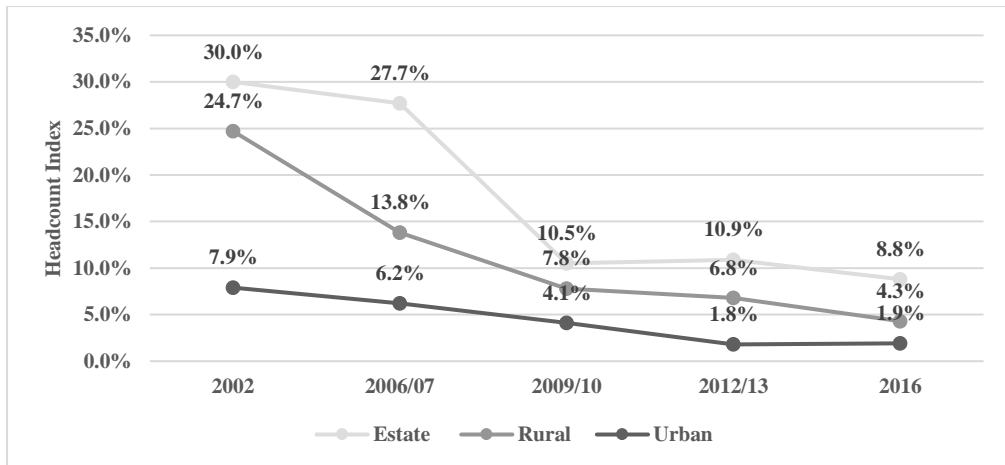


Figure 03: Sectoral poverty trends in Sri Lanka during the period of 2002-2016

Source: Created by author based on HIES reports (Various years)

Poverty levels in both estate and rural sectors have been significantly higher than poverty levels of both national and urban sector. Particularly, 30% and 24.7% of people in estate and rural sectors respectively were below the poverty line in 2002 while only 7.9% of urban people were poor. A dramatic poverty reduction in estate sector can be seen after 2006/07. In fact, estate sector poverty incidence had reduced by 17.2% in a three years' time during the period of 2006/07 – 2009/10. The sharp reduction of income poverty in the estate sector was mainly driven by increase of tea prices and real wages of estate workers. Despite significant regional disparities exist, in general, poverty incidence of Sri Lanka has been declining remarkably since 1995/96.

Objectives and Structure of the Paper

It is yet undiscovered whether VAT adversely affects the poor or not. Despite, there are considerable number of studies which have addressed different aspects and impacts of VAT, it is hardly found a research that focuses on impact of VAT on poverty in the context of Sri Lanka. Studies by Chernick & Reschovsky (1990), Metcalf (1997), Martinez-Vazquez (2001) and Hossain (2003) have addressed the impacts of VAT on poverty in different countries and however they have ended up with mixed results. Therefore, this study attempts to examine the impacts of VAT on poverty in Sri Lanka. More specifically, the first objective of this study is to quantify the impact of VAT on different types of poverty (extreme poor, poor, vulnerable non-poor and non-poor). Secondly, the study examines whether there is a significant impact of increasing VAT rate from 11% to 15% on poverty in Sri Lanka. Furthermore, the study provides appropriate policy recommendation through an empirical estimation based on Household Income and Expenditure Survey (HIES) data and rigorous econometric analysis. The next sections of the paper will focus on literature review, methodology, results and discussion along with list of references.

Literature Review

It is a well-known fact that producers always try to shift tax burdens towards consumers by increasing prices in order to get rid of paying taxes only by themselves. VAT has become a major indirect tax which accounts for larger share of government tax revenue in many developed and developing countries. Bird & Gendron (2006) also expressed that producers are taxed at each stage of production and the producers are liable to pay VAT. Further, Bird & Gendron (2006) mentioned that consumers who consume the final products have to pay the entire or part of VAT as a result of increasing the prices of the commodities. Hence, consumers have become the ultimate tax payers in terms of most of the indirect taxes. Consequently, the poor and relatively low-income groups are adversely affected compared to the high-income groups, as the low-income groups have to pay relatively higher percentage of their income as tax payments. Despite, there is lack of empirical evidence about the direct impacts of VAT on poor; significant number of studies has addressed the issues such as calculating the optimal indirect taxation, progressive and regressive nature of taxation, VAT and income distribution, consequences of VAT and VAT reforms.

Jimenez (1986) & Gemmell (1987) studied on progressive and regressive natures of different types of taxes. According to them, personal income taxes and property taxes are progressive while indirect taxes and most of corporate taxes are regressive. Especially, Jimenez (1986) indicated the impact of overall tax incident in different countries and stressed that combine impact of tax system of a country is basically regressive for lower income groups and progressive for higher income groups. Similarly, Rajemison & Younger (2000), Younger *et al* (1999), Rajemison & Younger (2000) and Sahn & Younger (1998) also confirmed that most of the indirect taxes are regressive and in turn there is a negative impact on low income groups. They elaborated that taxes on Kerosene and Paraffin are highly regressive in African countries and particularly, Ghana accounts for the most regressive taxes compared to other African nations. However, Munoz and Cho (2003) compared the tax incidence of VAT and compared it with the incidence of sales tax that was replaced by VAT. They have used Household Income, Consumption and Expenditure Survey (1999/2000) data for analysis and found that VAT is progressive when the total expenditure at national level is considered. Nevertheless, they confirmed that progressivity of VAT is lower than that of sales tax. Chernick and Reschovsk (1990) examined the tax burden of federal and state income taxes, property taxes, and sales taxes on low income households in Massachusetts and New York. The calculated tax burdens for the poor are 15.3% and 18% in Massachusetts and New York respectively. Further, they highlighted that state and local taxes account for most of the tax burden.

Clarete (1991) and Shah and Whalley (1991) have applied CGE models to investigate the distributional impacts of taxes in Philippines and Pakistan respectively. Especially, Shah and Whalley (1991) distinguished the tax impacts in rural and urban areas in Pakistan and found that there is an adverse impact on rural low-income people. Similarly, Dahl and Mitra (1991) also employed CGE models for India, China and Bangladesh to examine the distributional effects of taxes on different sectors such as formal-informal and rural-urban

sectors. Ahmed and Stern (1987) examined the distributional impacts of indirect tax in India and Pakistan. In particular, they examined the impact of the replacement of excise tax with VAT. The results suggested that if the replacement and reforms are revenue-neutral, there can be a negative impact on poor. Further, this negative impact on poor was found even after exempting cereal from VAT in order to facilitate the poor.

Similar to Clarete (1991), Shah and Whalley (1991) and Dahl and Mitra (1991), Coady and Harris (2001) also used CGE models to analyze the social cost of increasing tax revenue through VAT. Their main objective was to increase the tax revenue in order to finance the subsidy programmes focused on the poor in Mexico. However, they found that any increment of VAT rate can adversely affect the poorest people in the society; despite the impact on other low-income groups is low. Ray (1999) examined the impacts of commodity tax on low income people in urban and rural areas. The study recommended having two different optimal commodity taxes for urban and rural areas in order to minimize the negative impacts on rural poor. Another study by Gibson (1998) based on Papua New Guinea focused on indirect tax reforms which leads to reduce the cost of living. The study has used household survey data in 1996 to identify the main items consumed by the poor in Papua New Guinea and the study further proposed that those items should be exempted from tax in order to reduce the living cost of the poor. Metcalf (1997) mentioned that VAT is a hidden tax which can be easily increased and therefore reduces the welfare of the poor. A policy paper based on UK by Save the Children (2000) addressed the consequences of increasing the VAT. According to them, increase of VAT adversely affects the poor; since it results to increase the prices of goods and services regardless of earnings and income of the poor. Hence, they further emphasized that increase of VAT could slow the consumption of consumers, despite it recovers the damaged economy. Specifically, this policy brief has stressed that 20% increase of VAT may cut down 47,000 jobs in UK. A study by Martinez-Vazquez (2001) highlighted the incidence of indirect tax under the impact on poor. The study has used household expenditure data, tax collection data and individual tax return data in order to calculate the tax incident. As Martinez-Vazquez (2001) found that indirect taxes make tax system more regressive. Especially, indirect taxes are highly regressive for the poor while it progressive for the rich. Gemmel and Morissey (2002) have conducted a similar study as Gibson (1998) and suggested that zero tax rates should be imposed on the goods and services those are predominantly consumed by poor. Further, they stressed that informal sector also should be tax free, since the poor highly link with the informal sector. Hossain (2003) also confirmed that revenue-free uniform tax rate is highly undesirable for the poor, since the revenue-free uniform tax is regressive in nature. However, Hossain (2003) proposed to impose basic rate of VAT in accordance with the distributional characteristics and along with exemptions for essential goods and services to ensure the progressivity of the VAT. Similarly, Emran and Stiglitz (2005) also proved the fact that revenue-neutral replacement of trade tax with VAT may cause to lower the social welfare. IMF working paper by Lockwood & Keen (2007) has addressed the determinants of adopting VAT and the revenue gained from the VAT. They have used unbalanced panel of 143 countries over 26 years. According to them, only some countries have accomplished the revenue objectives of the VAT while others are not as targeted. Further, they have identified

factors such as extent of the agricultural sector; past revenue collected from VAT and the recommendations of International Monetary Fund as significant factors those affected adopting the VAT of sample countries.

A study by Amirthalingam (2010) has focused the efficiency and productivity of Sri Lanka VAT system. According to the study, both efficiency and productivity of VAT in Sri Lanka is low and there is no clear trend as well. An empirical investigation about the impacts of increasing VAT on the poor in Botswana has been carried out by Sekwati and Malema (2011). They examined the impacts of increasing the VAT rate from 10% to 12 % on consumption of poor household using the household income and expenditure data in 1993/94 and 2002/03. As they highlighted, the marginal propensity to consume of low income people is higher compared to the rich. Therefore, increase of VAT apparently affects the poor in rural areas followed by urban villages and cities.

In the light of the existing literature, it is obvious that most of the studies such as Ramsey (1972), Diamond & Mirrlees (1971), Murty & Ray (1990) and Raychaudhuri & Sinha (2004) have focused on calculation of optimal taxation while some other studies such as Jimenez (1986), Gemmell (1987), Rajemison & Younger (2000), Younger et al (1999), Rajemison & Younger (2000) and Sahn & Younger (1998) paid their attention on progressive and regressive natures of the indirect taxes. Apart from that, Chernick & Reschovsky (1990), Metcalf (1997), Martinez-Vazquez (2001) and Hossain (2003) have addressed the impacts of VAT and other indirect taxes on the poor in different countries. However, empirical investigations in the context of Sri Lanka are extremely rare and thus this study attempts to fill the existing gap in the literature.

Methodology

Data and Variables

Household Income and Expenditure Survey (HIES) is the key data source for this study. HIES (2012/13) covered the entire Sri Lanka and is the most comprehensive data set which includes income and expenditure data for approximately 20,356 households.

Calculation of Dependent Variable

This analysis contributes to the literature by extending traditional two way of poverty classification (poor and non-poor) into four categories of poverty (Extremely Poor, Poor, Vulnerable non-poor and non-poor). Initially, two-way classification of poverty (Poor and non-poor) was used and found no significant impact of VAT on poverty. Thus, four-way classification suggested by Deyshappriya (2017), which allows deeper and specific investigation, was used to capture the impact of VAT on poor.

- i. **Extremely Poor:** If the household's monthly per capita expenditure is less than or equal to half of official poverty line (OPL). (HH per cap expenditure $\leq 0.5OPL$)

- ii. **Poor:** If the household's monthly per capita expenditure lies between half of the official poverty line and the official poverty line. ($0.5OPL < HH \text{ per cap expenditure} \leq OPL$)
- iii. **Vulnerable Non-Poor:** If the household's monthly per capita expenditure lies between the official poverty line and 1.5 times the official poverty line. ($OPL < HH \text{ per cap expenditure} \leq 1.5OPL$)
- iv. **Non-Poor:** If the household's monthly per capita expenditure is higher than 1.5 times the official poverty line. ($HH \text{ per cap expenditure} > 1.5 OPL$)

Above four types of poverty were assigned as the dependent variable of the econometric model.

Calculation of Independent Variable Related to VAT

It is a well-known fact that share of expenditure on non-food items by the poor is significantly low compared to the rich. Similarly, the expenses on non-food items by the poor and the rich are highly heterogeneous compared to the expenses on food items by both groups. Thus, it is obvious that the real impact of VAT on poor cannot be examined when the amount of VAT is presented as a ratio of total expenditure or non-food expenditure. The main reason is, the explicit impact of VAT on poor is mainly through food items rather than non-food items. Thus, this study counts the amount of VAT which is applicable only for food items and presents as a ratio of total food expenditure. However, some of the food items are exempted from VAT and the study calculated the amount of VAT on food items by considering only the food items in which the VAT is applied.

Econometric Analysis

The ordered probit model which captures ordered outcomes of dependent variable was employed to model the impact of VAT on poor. The general format of the estimated model is as follows.

$$y_i^* = x_i\beta + u_i \dots \dots \dots (01)$$

Where y^* is a discrete variable which can take any value from 1- 4 and the types of poverty indicated by the dependent variable can be interpreted as follows. x_i is the set of explanatory variables which are explained in table 02.

If $y = 1$ - Household is extremely poor

If $y = 2$ - Household is poor

If $y = 3$ - Households is vulnerable non-poor

If $y = 4$ – Household is non-poor

Two models were estimated based on equation 01. The first model was estimated to capture direct impact of VAT on poor, considering VAT rate at 11%. However, VAT rate of Sri Lanka was increased from 11% to 15% in 2016. Thus, an additional amount of VAT has to be paid by households. The second model was estimated to examine the impact of increasing VAT rate from 11% to 15% on the poor. Therefore, the dependent variable of the second model was calculated by considering the additional amount of VAT paid by the households, while the independent variables remain the same.

Table 02: Description of Variables

Variable Name	Description
VAT/Expenditure Ratio	Amount of VAT on food items as percentage of total food expenditure
Age	Age of the Head of Household (HH)
HH Size	Size of the Household
Sectors (Base Category is Estate Sector)	
Urban	1 if HH lives in an area governed by Municipal Council or Urban Council and 0 otherwise
Rural	1 if HH lives in Plantation areas, which are more than 20 acres of extent and having not less than 10 residential laborers and 0 otherwise
Gender of the Head of HH	1 if Male Headed Household and 0 otherwise
Ethnicity (Base Category is Sinhala)	
SL Tamil	1 if HH is Sri Lanka Tamil and 0 otherwise
IND Tamil	1 if HH is Indian Tamil and 0 otherwise
SL Moors	1 if HH is Sri Lanka Moors and 0 otherwise
Burgher	1 if HH is Burgher and 0 otherwise
Civil Status (Base Category is Unmarried)	
Married	1 if the head of HH is Married and 0 otherwise
Widowed	1 if the head of the HH Widowed and 0 otherwise
Divorced	1 if the head of HH is Divorced and 0 otherwise
Separated	1 if the head of HH is Separated and 0

	otherwise
Education (Base Category is No Schooling)	
Primary	1 if the Head of HH is educated up to grade 5 and 0 otherwise
Secondary	1 if the Head of HH education is between grade 5 – 10 and 0 otherwise
Tertiary	1 if the Head of HH education is between G.C.E. (O/L) – G.C.E. (A/L) and 0 otherwise
Degree or <	1 if the Head of the HH has University Qualifications University or above
Employment (Base Category is Unemployed)	
Government	1 if the Head of HH is employed in government sector and 0 otherwise
Semi-gov	1 if the Head of HH is employed in semi-government sector and 0 otherwise
Private	1 if the Head of HH is employed in private sector and 0 otherwise
Employer	1 if the Head of HH is an employer and 0 otherwise
Self-emp	1 if the Head of HH is self-employed and 0 otherwise
Family Work	1 if the Head of HH is a family worker/labor and 0 otherwise
Agri Land (Base Category is No Agri Land)	
Have Agri Land	1 if HH owns agriculture land and 0 otherwise
Disability (Base Category is disability)	
No disability	1 if Head of the HH is not a disabled person and 0 otherwise
Remittances (Base Category is No Remittances)	
Remittances	1 if HH receives remittances and 0 otherwise
Expenditure/Income	Income to expenditure ratio

Results and Discussion

Do the poor pay higher proportion of their expenditure on VAT than the rich?

Prior to econometric analysis, the differences in shares of expenditure that have been paid as VAT by the households in each type of poverty were examined. Table 03: summarizes the

shares of monthly expenditure which have been paid off as VAT by four different poverty groups on the consumption of food and non-food items.

Table 03: Shares of Monthly Expenditure, Paid Off as VAT on the Consumption of Food and Non-Food Items

Types of Poverty	VAT on food items as a share of total food expenditure	VAT on non-food items as a share of total non-food expenditure
Extreme Poor	1.41%	3.67%
Poor	1.27%	3.36%
Vulnerable Non-Poor	1.30%	3.90%
Non-Poor	1.05%	5.87%

Source: Calculated by the author based on HIES (2012/13)

According table 03, extremely poor people pays 1.41% of their monthly total food expenditure as VAT while 1.27%, 1.30% and 1.05% paid by the poor, vulnerable non-poor and non-poor respectively. Despite there are no dramatic differences among the shares paid by the households in each type of poverty, the non-poor pays the lowest share of food expenditure as VAT, compared to other three groups. In contrast, the VAT on non-food items as a ratio of total non-food expenditure is dramatically higher for non-poor category (5.87%) compared to both extreme (3.67%) and poor (3.36%) categories. For instance, non-poor people tend to enjoy the facilities at private hospitals and private schools where both charges and VAT are applied. In contrast, poor people rely on state provided free education and health facilities which are provided free of charge and without VAT. Thus, non-poor people have to pay higher share of their monthly non-food expenditure as VAT, compared to the poor.

However, the amount of VAT paid on food expenditure is more crucial in terms of the poor, as the poor people allocate a large share of their expenditure on food items. Thus, VAT adversely affects the poor through consumption of food item rather than non-food items, because the VAT to food expenditure ratio is higher for the poor compared to non-poor and also poor people spend considerably larger share of their expenditure on food items. Therefore, it is apparent that poorer people pays a higher share of their food expenditure as VAT compared to non-poor people. In contrast, the share of VAT paid out of non-food expenditure is lower for the poor compared to the rich. However, the lower share of VAT paid from non-food expenditure of poor people does not imply that poor people are less worse off compared to the rich, on the consumption of non-food items. It indicates that poor people rely mainly on the non-food items which are freely available in the market, irrespective of the quality of non-food goods and services.

Empirical Estimation of Impact of VAT on Poor

This section focuses on the results of the estimated ordered probit model. Table 04 indicates the marginal effects related to each type of poverty in percentage, along with coefficients. However, the values of marginal effects are more meaningful than the estimated coefficients and therefore this discussion is based on the values of the marginal effects. The key variable of the model explained in table 04 is “VAT/expenditure ratio” which used as a proxy for VAT. The values of the marginal effects state that 1% increase in the amount of VAT as a share of food expenditure increases the probability of being extreme poor, poor and vulnerable non-poor by 0.0061%, 0.4942% and 1.4760% respectively, while reducing the probability of being non-poor by 1.9764%. Increase in amount of VAT as share of food expenditure can be occurred either due to increase in VAT rate or decrease in food expenditure. However, increase in VAT rate is the main factor of increasing of the amount of VAT as a share of food expenditure, since decrease in expenditure on foods is not practical. Furthermore, all the estimated coefficients for VAT variable are statistically significant at 1% level, showing the accuracy of the estimated coefficients. Thus, the estimated marginal effects emphasize that increase in VAT rate increases poverty outcomes in two ways. Firstly, rise in VAT rate increases a selected person’s probability of being extreme poor, poor and vulnerable non-poor and in turn surge of poverty incidence. Secondly, increased VAT rate reduces a selected person’s probability of graduating out of poverty and therefore higher poverty level may continue further. Therefore, it is confirmed that VAT increases the poverty incidence of Sri Lanka. Moreover, the results of this study are also consistent with Shah and Whalley (1991) and Save the Children (2000) in the context of Pakistan and UK respectively.

Apart from the main variable, other demographic, economic and social factors are also included into the model to obtain more robust estimation. The results highlight that bigger household size increases the probability of falling into all types of poverty while reducing the probability of being non-poor. Considering the sectoral disparity in poverty outcomes in Sri Lanka, the results indicate that staying in urban sector reduces the probability of being extreme poor (0.022%), poor (2.09%) and vulnerable non-poor (7.23%) while increasing the probability of being non-poor (9.35%) compared to staying in estate sector of Sri Lanka. However, a selected household in rural sector associates with higher probabilities of falling into each type of poverty compared to estate sector. This is mainly due to largest share of poor people (86.8%) are living in the rural sector while only 7.6% of poor are in the estate sector. In terms of ethnicity and poverty, statistically significant results have been found only for Sri Lankan Tamils and Moors. In general, it indicates that Sri Lankan Tamils are poorer than that of Sinhalese and however Sinhalese are poorer than that Sri Lankan Moors. As table 04 indicates, education has become more crucial factor in explaining poverty in Sri Lanka. The households with higher educational attainments have significantly low probability of being extreme poor, poor and vulnerable non-poor while having higher probability of being non-poor, compared to the households with no education. More specifically, if the head of household has tertiary education, the household’s probabilities of being extreme poor, poor and vulnerable non-poor are lowered by 0.05%, 3.94% and

15.68% respectively, compared to the household with no education. Similarly, if the head of household has tertiary education, the household has 19.66% of higher chance of being a non-poor household compared that no education household. Similar to higher educational attainments, having agricultural lands and receiving international remittances, being an employer and employed in government, semi-government also reduce likelihood of falling into each poverty level while increasingly the probability of being non-poor significantly. In fact, the estimated results for correlates of poverty other than VAT are also similar with Deyshappriya (2017), Sen (1999), Laderchi (2001), Siddhisena and Jayathilaka (2006), Gunewardena (2007) and Newhouse et al (2016) who found that educational attainments, employment status, household size, geographical location, access to basic services and ethnicity as the key determinants of absolute poverty in many developing countries including Sri Lanka. Especially, Deyshappriya (2017), De Silva (2008), Adam and Jane (1995) and Rodriguez and Smith (1994) stressed that additional year of schooling reduces the probability of being poor. Similarly, De Silva (2008), Gunewardena *et al.* (2007) and Newhouse et al (2016) highlighted that poverty in estate and rural sectors are significantly higher than that of urban sector. Apart from that, Adam and Jane (1995), Grootaert (1997), De Janvry and Sadoulet (2000) and Mukherjee and Benson (2003) revealed that poverty is considerably low when the head of household is a wage employee.

Table 04: **Ordered Probit Regression Result (When VAT rate = 11%)**

Variables	Coefficients	Marginal Effects (Percentages)			
		Extreme Poor (Y=1)	Poor (Y=2)	Vulnerable Non-Poor (Y=3)	Non-Poor (Y=4)
VAT/Expenditure Ratio	-0.0804*** (-5.59)	0.0061*** (2.92)	0.4942*** (5.50)	1.4760*** (5.54)	-1.9764*** (-5.56)
Age	0.0024** (2.31)	-0.000018** (-1.97)	-0.0150** (-2.30)	-0.4483** (-2.31)	0.0600** (2.31)
Household Size	-0.2302*** (-31.37)	0.0174*** (3.60)	1.4148** (22.91)	4.2249*** (28.27)	-5.6571*** (-31.00)
Sector (Estate)					
Urban	0.4420*** (7.12)	-0.0218*** (-3.32)	-2.0903*** (-8.91)	-7.2256*** (-8.14)	9.3378*** (8.42)
Rural	-0.1157** (-1.99)	0.0078* (1.86)	0.6685** (2.11)	2.0755** (2.03)	-2.7518** (-2.05)
Gender (Female)					
Male	0.0912** (2.28)	-0.0075* (-1.81)	-0.5878** (-2.18)	-1.7008** (-2.24)	2.2962** (2.23)
Ethnicity (Sinhalese)					
Sri Lanka Tamil	-0.2247*** (-7.28)	-0.0237*** (3.07)	1.6366*** (6.24)	4.3401*** (6.96)	-6.0004*** (-6.80)
India Tamil	0.0426	-0.0030	-0.2522	-0.7714	1.0266

	(0.66)	(-0.69)	(-0.68)	(-0.67)	(0.67)
Sri Lanka Moors	0.0822** (1.99)	-0.0055* (-1.94)	-0.4735** (-2.11)	-1.4735** (-2.04)	1.9525** (2.06)
Burgher	0.1362 (0.42)	-0.0081 (-0.53)	-0.7355 (-0.48)	-2.3811 (-0.44)	3.1248 (0.45)
Civil Status (Single)					
Married	0.1811* (1.88)	-0.0167 (-1.42)	-1.2326* (-1.70)	-3.4302* (-1.83)	4.6796 (1.80)
Widowed	0.2709*** (2.72)	-0.0152** (-2.52)	-1.4028*** (-3.22)	-4.6389*** (-2.94)	6.0570*** (3.01)
Divorced	0.1867 (1.01)	-0.0103 (-1.33)	-0.9620 (-1.23)	-3.2005 (-1.10)	4.1729 (1.12)
Separated	-0.0164 (-0.14)	0.0013 (0.14)	0.1025 (1.14)	0.3030 (0.41)	-0.4067 (-0.14)
Education (No Schooling)					
Primary	0.2642*** (5.16)	-0.0159*** (-3.10)	-1.4234*** (-5.79)	-4.5956*** (-5.46)	6.0350*** (5.57)
Secondary	0.7034*** (13.77)	-0.0783*** (-3.55)	-4.9747*** (-11.10)	-13.019*** (-13.70)	18.0718*** (13.23)
Tertiary	1.3490*** (19.63)	-0.0396*** (-3.48)	-3.9442*** (-22.70)	-15.679*** (-33.55)	19.6624*** (35.90)
Degree or <	1.6310*** (9.84)	-0.0233*** (-3.30)	-2.9201*** (-22.82)	-13.849*** (-37.73)	16.7922*** (41.15)
Agri Land (No Agri Land)					
Agri Land	0.1831*** (5.40)	-0.0176*** (-2.69)	-1.2738*** (-4.73)	-3.4923*** (-5.21)	4.7837*** (5.09)
Employment (Unemployed)					
Government	0.4258*** (6.44)	-0.0182*** (-3.30)	-1.8609*** (-9.09)	-6.7399*** (-7.72)	8.6191*** (8.08)
Semi-government	0.3999*** (4.79)	-0.0165*** (-3.37)	-1.7219*** (-7.08)	-6.3000*** (-5.78)	8.0386*** (6.07)
Private	-0.1107*** (-3.10)	0.0091** (2.30)	0.7096*** (2.97)	2.0599*** (3.06)	-2.7786*** (-3.04)
Employer	0.8344*** (6.82)	-0.0206*** (-3.33)	-2.4822*** (-15.71)	-10.597*** (-11.99)	13.0998*** (13.03)
Self-employment	0.0972*** (2.72)	-0.0068** (-2.26)	-0.5737*** (-2.82)	-1.7582*** (-2.76)	2.3388*** (2.78)
Family Worker	0.1159 (0.47)	-0.0072 (-0.57)	-0.6380 (-0.53)	-2.0412 (-0.49)	2.6865 (0.50)
Disability (Non-disable)					
Disabled	0.1029*** (4.20)	-0.0076*** (-2.73)	-0.6234*** (-4.25)	-1.8778*** (-4.21)	2.5088*** (4.24)

Remittances (No Remittances)					
Remittances	0.4810*** (9.88)	-0.0195*** (-3.36)	-2.0263*** (-13.47)	-7.4628*** (-4.21)	9.5086*** (12.84)
Cut1	-3.1936				
Cut2	-1.5802				
Cut3	-0.6368				
Prob > chi ²	0.0000				
Pseudo R ²	0.1335				
Observations	20536				

Source: Calculated by the author based on HIES (2012/13)

*** - Significant at 1% level

** - Significant at 5% level

* - Significant at 10% level

The estimated ordered probit model is statistically significant at 1% level and therefore the model is statistically appropriate to examine the impacts of VAT on the poor.

Apart from the regression analysis, figure 04 clearly depicts that average probability of being extremely poor, poor and vulnerable non-poor is significantly higher for the group of households whose VAT/expenditure ratio is above the average level. Similarly, average probability of being non-poor is lower for the households' whose VAT/expenditure ratio is higher than the average VAT/expenditure. Therefore, it is apparent that higher VAT rate, increases the probability of falling into one of the categories of poverty, while reducing the probability of being in non-poor category.

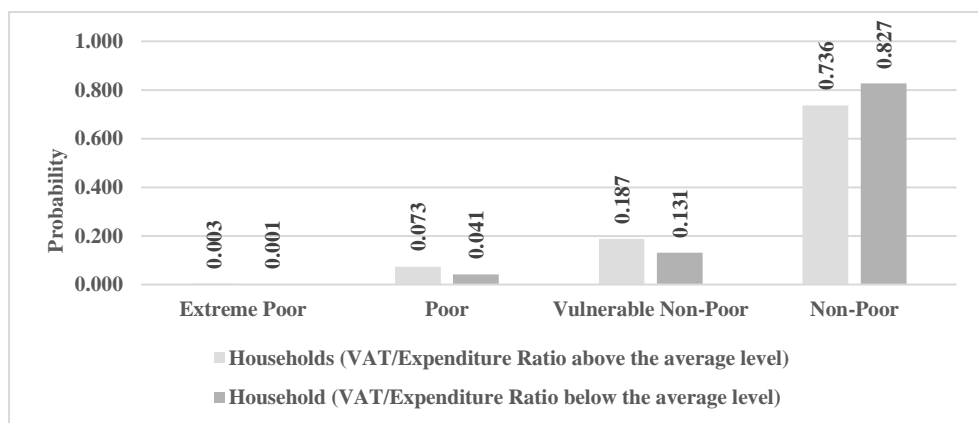


Figure 04: Average Household Probability of Falling into Each Type of Poverty

Source: Created by the author based on HIES (2012/13)

Impact of Changing the VAT Rate from 11% to 15%

Above table 04 summarizes the impact of VAT on poor when the VAT rate is at 11%. However, VAT rate of Sri Lanka was increased from 11% to 15% in 2016 and thus, an additional amount of VAT has to be paid by households. Table 05 indicates the impact of paying additional amount of VAT for food items on poverty. The analysis used the same dependent variable and set of independent variables as in the table 04. However, the independent variable 'VAT/Expenditure Ratio' was calculated by considering the additional amount of VAT paid by the households for food items.

Table 05: Impact of Paying Additional Amount VAT on Poverty

Variables	Coefficients	Marginal Effects (Percentages)			
		Extreme Poor (Y=1)	Poor (Y=2)	Vulnerable Non-Poor (Y=3)	Non-Poor (Y=4)
VAT/Expenditure Ratio	-0.2269*** (-5.65)	0.0171*** (2.93)	1.3942*** (5.56)	4.1638 *** (5.60)	-5.5750*** (-5.62)
Age	0.0024** (2.31)	-0.000018** (-1.97)	-0.0150** (-2.30)	-0.4481** (-2.31)	0.0600** (2.31)
Household Size	-0.2302*** (-31.37)	0.0174*** (3.60)	1.4146** (22.91)	4.2248*** (28.27)	-5.6567*** (-31.00)
Sector (Estate)					
Urban	0.4416*** (7.12)	-0.0218*** (-3.32)	-2.0883*** (-8.90)	-7.2188*** (-8.13)	9.3388*** (8.41)
Rural	-0.1160** (-1.99)	0.0078* (1.86)	0.6699** (2.11)	2.0805** (2.04)	-2.7582** (-2.06)
Gender (Female)					
Male	0.0913** (2.28)	-0.0075* (-1.81)	-0.5883** (-2.18)	-1.7026** (-2.25)	2.2985** (2.23)
Ethnicity (Sinhalese)					
Sri Lanka Tamil	-0.2247*** (-7.28)	-0.0236*** (3.07)	1.6361*** (6.24)	4.3394*** (6.96)	-5.9991*** (-6.80)
India Tamil	0.0428 (0.66)	-0.0030 (-0.69)	-0.2534 (-0.69)	-0.7755 (-0.67)	1.0320 (0.67)
Sri Lanka Moors	0.0826** (1.99)	-0.0055* (-1.94)	-0.4754** (-2.12)	-1.4801** (-2.04)	1.9611** (2.06)
Burgher	0.1364 (0.42)	-0.0081 (-0.53)	-0.7362 (-0.48)	-2.3839 (-0.44)	3.1282 (0.45)
Civil Status (Single)					
Married	0.1812* (1.88)	-0.0167 (-1.42)	-1.2333* (-1.70)	-3.4319* (-1.83)	4.6817 (1.80)

Widowed	0.2710*** (2.72)	-0.0152** (-2.52)	-1.4028*** (-3.22)	-4.6397*** (-2.94)	6.0577*** (3.01)
Divorced	0.1869 (1.01)	-0.0103 (-1.33)	-0.9627 (-1.23)	-3.2035 (-1.10)	4.1765 (1.13)
Separated	-0.0163 (-0.14)	0.0013 (0.14)	0.1018 (1.14)	0.3012 (0.41)	-0.4043 (-0.14)
Education (No Schooling)					
Primary	0.2641*** (5.16)	-0.0159*** (-3.10)	-1.4228*** (-5.79)	-4.5940*** (-5.46)	6.0328*** (5.57)
Secondary	0.7031*** (13.77)	-0.0782*** (-3.55)	-4.9714*** (-11.10)	-13.0132*** (-13.69)	18.0629*** (13.22)
Tertiary	1.3485*** (19.62)	-0.0396*** (-3.48)	-3.9427*** (-22.70)	-15.675*** (-33.54)	19.6572*** (35.88)
Degree or <	1.6303*** (9.84)	-0.0233*** (-3.34)	-2.9193*** (-22.82)	-13.847*** (-37.70)	16.7894*** (41.12)
Agri Land (No Agri Land)					
Agri Land	0.1831*** (5.39)	-0.0176*** (-2.68)	-1.2731*** (-4.73)	-3.4912*** (-5.20)	4.78195*** (5.09)
Employment (Unemployed)					
Government	0.4259*** (6.44)	-0.0182*** (-3.30)	-1.8608*** (-9.09)	-6.7404*** (-7.72)	8.6193*** (8.09)
Semi-government	0.4000*** (4.79)	-0.0165*** (-3.37)	-1.7219*** (-7.08)	-6.3007*** (-5.78)	8.0391*** (6.07)
Private	-0.1106*** (-3.10)	0.0091** (2.30)	0.7085*** (2.97)	2.0572*** (3.06)	-2.7748*** (-3.04)
Employer	0.8342*** (6.82)	-0.0206*** (-3.33)	-2.4816*** (-15.71)	-10.595*** (-11.98)	13.0973*** (13.03)
Self-employment	0.0973*** (2.72)	-0.0068** (-2.26)	-0.5739*** (-2.82)	-1.7592*** (-2.77)	2.3399*** (2.78)
Family Worker	0.1161 (0.47)	-0.0072 (-0.57)	-0.6394 (-0.53)	-2.0464 (-0.49)	2.6929 (0.50)
Disability (Non-disable)					
Disabled	0.1029*** (4.19)	-0.0076*** (-2.73)	-0.6228*** (-4.25)	-1.8763*** (-4.21)	2.5067*** (4.23)
Remittances (No Remittances)					
Remittances	0.4810*** (9.88)	-0.0195*** (-3.36)	-2.0258*** (-13.47)	-7.4619*** (-12.18)	9.5072*** (12.84)
Cut1	-3.1956				
Cut2	-1.5825				
Cut3	-0.6391				
Prob > chi ²	0.0000				
Pseudo R ²	0.1335				
Observations	20536				

Source: Calculated by the author based on HIES (2012/13)

*** - Significant at 1% level

** - Significant at 5% level

* - Significant at 10% level

The amount of VAT which individuals have to pay increases with the rise of VAT from 11% to 15%. Therefore, the amount of VAT paid on food items also increases. Ultimately, rise in VAT rate increases probabilities of being extreme poor, poor and vulnerable non-poor by 0.017%, 1.39% and 4.16% respectively, while decreasing the probability of being non-poor by 5.57%. Therefore, it is obvious that increase in VAT rate by 4% further worsens the well-being of individuals by increasing the level of poverty. Sekwati and Malema (2011) also found that increase in VAT rate adversely affects the poor in the context of Botswana. They examined the impacts of increasing the VAT rate from 10% to 12 % on consumption of poor household using the household income and expenditure data in 1993/94 and 2002/03. As they highlighted, the marginal propensity to consume of low income people is higher compared to the rich. In addition to the variable related to VAT, the relationships between four types of poverty and all other independent variables are almost same as the model estimated in table 04. The overall significance of the estimated model is established at 1% level while Pseudo R² (0.1335) confirms the goodness of fit of the model.

Conclusion and Recommendations

This paper attempts to model the impact of VAT on poverty in Sri Lanka, by considering the amount of VAT paid by the household on the consumption of food items. In fact, VAT can be considered as one of the key indirect taxes in Sri Lanka which has remarkably contributed to government revenue, though it adversely affects low income groups in the country. Apart from that, poverty incidence of Sri Lanka at national level shows a dramatic reduction since 1995/96 and currently only 4.1% of population are below the national poverty line. However, the poverty reduction is not even across all the sectors and therefore estate and rural sectors account for significantly higher poverty rate than urban sector and also national level. The empirical investigation confirms that VAT essentially increase the probability of being extreme poor, poor and vulnerable non-poor by 0.0061%, 0.4942% and 1.4760% respectively, while reducing the probability of being non-poor by 1.9764%. Apart from that, the recent hike in VAT rate from 11% to 15% increases households' likelihood of being poor further. More specifically, rise in VAT rate by 4% increases probabilities of being extreme poor, poor and vulnerable non-poor by 0.017%, 1.39% and 4.16% respectively, while decreasing the probability of being non-poor by 5.57%. Therefore, it is timely important to rethink about the current VAT rate and also overall tax structure in Sri Lanka. VAT exemption for both food and non-food items should be rationalized and continued further, considering requirements of the poor and low income groups. Similarly, a hybrid VAT rate which consists of lower VAT rate for essential food and non-food items

and higher VAT rate for luxury food and non-food items may also be a better remedy to lessen the adverse impact of VAT on the poor, while ensuring higher VAT revenue for government. However, the study strongly recommends a gradual shift from indirect to direct taxes in order to ensure both welfare of low income groups and higher tax revenue for the government.

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Research Article 05

The Determinants of Profitability of Listed Finance Companies in Sri Lanka

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Abstract

The profitability is one of the major concerns in any business entity as the success and growth of a business largely depends on its profitability. Hence, identifying the determinants of profitability is similarly important. However, the reported results on profitability determinants in the literature show contradictory findings while it is hard to find sufficient evidence in this regard for Sri Lankan context. Therefore, this study aims at identifying the firm specific determinants and macro-economic determinants of the profitability referring to the listed finance companies in Sri Lanka. Company size, capital ratio, loan ratio and deposits ratio were taken as firm specific determinants while inflation and GDP growth rates were considered as macro-economic variables. The Return on Assets and Return on Equity were considered as the proxy for the profitability. 125 firm year observations were taken as the sample of this study covering 25 listed finance companies for five years period from 2011 to 2015. Random effect regression model was used to analyze the strongly balanced panel data set of the study. The result revealed that the company size, capital ratio, loan ratio and GDP growth rate have a positive and significant impact on profitability while Company size and the GDP growth rate show the highest relationship. However, the deposits ratio and inflation show a negative impact on profitability. This study recommends the corporate managers to maintain healthy capital ratios to improve the size with diversified branch networks and invest in more on loans and advances to enhance the profitability.

Keywords: Firm specific determinants, Listed finance companies, Macro-economic determinants, Panel data, Profitability determinants

Introduction

The term profitability means the ability of the business organization to maintain its profit year after year. The long-term survival of a business entity largely depends on its profitability. The profitability of a firm is one of the most important indicators for the investors and it influences on savings and investment decisions of the companies. The rise in

profits improves the cash flow position of companies and offers greater flexibility and facilitates greater investments which improve productivity, competitiveness and employment (Menicucci & Paolucci, 2016). Therefore, any business organization must pay considerable attention on their profitability. Accordingly identifying the determinants of profitability is more important for any business entity.

The importance of the Listed Finance Companies (LFCs) sector towards economic development has been identified in the recent past and the importance of the profitability of the LFCs is also highlighted in order to ensure depositor safety and to maintain system stability, attract depositors, provide safeguard for deposits and improve the transparency of their services. The LFCs play a key role in Sri Lankan economy by catering to a large segment of the population and providing alternative avenues for investments. It facilitates the finance of vehicles through hire purchase and lease, mortgage and other credit facilities, pawning advances and property development accepting deposits except demand deposits. LFCs are the major contributor in developing the small and medium enterprises and the micro finance sector. Further, LFCs complement the role of commercial banks by filling the gap of financial intermediation through offering a wide range of financial products and they function to bridge the gap between savers and borrowers (Akbas, 2012).

Several studies have been conducted around the world to identify the profitability determinants of the banks. The reported results of such studies show- mix and controversial evidences on the determinants of profitability. Olweny & Shipho (2011) and All (2014) argued that the banks' characteristics are the most important and significant factors which have most impact on profitability. Acaravci & Çalim (2013) indicate that macroeconomic factors are the least important factor that influences profitability. However, the reported results of Martani & Munaiseche (2010) shows that macroeconomic factors have a significant impact on the companies' profitability. Studies on the determinants of profitability have been done for different sectors like insurance (Abdul, et al., 2015), European Union firms (Altunbas & Marques, 2008), multi-finance companies (Martani & Munaiseche, 2010) and resource based, construction, manufacturing and population linked services industries (Arnold & deVries, 2000) etc. There are several studies which examined the determinants of banks' profitability while there is no sufficient evidence regarding the determinants of listed finance companies' profitability.

Empirical studies on the profitability of financial companies have been carried out on the context of a single country and as well as panels of countries. Angbazo (1997), Abreu & Mendes (2002), Staikouras & Wood (2004) analysed the panel of countries while the researchers like Goddard, et al., (2004), Athanasoglou, et al., (2008), Garcia-Herrero, et al., (2009) conducted their analysis on the context of a specific country. Most of the reported empirical evidences were focused on international market settings like Greece, UK, Australia, Kenya, China and Turkey while there are insufficient evidences found for Sri Lankan Context.

The relative importance of the knowledge of the profitability determinants, the contradictory findings available in this regard for international context and the insufficient knowledge

available for Sri Lankan context creates the necessity for studying this matter further. Hence, this study focused on identifying the determinants of profitability of the licensed finance companies listed in Colombo Stock Exchange Sri Lanka.

The remainder of the research paper has been organised as follows. The section 2 discusses the literature review and the section 3 describes the research methodology used in this study while the section 4 focuses on the results and discussion and finally the conclusion and recommendations of this study is explained.

Literature Review

This study was conducted with the objective of identifying the determinants of profitability of the licensed finance companies in Sri Lanka. The profitability determinants were studied under two major categories namely the firm specific factors and the macro-economic factors while ROA and ROE were taken as the proxies for the LFC's profitability. Company size, capital ratio, deposits and loan ratio were considered under the firm specific factors and GDP growth rate and inflation are considered as the macroeconomic factors.

Internal / Firm specific determinants

Firm specific determinants are the internal factors of the finance companies and it can be controlled by the management. Consequently, it reflects the different management policies and practices (Guru, et al., 2002). These determinants can be evaluated by analyzing the financial statements of the finance companies.

Company size

Company size is considered to be an important determinant of its profitability. The reason is that large size will reduce the cost of gathering and processing information (Boyd & Runkle, 1993). According to the previous literature, total assets of the company are used as a proxy for company size (All, 2014). Further, the company size is introduced to capture potential economies of scale or diseconomies of scale in the market (Ramadan, et al., 2011). Economies of scale leads to positive correlation with profitability while diseconomies of scale leads to lower profitability (Sufian, 2011). Most of the studies have been argued that a growing firm size is positively related to profitability. Hoffmann (2011) indicates that the profitability is improved by enhancing the industry best practice using management structure and technology than by increasing the company size. Moreover, he determines that company size positively influences the capital adequacy of banks, since large banks can raise capital less expensively and as a result it leads to increase the banks' profitability (Li et al, 2018). Therefore, that profitability is improved by increasing the company size. Hoffmann (2011) determines that the extent to which various legal and financial factors influence profitability is closely linked to the firm's size. According to Sufian & Chong (2008) argued that up to a certain extent size may be positively influence on profitability and beyond that limit it could be negative due to bureaucracy. Sufian (2011) investigated that the large banks with

extensive branch networks across the nation may have an advantage because they may attract more deposits and loan transactions, and it leads to higher levels of profitability.

Boyd & Runkle (1993) and Martani & Munaiseche (2010) found that there is a significant negative relationship with company size and profitability. BHowever, some researchers highlighted a positive relationship between size and profitability (Ramadan, et al., 2011). In the case of Pakistan, Gul, et al., (2011) found that company size has positive correlation with profitability (ROA). Hence, there is a mixed relationship between profitability and company size. Moreover, some identified that there is a U-shaped relationship between company size and profitability (Sufian & Chong, 2008). Moreover, most of the researchers have shown that the relationship between the company size and profitability can be positive or negative. Therefore, there is no clear idea regarding the relationship between profitability and the company size and it is expected to be positive.

Capital ratio

The capital ratio is essential to run a finance companies to absorb unexpected situations that they may experience. The capital ratio ensures the strength and stability of LFCs and safeguard the deposits. The improvement of profitability will enhance the capitalization of LFCs with higher internal rate of capital generation. The equity to assets ratio is a measurement of the overall capital strength. Hoffmann (2011) states that the high equity may ignore potential profitable investment and conclude the negative relationship between profitability and capital. Olweny & Shipho (2011) state that the regulators are willing to use higher capital requirements to minimize the losses, but bankers argue that it is expensive and difficult to obtain additional capital and identified that high capital cause to lower profitability. Most of the empirical studies determined that there is a positive relationship between capital ratio and profitability. Athanasoglou, et al., (2005) states that sound capital support to handle unexpected losses, and hence support to increase profitability. Naceur & Goaid (2005) investigated that there is a positive relationship between capital ratio and profitability of bank. Flamini, et al., (2009) and Staikouras & Wood (2011) assume that the well capitalized institutions may enjoy cheaper and less risky funds and also they investigated positive relationship between capital ratio and profitability. Hence, the high capital ratio is reduced the external funding requirement and it cause to higher profitability.

Further Hoffmann (2011) identified two framework of capital such as the efficiencyrisk hypothesis and franchise-value hypothesis. The efficiency-risk hypothesis shows that the efficient companies have a tendency to select low capital ratio and as a result it will secure the company against liquidity risks, distress and default. The franchise-value hypothesis means that more efficient companies are likely to use high capital ratio to protect the future income which are generated from high profit efficiency. Some studies highlighted that capital ratio is caused to handle unexpected losses, and hence supported increasing profitability. According to Sufian (2011) strong capital is necessary for finance institutions in developing countries to safeguard depositors. Thus, it is clear that capital is one of the key determinants of finance companies' profitability and it is expected to be positive.

Loan ratio

The loan ratio is a measurement of income source of banks and it is expected to affect positively for banks' profitability. According to the prior literature, loan ratio is considered as an indicator of liquidity, and much literature investigated a positive relationship between loan ratio and profitability (Sufin & Habibullah, 2009). Alper & Anbar (2011) state that this ratio is one of the important determinant of asset quality. Most of the researchers argue that the companies with high loan growth often faces more losses. Therefore, the loan ratio may negatively affect firms' profitability. Olweny & Shipho (2011) determine that the poor monitoring on loans and advances cause to be less profitable. Chaudhry, et al., (1995) investigated a negative relationship of loan ratio with profitability in small and medium sized banks in USA. Further, Flamini, et al., (2009) show the significant positive correlation with loan ratio and the profitability.

In the case of Pakistan, Gul, et al., (2011) considered that loan ratio has positive correlation with profitability. Abreu & Mendes (2002) revealed a positive relationship between loan ratio and banks' profitability in Portugal, Spain, France and Germany. Staikouras & Wood (2004) and Hassan & Bashir (2005) reflected that a higher loan ratio negatively influences profitability. Hence, the impact of the loan ratio on companies' profitability is very difficult to predict and it is expected to be positive.

Deposits

Deposits mean the primary sources of funds and it can invest to generate revenue. The total deposits to total assets ratio is used to measure the amount of deposits held by a bank proportional to its size (Acaravci & Çalim, 2013). The banks will be able to provide their deposits to customers and then it will be able to generate further profits (Menicucci & Paolucci, 2016). That is the huge opportunity to the banks and can conclude that more deposits can generate more profits. However, Flamini, et al., (2009) justify that banks which are more dependent on deposits are less profitable. However, Gul, et al., (2011) highlight that the firms which depend on deposits for funding requirements can achieve better return. Lee & Hsieh (2013) conclude that additional deposits can provide advantage to banks in producing more profits and low deposits may impact negatively on their profitability. Davydenko (2010) states that the deposits are positively impact to the companies' ROA. The higher growing deposits would be able to expand the business and generate more profits (Menicucci & Paolucci, 2016). The best-performing banks are those which used high levels of deposit accounts related to their assets (Ben Naceur & Goaied, 2008). Hence, the effect of deposits on profitability is more important to financial institutions and that is expected to be positive.

External / Macroeconomic Determinants

The external / macroeconomic determinants are the events that occur externally. The changes in macroeconomic conditions impact into the profitability of financial institutions and financial health. These external factors show the economic indicators such as inflation,

GDP growth, interest rate and exchange rate. Hence, to find the actual factors of profitability this study considered the macroeconomic factors such as inflation and GDP growth.

Inflation

The Inflation is an important macroeconomic condition, which may affect the costs and revenues of banks (Kosmidou, 2008). According to Alper & Anbar (2011) percentage increase in Consumer Price Index for all goods and services called the inflation. Staikouras & Wood (2004) determine that inflation can have a substantial effect and undermine the stability of the financial system. They further state that unexpected rises of inflation may be a basis for cash flow difficulties to borrowers which may further lead to losses. Martani & Munaiseche (2010) investigated that there is a significant negative relationship between profitability and inflation. However, Staikouras & Wood (2004) investigated that inflation may have direct and indirect effects on the banks' profitability. Guru, et al., (2002) found that there is a positive impact of inflation on profitability. Further, Flamini, et al., (2009) investigated a significant positive effect on companies' profits which explains the firms' prediction on future inflation. The effect of inflation on banks depend on whether the inflation is anticipated or not. In the anticipated case there is a positive impact on profitability and in unanticipated inflation case there is a negative impact on bank profitability (Perry, 1992). According to Sufian (2011) investigated the impact of inflation positively related to the Korean banks' profitability. In the case of Pakistan, Gul, et al., (2011) considered that inflation has positive correlation with profitability. Moreover, Molyneux & Thornton (1992) have shown a positive relationship between inflation and profitability. Therefore, there is no clear understanding regarding the impact of inflation to the firms' profitability. According to the prior literature it is expected to be positive.

GDP Growth

GDP growth is one of the primary indicator which used to analyze the total economic activity within the country (Akbas, 2012). The annual change of the GDP, is used as a measurement of the economic growth (Kosmidou, 2008). Further, GDP impacts over several factors such as asset quality and credit expansion. There are number of researches found a relationship between GDP and profitability of financial institutions. Demirguc-Kunt & Huizinga (1999), Athanasoglou, et al., (2008), Flamini, et al., (2009) and Dietrich & Wanzenried (2011) investigated a positive relationship between GDP and profitability (Ramadan, et al., 2011). High economic growth supports banks to lend more with higher charge of margins and may be able to improve the asset quality (Sufian & Chong, 2008). Sufian & Parman (2009) further justify that during stable economic periods the default is less, the profitability is increased. However, Staikouras & Wood (2011) investigated the negative relationship between profitability and GDP. Sufian (2011) examined the determinant of bank profitability in Malaysian commercial banks and he also suggested that there was an inverse relationship between economic growth and profitability. Moreover, Naceur & Goaied (2005) and Athanasoglou, et al., (2005) investigate that there is no relationship between GDP and bank's profitability. Finance companies in Sri Lanka have

significantly improved their asset and deposit base by using favorable economic conditions arisen after 2009. Therefore, the impact of GDP growth on finance companies is essential. Therefore, the impact of GDP on finance companies' profitability is expected to be positive.

Profitability

The profitability is an important indicator for the investors and other interested parties. It influences the savings decisions and investment of companies. The term profitability means the ability of the business organization to maintain its profit year after year. Martani & Munaiseche (2010) state that profitability is closely related to the ability of companies to gain benefit. Hence, that rise in profits improves the cash flow position of companies, offers greater flexibility and facilitates greater investments and also that causes to improve productivity, competitiveness and employment (Menicucci & Paolucci, 2016). According to previous literature, the profitability is identified as the response variable and it can be calculated using different measures. There are accounting based and economic based measures. Return on equity (ROE), Return on assets (ROA) and Net interest margin (NIM) which are considered as accounting based measures and Economic value added (EVA) and Risk adjusted return on capital (RAROC) are identified as economic based measures. In the banking literature most of the researchers like Athanasoglou, et al., (2005), Martani & Munaiseche (2010), Sufian (2011) and Ramadan, et al., (2011) used both ROA and ROE as a proxy for profitability. Thus, this research focuses on ROA and ROE as two alternative profitability measures.

Return on Assets

Return on assets (ROA) represents the ability of generate profits from the assets, and it indicates operational performance and the efficiency of the financial institutions (Golin, 2001). According to Athanasoglou, et al., (2005) determined that ROA is a reflection of the ability of management to generate profit from their assets, although sometimes it may be biased because of the off-balance-sheet activities. As a key indicator, ROA is defined as the results of net profit after-tax by total assets (Martani & Munaiseche, 2010). Sufian(2011) states that ROA of any bank depends on the bank's policy decisions and uncontrollable factors related to the economy and government regulations. Most of the researchers Sufian & Chong (2008), Ben Naceur & Goaied (2008), Kosmidou (2008), Flamini, et al., (2009), Sufian & Parman (2009), Sufin & Habibullah (2009), Alper & Anbar (2011) and Staikouras & Wood (2011) used ROA as a profitability measure and they define it as dependent variable of their studies.

Return on Equity

Return on equity (ROE) indicates the return to shareholders on their equity and equals ROA times the total assets-to-equity ratio (Al-Omar & Al-Mutairi, 2008). Further, ROE can be considered as a measure of how efficiently banks use shareholder equity for profit generation purpose (Akbas, 2012). According to the prior literature ROE usually uses to measure profitability and it is not the unique indicator in assessing the profitability.

However, ROE as well has a major weakness since it neglected the financial leverage (Athanasoglou, et al., 2005). \ Athanasoglou et al., (2005) states that firms which usually report a lower ROE and higher ROA due to higher equity (lower leverage). Furthermore, as an alternative measure of profitability of banks, return on equity (ROE) which is the ratio of net profit before tax to average shareholders' equity is used. In the literature Sufian (2011), Martani and Munaiseche (2010), Athanasoglou et al., (2005), Ramadan et al., (2011) also used both ROA and ROE as a proxy for profitability.

Conceptual framework

According to the prior literature, this study identified the determinants that affect the profitability of financial companies and it has been grouped as firm-specific and macroeconomic determinants. Based on the prior literature conceptual framework is developed as follows.

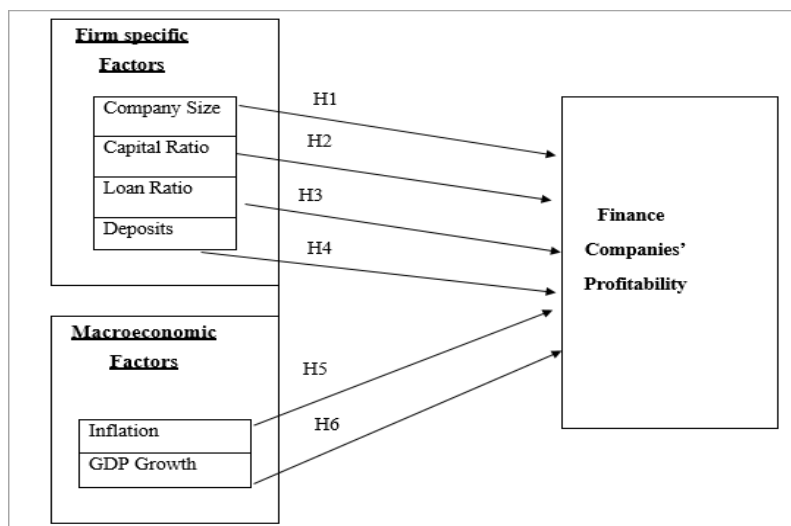


Figure 1: Conceptual Framework

Source: Menicucci & Paolucci, 2016; Anchor et al., 2017

Methodology

Population and Sample

The population of this study is all the listed finance companies under bank finance and Insurance sector in CSE. There are 32 finance companies listed under CSE as at end of the February 2017. The sample size of the study was 125 firm year observations obtained from 25 listed finance companies and the sample period spans for five years from 2011 to 2015

Data and Data Collection

The entire study was based on secondary data. Data for firm-specific variables are collected from the published financial statements of the companies considered in the sample. The macroeconomic determinants include inflation and the GDP growth. With regard to determinants, this study includes both annual inflation rate and annual GDP growth rate in Sri Lanka. These determinants are retrieved from the Central bank of Sri Lanka's annual reports. Further, this study used two different profit measures, which are ROA and ROE. The data was gathered from the published financial statements.

Variables and Calculation

This section presents the proxies that are used to operationalize the variables and the table represents measurement of firm specific and macroeconomic determinants and profitability. The variables, measurements and notation are developed as follows.

Table 1: Variables and Calculations

Variables		Measure	Notation
Profitability	ROA	(Net profit after tax / Total assets) * 100	ROA
	ROE	(Net profit after tax / Total equity) * 100	ROE
Firm Specific Determinants	Company Size	Log (Total Assets)	SIZE
	Capital Ratio	(Equity / Total Assets) * 100	CAPR
	Loan Ratio	(Loans & Advances / Total Assets) * 100	LOAN
	Deposit	(Total Deposits / Total Assets) * 100	DEPO
Macroeconomic Determinants	Inflation	Annual Inflation Rate	INF
	GDP Growth	Annual GDP Rate	GDP

Data Analysis Techniques

The descriptive statistics, correlation coefficient analysis and regression analysis techniques were used to analyze the collected data in order to achieve the research objectives. This study used panel data regression analysis technique as it endows regression analysis with both a spatial and temporal dimension. As per the Housman specification test, the best panel model for the data set of this study was random effect regression model.

Accordingly, the following regression model was developed for this study.

$$PRFTit = a + \beta Xit + uit + \varepsilon it$$

Where,

PRFTitb Profitability for finance company i at time t (can be measured by ROA or ROE)

A Intercept

Xit Independent variable that varies across time

β The coefficient for explanatory variable

uit between entity error term

εit within entity error term

Under the random effect model, F statistics used to select the best dependent variable for analysis of this study. Consequently, this regression equation was tested for Multi-collinearity using variance inflation factor (VIF) analysis. Levin–Lin–Chu unit root test was used to test the stationarity of the data set. Further the researcher tested auto correlation using Durbin- Watson test statistics (D-W test).

Results and Discussion

Descriptive Statistics

The table 4.1 provides the summary of descriptive statistics and it clearly shows that deposits ratio has the highest mean value (59.25) with a standard deviation of 24.53. The highest standard deviation is reported in ROE which is 68.87.

Table 2: Descriptive Analysis

Variable	Mean	Std. Dev	Minimum	Maximum
ROA	1.7895	4.5463	-27.7100	11.4900
ROE	9.4714	68.8723	-721.430	154.7200
SIZE	9.8835	0.5859	8.7700	11.0400
CAPR	17.3915	19.8728	-54.4500	85.7900
LOAN	36.2329	24.2106	1.8600	83.2200
DEPR	59.2527	24.5260	2.4800	140.6800
INF	4.7400	2.4859	2.1000	9.2000
GDP	6.1200	2.2319	3.4000	9.1000

Panel Data Analysis

The major analysis technique used in this study was panel data regression analysis as the data set of this study which consists of both time series and cross-sectional dimensions. At

the outset, the researcher tested for panel unit roots by occupying the Levin, Lin & Chu test. The results of the Levin, Lin & Chu unit root test presented in the table 4.2 shows that the panels do not contain unit roots and prove that the panels are stationary in nature.

Table 3: Levin, Lin & Chu Test

Variables	t-Statistic
ROA	-10.7454***
ROE	-10.6806***
SIZE	-2.9774***
CAPR	-8.1165***
LOAN	-4.9655***
DEPR	-4.4840***
INF	-3.0546***
GDP	-6.6989***

Further this study used Hausman specification test to decide the applicable model out of fixed effect regression model and random effect regression model. The results are shown in the table 4.3 below. As per the reported results of the Hausman test (P-values of Hausman test are more than 0.05) the random effects model is appropriate for this analysis. Hence, the rest of the analysis follows the random effects model.

Table 4: Results of Hausman Test

Test Summary	Chi-Sq. Statistic	Prob.
Cross-section random effect-ROA	2.4775	0.8710
Cross-section random effect-ROE	0.0000	1.0000

According to the random effect model, it shows the probability F statistics under ROA and ROE as 0.0000 and 0.9042 respectively. The rule is that if the P –value is less than 0.05 the model is highly significant and that is the appropriate model. Hence, the model which shows under table 4.4 is the appropriate model to discuss the determinant of finance companies' profitability in Sri Lanka. R-squared statistics and the adjusted R squared statistics of the model is 0.3489 and 0.3158 respectively. The adjusted R squared value 31.58% indicates the total variability of determinant of finance companies' profitability was explained by the variables in the model. Thus, these variables collectively, are good explanatory variables to determine the profitability of listed finance companies' in Sri Lanka.

Table 5: Result of Random Effect Model Under ROA

Variable	Coefficient	Std. Error	t-Statistic
C	-26.0603	9.5443	-2.7304***
SIZE	2.6129	0.8697	3.0043***
CAPR	0.1139	0.0280	4.0686***
LOAN	0.0358	0.0165	2.1722***
DEPR	-0.0472	0.0217	-2.1799***
INF	-0.1751	0.1463	-1.1966***
GDP	0.3879	0.1658	2.3397***
R-squared	0.3489		
Adjusted R-squared	0.3158		
F-statistic	10.5379***	Durbin-Watson stat	1.9658

The company size is identified as significant with a positive coefficient of 2.6129 and it indicates that larger banks succeed better than smaller ones in achieving a higher profitability. At the same time when the size of companies is increased, they can increase their capital and which help them to do more business and enjoy with economies of scale. The Capital ratio is positively correlated with profitability with the coefficient of 0.1139 and it means that the higher equity leads to increase profitability. The results of loan ratio exhibit a positive coefficient of 0.0358 at 0.0312 significant level. It indicates that finance companies with more loans and advances are more profitable than others and the significant relationship shows that the effect is conclusive. The deposits of the finance company are identified as significant with a negative coefficient of -0.0473. It shows that the more deposits are cause to reduce the finance companies' profitability.

Moreover, the inflation shows that a negative coefficient of -0.1751 and it indicates that the inflation causes to reduce profitability. Finally, GDP growth is positively correlated with 0.3879 coefficient value which means that the favourable economic conditions lead to enhance profitability. In addition to that, the GDP records the highest coefficient value and which means that GDP does the high level of intensity on profit determination of listed finance companies in Sri Lanka.

According to the autocorrelation analysis the value of Durbin-Watson stat is provided as 1.9658. This value lies between 1.5 to 2.5 and it summarizes that the residuals become independent and those are not serially correlated. Thus, there is no serial correlation problem and model is highly valid.

According to the collinearity diagnostic the VIF value is 1.5358 and it is less than 10. All the tolerance values are more than 0.1. This proves that there is no multicollinearity problem in regression result. Model is silent.

The P values between the independent variables and residuals are more than 0.05. Therefore, the association between residuals and independent variables are insignificant. Therefore, they are not correlated and the model is highly valid.

Table 6: Correlation Analysis between independent variables and Residuals

Correlation						
Probability	RESID	SIZE	CAPR	LOAN	DEPR	GDP
SIZE	0.0119					
	0.8955					
CAPR	-0.0120	-0.4705				
	0.8944	0.0000				
LOAN	0.0089	-0.3282	0.0959			
	0.9215	0.0002	0.2876			
DEPR	0.0017	0.2232	-0.7445	0.0859		
	0.9854	0.0123	0.0000	0.3408		
GDP	3.22E-16	-0.1635	0.1578	-0.0713	-0.1095	
	1.0000	0.0685	0.0789	0.4296	0.2241	
INF	-5.37E-16	-0.1385	0.1191	-0.0821	-0.0563	0.7102
	1.0000	0.1235	0.1859	0.3624	0.5329	0.0000

Conclusion and Recommendations

This study was conducted to investigate the determinant of the profitability of listed finance companies in Sri Lanka. Four firm specific determinants namely, Company size, Capital ratio, Loan ratio and Deposits ratio and two Macro-economic determinants namely, GDP growth and Inflation were considered under this study. The results of the statistical analysis revealed that the company size, capital ratio, loan ratio and GDP growth were positively impact on the profitability of finance companies in Sri Lanka while the company size and the GDP growth rate show the highest positive relationship. Further the results revealed that the Deposits ratio and the Inflation are negatively impact on the profitability.

In conclusion, the company size was identified as the most significant firm specific determinant of profitability and the GDP growth is the most significant macro-economic determinant of the profitability of the listed finance companies in Sri Lanka. Hence the researcher recommends the corporate management to maintain healthy capital ratios to improve the company size with diversified branch networks and invest in more on loans and advances and utilize favourable economic conditions to enhance the profitability of listed finance companies in Sri Lanka.

Limitation of the Study

This study only considered the Finance Companies listed in Colombo Stock Exchange and the data were taken only for five years period from 2011 to 2015. Hence the reported results

of this study cannot be generalized to any other sectors. Further this study only considered four firm specific determinants and only two Macro-economic determinants. However, there may be more determinants of profitability other than those factors. In this study, the profitability was studied only considering ROA and ROE but there are much more profitability measures could be found.

Future Research Directions

As this study only considered six determinants, any future research could be done by accommodating more determinants to improve the reliability of findings and can be expand the study to other sectors of Colombo Stock Exchange as well as it can be further expanded as comparative study with national and international market settings. Further, the examination of differences in the determinants of profitability between small and large finance companies or high and low profitable companies is also possible. Moreover, future researches can be done by covering longer time period to obtain more accurate results.

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Research Article 06

Determinates of Tourist Loyalty: an extended structural equation model from post-war tourism development context in Sri Lanka

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Abstract

Tourists' destination loyalty (TDL) has been well researched in tourism literature. Yet an extended model that can incorporate various concerned constructs for TDL i.e. image, quality, satisfaction and complaints has been an absence. This study endeavours to bridge this gap by modelling TDL through destination image, tourist expectation, perceived quality, perceived value, satisfaction and tourists' complaints. Post-war tourism booming circumstance of Sri Lanka found a fertile ground to test the proposed theoretical model. A self-administered questionnaire was fielded and 570 responses were generated for the study. The refined measurement model with 33 items to explain the above constructs elucidated determinates of TDL together with their relative significance. The structural model showed strong path coefficients and R^2 values indicating the model's fitness in explaining the relationships. Theoretical and empirical implications are discussed in support of tourist destination marketing literature and national tourism marketing efforts in the post-war tourism booming scenario in Sri Lanka.

Key Words: *Destination image, destination loyalty, tourist satisfaction, complaints, perceived quality, post-war Sri Lanka, Structural Equation Modelling*

Introduction

Tourism has grown as one of the largest industries and sources of income generation in recent years among the countries in Asia. Sri Lanka has proved to be one of the fastest growing tourist destinations (National Strategic Plan 2017-2020). In 2016, the tourism sector continued to perform well and was able to retain its rank in the third level as one of the main sources of foreign exchange earner of the national economy. Foreign Remittances (RS. 1,054.48 Billion) and textiles and Garments (RS.710.76 Billion) were the first two highest sources of foreign exchange. The portion of tourism's contribution to total FE earnings in

2016 amounted to 14.2 % (Annual Statistical Report, 2016). Destination loyalty plays a pivotal role in destination marketing which could direct sustainable tourism development in its post-war tourism development efforts of Sri Lanka. Research on destination loyalty is a critical need to ensure successful destination management (Ranasinghe et al, 2017). Similarly, why and how tourists are emotionally attached to a destination are of primary concerns to destination managers and academics, since it directly influences word of mouth publicity and the revisit behaviour of tourists (Weaver, Weber and McCleary, 2007).

According to Hernández-Lobato et al. (2006) and Žabkar, Brenčič and Dmitrović (2010) tourist satisfaction at a destination is pivotal in destination loyalty. Further, observing trip quality, suggest that destination attractiveness indirectly influences tourist attribute satisfaction (Chen and Tsai 2007). In the model tested by Chi and Qu (2008), overall satisfaction of tourists showed a direct positive influence on their destination loyalty. Further, Prayag and Ryan (2012) confirmed direct positive relationship between tourists' overall satisfaction and future behavioural intentions. Tourists' destination loyalty has been well researched in tourism literature. Yet an extended model that can incorporate various concerned constructs for TDL i.e. image, quality, satisfaction and complaints has been an absence in literature. This study endeavours to bridge this gap by modelling TDL through destination image, tourist expectation, perceived quality, perceived value, satisfaction and tourists' complaints. Further, this study expects to answer several theoretical and empirical issues through a novel methodological approach. To identify the determinants of tourist destination loyalty, to examine the role of tourist complaints in shaping tourists' destination loyalty in the traditional TD model, to identify the antecedents of TDL and how TD should be built in post-war booming tourist destination context.

Moreover, post-war tourism industry's boom and the fast-developing visitor economy in Sri Lanka provides a fertile ground to test an extended theoretical model that can explain detail determinants of tourist loyalty towards a destination. Significantly, this model incorporates tourist complaints into much discussed tourists' destination loyalty model in a booming visitor economy context. The study provides both theoretical and empirical contributions in the context of tourist destination marketing. The paper is structured into five sections. Firstly, introduction and research background are outlined; this is followed by review of literature and hypothesis development. Thirdly, methodology of study and fourthly, analytical results are discussed. Finally, theoretical and empirical implications for tourist destination marketing are explained.

Literature Review and Hypotheses Development

Perceived Quality

There are various scholars defining the concept of perceived quality and it has been of utmost consideration in the relationship marketing. According to Aaker and Joachimsthaler, (2000), perceived quality is a special type of association. Further, it influences brand associations in many contexts and profitability. Zeithmal, (1988) mentioned perceived quality is the consumer's judgment about a product's overall excellence or superiority.

Further, he explained, perceive quality is different from objective or actual quality, a higher-level abstraction rather than a specific attribute of a product, a global assessment that in some cases resemble attitude and a judgment usually made within a consumer's evoked set. According to Hernández-Lobato et al. (2006) perceived quality is associated with tourists' satisfaction. Accordingly, Kim, Lee and Prideaux (2014) observed similar results observing a positive relationship between PQ and satisfaction confirmed by Bajs (2015), Ramseook-Munhurrin et al. (2015), Ranasinghe (2015), Wu (2016). Žabkar, Brenčič and Dmitrović, (2010) mentioned perceived destination quality is a key determinant of tourist satisfaction and the relationship is mixed and inconsistent.

Perceived Value

Perceived value is a customer's opinion of a product's value to him or her. Consequently, it may have little or nothing to do with the market price and depends on the product's ability to satisfy his or her needs or requirements. According to Jamal and Muhammad, (2011) and Rasoolimanesh, Dahalan and Jaafar, (2016), consumer behaviour theories suggest attitudes of consumers in recognizing their propensity to consume a certain product or service as perceived value. Further, it is a by-product of consumer's realized costs and benefits (Bajs, 2015). Cheng, Kim and Petrick (2008) categorized consumers' perceived value into five dimensions as monetary, behavioural, emotional, quality and reputation. Moreover, Jamal et al. (2011) proposed comprehensive scale to measure tourist perceived value which constituted functional, experiential and emotional values. Similar scales were applied by Andronikidis et al. (2016). Subsequently, applying an integrated scale to measure perceived value of homestay tourists confirms a positive relationship between tourists' perceived value and satisfaction (Rasoolimanesh, Dahalan and Jaafar, 2016). Chen and Tsai (2007), mentioned that perceived value and tourists' satisfaction are positively related and higher the value perception, higher the satisfaction. Further, price value, service value and value of overall experience used to measure perceived value. Bajs, (2015) concluded that tourists' perceived value is directly associated with satisfaction, and satisfaction has a direct positive impact on tourists' destination loyalty.

Destination Loyalty

Destination loyalty is a longitudinal perspective and looking at lifelong visitation behaviour of travellers rather than just at a cross-sectional perspective. According to Rajesh, (2013) loyalty is repeating frequency of purchasing the same product. In tourist destination context, loyalty categorized as attitudinal loyalty, behavioural loyalty and composite loyalty (Zhang et al. 2014). Further in tourism literature, Destination loyalty is tourists' intentions to revisit a destination and willingness to recommend the destination (Chen and Tsai, 2007; Prayag and Ryan, 2012; Wu, 2016).

According to Hernández-Lobato et al. (2006) and Žabkar, Brenčič and Dmitrović (2010) tourist satisfaction at a destination is pivotal in destination loyalty. Further, observing trip quality, suggest that destination attractiveness indirectly influences tourist attribute satisfaction (Chen and Tsai 2007). In the model tested by Chi and Qu (2008), overall

satisfaction of tourists showed a direct positive influence on their destination loyalty. Further, Prayag and Ryan (2012) confirmed direct positive relationship between tourists' overall satisfaction and future behavioural intentions.

Ryan (1995) mentioned that multiple repeat vacationers also expressed a high level of identification with the destination, an attitudinal dimension. Further, proponents of the attitudinal or composite measure would argue that it is important what attitude a person has about a destination and that those with a positive attitude toward a destination, even though they may not be visiting it, will provide positive word-of-mouth. On the other hand, a person who may have a less positive attitude toward the destination but returns year after year provides the demand and turnover needed. In addition, whereas for many products and services that requires a low-involved decision, but high repeats purchase is quite widespread.

The behavioural dimension of loyalty inherently acknowledges that previous experience is influential on today's and tomorrow's travel decisions and destination choice. There are at least two different types of tourists based on their destination choice as history continuous repeaters and continuous switchers (Schmidhauser 1976, Woodside and MacDonald 1994). Moreover, Brown's (1952) categorized loyalty into undivided loyalty and no loyalty.

Destination Image

Studies on destination image began in the early 1970s, when Hunt's (1975) influential work examined the role of image in tourism development. Since then, destination image has become one of the dominant areas of tourism research. According to Crompton, (1979), Destination image is defined as an attitudinal concept consisting of the sum of beliefs, ideas and impressions that a tourist holds of a destination.

Various specialized academics in tourism have presented various definitions about what Destination Image means.

The study of destination image is a relatively recent addition to the field of tourism research. However, several studies have illustrated that destination images do, indeed, influence tourist behaviour (Hunt, 1975; Pearce, 1982). In essence, the research suggests that those destinations with strong, positive images are more likely to be considered and chosen in the travel decision process (Goodrich, 1978; Woodside & Lysonski, 1989). As a result, destination image has an important role in the various models of travel decision making developed to date (Schmoll, 1977; Moutinho, 1984; Woodside & Lysonski, 1989).

According to Hunt, (1975) to measure the images of four states; "Perceptions held by potential visitors about Utah, Montana, Colorado, Wyoming an area" Further, Crompton, (1977) measure the image of Mexico "Organized representations of a destination in a cognitive system" and measure the image of Mexico in "Sum of beliefs, ideas and impressions that different States of the United States a person has of a destination" (1979). Destination image is a multidimensional construct comprising of two primary dimensions:

cognitive and affective (Lawson and Band-Bovy; 1977). The cognitive component can be interpreted as beliefs and knowledge about the physical attributes of a destination and affective component refers to the appraisal of the affective quality of feelings towards the attributes and the surrounding environments (Baloglu and McCleary, 1999).

According to Chon, (1990) satisfaction largely depends upon a comparison of expectations based on previously held images and the actual reality encountered at the destination. Consequently, important role of destination image emphasizes the need to develop methodologies to comprehensively and accurately measure this concept. To accomplish this task, tourism researchers have the benefit of accessing the methodologies which have been developed to measure product image in general. However, because of the more complicated and diverse nature of the tourism product, it may be necessary to develop more specific and more complex conceptual frameworks and methodologies in order to reliably and validly measure destination image. Moreover, various studies have already been undertaken to measure the images of destinations as states, regions, and countries. But, there has been no serious effort to critically examine the effectiveness in defining and measuring the concept of destination image.

Tourist Complaints

Consumer complaints are an important factor for service providers; effective handling of consumer complaints can be a key to acquiring loyal customers. Any unresolved complaint could not only stop repeat visits but also bring negative word-of-mouth communication (Lewis, 1983; Richins, 1983). In the tourism industry, as in all industries, tourist destinations face the problem of customer dissatisfaction with and complaints about particular products or services at one time or another (Kozak, 2004). Service providers are expected to improve their products or services as a result of dissatisfaction and complaints, which may prevent other customers from experiencing similar dissatisfaction with those products or services (Richins, 1979).

Poor quality of products and services are accepted to be among the root causes of customer dissatisfaction. Problems in quality are reflected as those experienced during vacation consumption. Customers with more complaints are found to be more likely to be dissatisfied and to report their complaints to suppliers more explicitly. Furthermore, customer complaints are believed to directly relate to customer dissatisfaction, namely, complaints arise depending upon the level of dissatisfaction.

Tourist complaints can be used productively as part of the visitor evaluations exercise and benefit the company, industry and thus country economy. In deed for several reasons complaints should be regarded as gifts. First, if dissatisfied customers do not complain, company loses the opportunity to remedy the problem and retain a customer (Hirschman, 1970). Besides, this loss is not only the current business but also the future businesses from that particular customer. Second, the company's reputation can be harmed by negative word-of-mouth (WOM) actions taken by dissatisfied customers, resulting in the loss of current and potential customers (Susskind, 2002). Third, if a customer leaves the company

without complaining, then company is deprived of valuable feedback about the quality of its product or service (Fornell and Wernerfelt, 1988), also hindering its capability to identify problems that may, and most probably will, affect other customers. Among other things, customer complaints allow an organization to pursue service recovery attempts and an opportunity to reduce customer turnover (Bodey and Grace, 2006; Tax et al., 1998). For these reasons, consumer complaints should be seen as necessary step to fix the failed services.

Tourist Satisfaction

Simply tourism satisfaction is a person's feeling of pleasure or disappointed results from comparing a product are perceived performance in relation to this or her expectations. Meng et al. (2006) Measuring tourist satisfaction is important to successful destination marketing since it is directly link to destination choice, consumption of product and services, and repeat business. Measuring satisfaction provide information related to how well a destination is currently meeting the tourists' needs and therefore help destination marketing adjust their effort on improving the quality of product and services or offering the product and services that are really appealing to tourists.

Tourist satisfaction is diverse, multi-dimensional, fugitive and not easily measured. However, its role is enhanced massively when measurement become an essential component of an integrated management program (Latu and Everett, 2000).

Baker and Crompton (2000) define satisfaction as "the tourist's emotional state after experiencing the trip". According to that, simply the idea of customer satisfaction is the result or the final step of a psychological process from need recognition to evaluation of experienced products. The satisfaction is an evaluation of the surprise inherent in a product acquisition and or consumption experience. In essence, the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience. According to Chaudhary. M and Aggarwal (2012), tourist satisfaction is pulling power an attraction possess and is main element of tourist behaviour. If a developer is to produce successful attractions, his plans and establishment must elicit satisfaction (Richards, 1996).

Baker mentioned that, tourists' satisfaction with a trip or a destination is a result of many aspects, such as their perception of product elements experienced as well as their expectations before and during the trip. Satisfied tourists have a tendency to communicate their positive experience and image to others and they tend to buy the product repeatedly (Kozak and Rimmington (2000). Kozak identified that aspects of customer satisfaction in tourism, travel, hospitality and recreation is increasing.

According to Akin et al. (2010) it is recognized that satisfaction affects destination selection decisions, consumption of goods and services at a destination, and intention to revisit. Further tourist satisfaction is important to successful destination marketing, because satisfaction influences the choice of destination, the consumption of products and services,

and the decision to return (Kozak and Rimmington, 2010). Further Wiwat and Pattanij (2012) discussed that tourist satisfaction is the result of destination area expectation and experiences. Satisfaction was a concept that was essential in understanding and evaluating tourist exploring their behaviours (Burns, 2000).

Chon (1989) demonstrates that both the perceived evaluative outcome of the holiday experience at the destination and associated expectations are important elements in shaping tourist satisfaction. Customer satisfaction can be estimated with a single item, which measures the overall satisfaction. Additionally, satisfaction can be evaluated using the theory of expectation or confirmation in which expectations and the actual destination outcome are compared (Bigne et al.2001) That is, if expectations exceed perceived outcome then a positive disconfirmation is obtained, leaving the tourist satisfied and willing to repeat the visit; if a negative disconfirmation occurs the tourist feels dissatisfied and will look for alternative travel destinations. According to the Jiang and Gray (2009) theory of expectation, if the customer meets or exceeds performance expectation, a customer is satisfied. Further if the customer expectations are exceeded in a positive way, customers are satisfied.

Tourist satisfaction refers to the discrepancy between prior expectation and perceived performance. When performance exceeds expectation, satisfaction occurs (Oliver, 1980). Tourist satisfaction is determined by a combination of perceived value and quality, consumer expectation and actual experience. A visitor's overall satisfaction will influence the likelihood of repeat visitation, extending length of stay, increase expenditure, enhanced yield and word of mouth referrals.

Tourist satisfaction, coupled with tourist retention, has been one of the most important concerns to hospitality and tourism market. It is generally emphasized that the generation of satisfaction, and hence tourist loyalty and repeat business, is a cost-effective approach to maintaining business. Recent studies have revealed that it is highly likely that dissatisfied tourist never returns, and repeated purchase is directly related to company cash flow, as getting a new customer costs more than keeping and existing one.

Chon and Olsen (1991) discovered a goodness of fit correlation between tourists' expectation about their destination and tourists' satisfaction. Then after tourists have bought the travel service and products, if the evaluation of their experience of travel product is better than their expectation, they will be satisfied with their travel experience.

Post War in Sri Lanka

Sri Lanka has been faced with the bad image due to war. Tourism attraction and tourism development context was at very low level during war time which led to reduce contribution gain from tourism industry in the country development. However, the three decades war ended in May 2009 in Sri Lanka and it was a remarkable point in the development of the tourism industry. The war ended and tourism demand of destinations in Sri Lanka has increased, especially in the Northern and Eastern parts of the country.

Sri Lanka implemented marketing and management strategies to rebuild its image as an attractive and safe tourist destination after decades of negative international publicity highlighting the on-going political violence, the war and persistent acts of terrorism prior to 2009 as well as concerns about alleged human rights abuses in the final stages of the war. In addition, Sri Lanka has launched a massive marketing campaign under the tourism branding slogan of “Wonder of Asia”. This strategy is important for Sri Lanka considering its effort to recreate its image and the competition it faces from other destinations in terms of attracting international tourists (S.Fernando, 2017). As the results of these influences, Sri Lanka Tourism has surged to a new high record of 2,050,832 arrivals in 2016, transcending all time high hits in the history. As a result, the experience of the short history of the post-war period shows that the tourism sector has now become a main driver of the Sri Lankan economy in terms of foreign exchange earnings, employment generation and attracting foreign direct investment. In 2016, tourism generated 335,659 both direct and indirect employment opportunities and Rs. 512,293 million (US\$ 3,518.5 million) foreign exchange earnings in the Sri Lankan economy (SLTDA, 2016).

Theoretical Model Specification

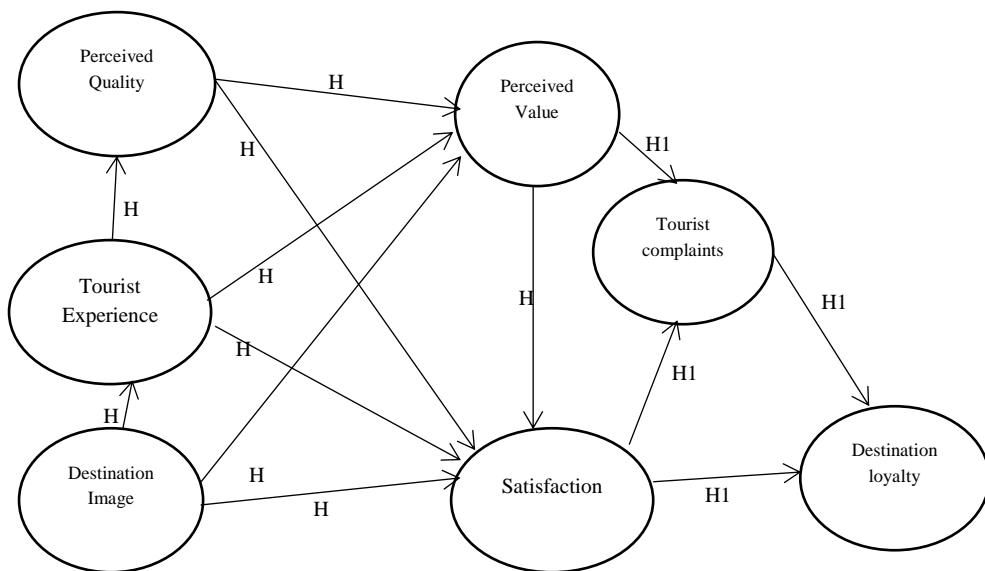


Figure 1: Theoretical Model Specification

Source: Author Compiled based on Literature Review

This study intended to see the determinants of tourist loyalty; an extended structural equation model from post-war Sri Lanka. Based on the above theoretical framework, the following hypotheses are proposed for the purpose of this study.

- H1 – There is a positive relationship between destination image and tourist experience
- H2 - There is a positive relationship between tourist experience and perceived quality
- H3 - There is a positive relationship between destination image and perceived value
- H4 - There is a positive relationship between destination image and satisfaction
- H5 - There is a positive relationship between tourist experience and satisfaction
- H6 - There is a positive relationship between tourist experience and perceived value
- H7 - There is a positive relationship between perceived quality and satisfaction
- H8 - There is a positive relationship between perceived quality and perceived value
- H9 - There is a positive relationship between perceived value and satisfaction
- H10 - There is a positive relationship between perceived value and tourist complaints
- H11 - There is a positive relationship between satisfaction and tourist complaints
- H12 - There is a positive relationship between satisfaction and destination loyalty
- H13 - There is a negative relationship between tourist complaints and destination loyalty

Methodology

After rigorous review of tourist destination marketing literature, the theoretical model with thirteen hypotheses was proposed to be tested empirically. The self-administered questionnaire was designed with two sections to collect primary data for the study. The tool was on a 5-point Likert scale where respondents were asked to indicate their level of agreement with each statement (1= strongly disagree, 5= strongly agree).

Measures

The study adapts Gartner (1989) and Tasci and Gartner (2007) to measure the constructs identified in the literature review. *Destination Image*: Natural attractions, entertainment and events, historical and cultural attractions, accessibility of the destination, level of service quality; *Tourist Expectation*: the experience was as what I expected, the visit made me happy, exotic experience, choice to visit SL was a wise one; *Perceived Quality*: infrastructure, accommodation, activities, services, attractions, food and beverage; *Perceived Value*: had a relaxing time in SL, the trip gave me greater social approval, gave me great pleasure, trip was of good value, I enjoyed the stay with a value for money; *Satisfaction*: the

visit was exactly what I wanted, the visit did not work out as I expected, I was satisfied to visit SL, I truly enjoyed the visit to SL, happy with the services and amenities; *Tourist Complaints*: likely to make a complaint on facilities, complain about services, likely to complain on overall experience; *Destination Loyalty*: I would recommend other to visit SL, I'll visit SL again in future, SL is my first choice among competitive destinations, I'll spread positive words about SL.

Sample, Data Collection and Analytical Approach

Pilot survey was conducted in Kandy UNESCO World Heritage City with 47 foreign tourists and the instrument was further refined based on the implications of responses. The instrument was cross validated for phase validity through five tourism professors and was reworded. The final survey was conducted at Bandaranaike International Airport (BIA) from 2nd March to 29th April using accidental sampling method. Out of 700 questionnaires 570 were qualified for final analysis with an 81 percent effective rate. Partial Least Square (PLS) path modeling approach (Hair et al., 2013) was used to test the proposed model applying tool SmartPLS3 (Ringle, Wende, & Will, 2005). PLS as opposed to covariance-based SEM techniques was preferred given its robust component-based approach which avoids estimation and identification issues. PLS handles comparatively smaller samples and it has less restrictive assumptions on normality of data distribution which is suitable for theory building, theory extension and predictive applications (Hair et al. 2013; Hair, Ringle & Sarstedt, 2015).

Results and Discussion

In order to handle potential measurement problems preliminary analysis of data was performed to confirm the reliability and unidimensionality of scale. Kaiser–Meyer–Olkin (KMO) value was (KMO=0.823), confirming sampling adequacy for the test. Bartlett's test of sphericity was significant ($X^2 = 1341.367$, $p < 0.001$) conforming item correlation requisite to perform Exploratory Factor Analysis (EFA). Communalities of extraction were 0.96, 0.98, 0.96, 0.94, 0.98, 0.99 and 0.97 for destination image, tourist loyalty, perceived quality, perceived value, satisfaction, tourist complaints and tourist expectation exceeded Keiser's critical value criterion (0.60).

Demographic Profile of the Respondents (N=570)

Descriptive statistics related to tourists' demography are illustrated in Table 1. Out of 570 respondents' 47.8 percent were male and 52.2 percent were female. Respondents were in varying age groups, representing 18.9 percent from 26-35 age group, 28.4 percent from 36-45 age group and 35.8 from 46-55 age group. Nearly, 37 percent respondents attend college while 28 percent are graduates. In terms of occupation nearly 36 percent respondents were from private sector while almost 25 percent run on their own business. Majority of the respondents belonged to middle income range representing 29.3 percent from 2001-3000 USD monthly income group while another 24 percent were from upper middle-income range.

Table 01: Trip Characteristics of Foreign Tourists in Sri Lanka

Trip Characteristics of Foreign Tourists in Sri Lanka (N=570)		
Variable	Frequency	Percent
No. of times visited		
0	267	46.8
1-2	99	17.4
3-4	83	14.6
5-6	60	10.6
over 7	54	09.4
Purpose of Travel		
Pleasure	251	43.7
Business	127	22.3
VFR	88	15.5
Education	42	7.3
Other	64	11.2
Length of Stay (Days)		
less 5	177	31.0
6-8	161	28.2
9-11	99	17.4
12-14	56	9.8
15 or more	78	13.6
Travel Company (Group or other)		
Group less 8	161	28.2
Group 9-15	140	24.6
Group 15 or more	110	19.3
Family	82	14.4
Alone or couple	77	13.5

Source: Empirical Survey, April, 2018

The table above illustrates the trip characteristics of foreign tourists in Sri Lanka and accordingly, 47 percent of visitors are first time visitors and the balance 53 percent is repeat visitors. Nearly 10 percent of the visitors have visited Sri Lanka more than 7 times as per the above table. Nearly 44 percent visited for pleasure while 22.3 percent represent business purposes to travel in Sri Lanka. Majority of visitors (31%) stay less than five days while another 28.2 percent stay over a period of 6 to 8 days and nearly 14 percent of the visitors stay over 15 days in Sri Lanka during their tour. 28 percent of visitors travel in a small group while in a medium group represented a quarter.

Evaluation of Measurement Model

In order to establish the robustness of reflective measurement models the composite reliability, indicator reliability, convergent validity and discriminant validity are use according to Hair, Ringle, Sarstedt, Christian & Marko (2013, p 97).

High reliability of measures was indicated by all the composite reliability values of Table 1 (0.71 to 0.91) and all the CR values are above the threshold value of 0.7 as per Hair et al. (2013, p 105) and are well above the critical values.

Out of 39 indicators several were slightly lower than the threshold value for item outer loading which is 0.708 (Table 3) in a measurement model. However, these indicators were rigorously observed and given their significance in the overall model they were spared, given their contribution to retain the composite reliability of the construct (Hair et al. 2013, p 103). The greater loadings of the majority of indicators (0.717 to 0.900) indicated high reliability of measures. The convergent validity of the measures was established through the Average Variance Extracted (AVE) and the value should be greater than 0.50 according to Hair et al. (2013 p 103). All the AVE values in the Table 1 (0.57 to 0.81) were above the threshold value for AVE in a measurement model. In order to test the discriminant validity, cross loadings of indicators were observed. Hair et al. (2013, p 105), argue that an indicator's outer loading on the related construct should be higher than all of its loadings on the other constructs. The Table 4 illustrates the item cross loadings in which the bolded values were compared against its loadings on the other constructs which are conformed to above expected standard. However, few exceptions have been observed in the cross loading values.

Discriminant validity was established through cross loadings of indicators of the measurement model. An indicator's outer loading on the related construct should be higher than all of its loadings on the other constructs (Hair et al. 2013, p 105) in order claim discriminant validity for items. Item loadings were compared against its loadings on the other constructs and majority of items conformed to this requirement though few exceptions were observed.

Measurement model Evaluation; Reliability, Discriminant Validity and Convergent Validity

Table 2: Measurement model Evaluation; Reliability, Discriminant Validity and Convergent Validity

Variable/item	Standardized Loading	t-Statistic	Composite Reliability	AVE.
Destination Image			0.75	0.61
DI1	0.654	28.750***		
DI2	0.512	16.24***		
DI3	0.479	17.048***		

DI4	0.688	49.607***		
DI5	0.719	39.573***		
Tourist Expectation			0.71	0.66
TE1	0.616	30.176***		
TE2	0.681	40.226***		
TE3	0.460	19.076***		
TE4	0.678	43.329***		
Perceived Quality			0.77	0.69
PQ1	0.657	16.153***		
PQ2	0.640	19.103***		
PQ3	0.542	23.014***		
PQ4	0.671	18.657***		
PQ6	0.638	32.904***		
PQ7	0.392	39.140***		
Perceived Value			0.81	0.57
PV1	0.498	15.672***		
PV2	0.434	13.984***		
PV3	0.769	43.023***		
PV4	0.734	39.678***		
PV5	0.721	28.435***		
Tourist Satisfaction			0.87	0.60
TS1	0.603	33.848***		
TS2	0.697	27.292**		
TS3	0.597	30.200***		
TS4	0.491	13.057***		
TS5	0.686	26.785***		
TS6	0.661	34.525***		
Tourist Complaints			0.83	0.81
TC1	0.727	39.877***		
TC2	0.738	40.874***		
TC2	0.648	21.632***		
Destination Loyalty			0.91	0.72
DL1	0.613	28.671***		
DL2	0.592	21.164***		
DL3	0.729	28.958***		
DL4	0.702	24.488***		

Note: Level of significance extracted from Bootstrapping Analysis *** Significant at 0.01 level

AVE= Average Variance Extracted

Source: Empirical survey April, 2018

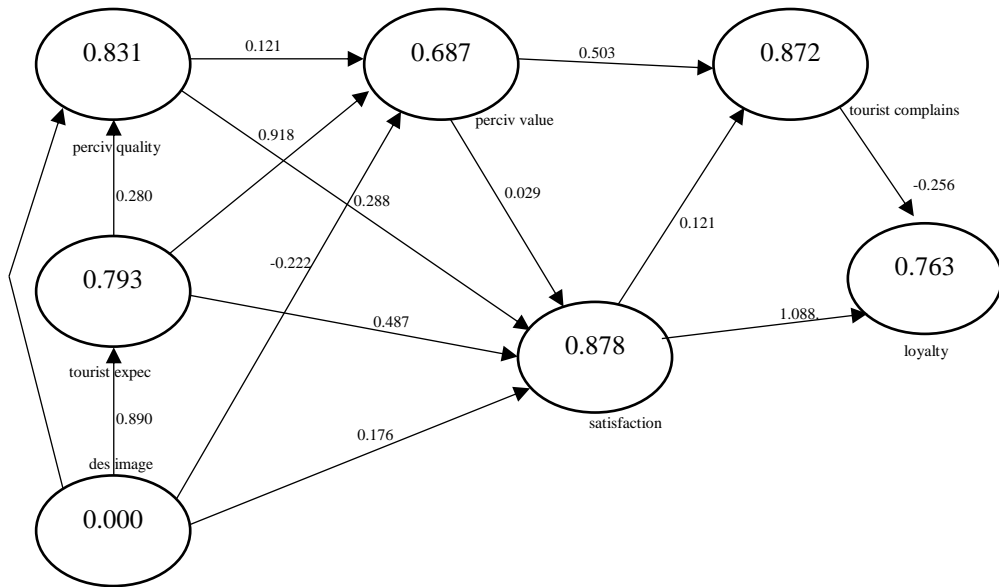


Figure 02: Estimated Structural Model with Measurement Model Specification

Evaluation of Structural Model and Hypothesis Testing

The structural equation model (Figure. 1) was assessed by coefficient of determination (R^2) of endogenous latent variables. According to Hair et al (2013, p-186), R^2 values 0.25, 0.50 and 0.75 represent weak, moderate and substantial predictive power of endogenous latent variables respectively. Model explains 79 percent of variance of tourist expectations, 83 percent variance of perceived quality of tourists, 69 percent of the variance of perceived value, 88 percent of the variance of tourist satisfaction, 87 percent of the variance of tourist complaints and finally 76 percent of the variance of tourists' destination loyalty in the proposed model. In order to assess the model further, authors implemented PLS iterative bootstrapping procedure by generating 5000 sub samples with 570 cases (Hair et al, 2013, p-191).

All the relationships proposed in the theoretical model were statistically significant. However, destination image with perceived value, perceived value with tourists' complaints and satisfaction and tourists' complaints showed negative relationships as opposed to what is available in literature. Table below (Table 4) exhibits standardized path coefficients and relevant t-statistic with reference to hypothesized relationships established in the conceptual model of this study. Consequently, out of the 13 hypotheses proposed 10 were significant and supported with the final PLS model. The relevant standardized coefficients and t-statistics are exhibited in the table 4 below for each hypothesized relationship.

Table 3: Results of Proposed Model (using PLS-SEM)

Hypothesis	Variables	Path Coefficient	t-statistic	Status
H ₁	Destination image- Tourists' expectations	0.890	102.55***	Supported
H ₂	Tourist expectation – perceived quality	0.280	6.83***	Supported
H ₃	Destination image-perceived value	-0.222	2.34***	Not-Supported
H ₄	Destination image - satisfaction	0.176	3.65***	Supported
H ₅	Tourist expectation – satisfaction	0.487	10.32***	Supported
H ₆	Tourist expectation – perceived value	0.918	12.28***	Supported
H ₇	Perceived quality– satisfaction	0.288	6.96***	Supported
H ₈	Perceived quality-perceived value	0.121	2.17***	Supported
H ₉	Perceived value-satisfaction	0.029	1.17***	Supported
H ₁₀	Perceived value-tourist complaints	0.503	13.47	Not-Supported
H ₁₁	Satisfaction-tourist complaints	0.493	13.91***	Not-Supported
H ₁₂	Satisfaction-destination loyalty	1.088	22.84***	Supported
H ₁₃	Tourist complaints-destination loyalty	-0.256	4.87***	Supported

Note: The significance levels are determined through bootstrapping analysis (Hair et al, 2013)

*** = Significant at $p < 0.01$ level

The PLS outcomes elucidate novel directions in mega event management from the perspectives of resident communities.

Predictive Relevance of Model (Q^2)

Besides, predictive accuracy of model with R^2 values, researchers computed Q^2 to assess predictive relevance (Hair et al. 2013, p-178). Q^2 values higher than zero ensure path model's predictive relevance for respective construct. In order to obtain Q^2 authors followed PLS blindfolding procedure and the outcomes are illustrated in the table 4 below. Model's predictive relevance (Q^2) for all seven reflective endogenous variables namely destination image ($Q^2=0.30$), tourist loyalty ($Q^2=0.47$), perceived quality ($Q^2=0.54$), perceived value ($Q^2=0.47$), satisfaction ($Q^2=0.58$), tourist complaints ($Q^2=0.41$) and tourist expectations ($Q^2=0.35$) (Table 4) are greater than zero and are well above the threshold value for model to claim predictive accuracy.

Table 4: Structural Model's Predictive Relevance (Q^2)

Endogenous Variable	Q^2
Destination image	0.30
Tourist loyalty	0.48
Perceived quality	0.54
Perceived value	0.48
Satisfaction	0.59
Tourist complaints	0.41
Tourist expectations	0.36

Note: The Predictive Relevance (Q^2) is Determined through blindfolding (Hair et al, 2013)

Tourism industry is expanding and growing into relationship-based marketing where loyalty is becoming crucial in securing adequate market share. Sri Lanka as a booming tourist destination in the region needs to strongly focus on building tourist loyalty to face the above challenge. The extended model incorporating tourists' complaints in the SEM model to predict TDL has been statistically significant in explaining the thesis. Further, strong path coefficients and R^2 values showed the strength of the proposed model. The model explained has been significant in explaining tourists' destination loyalty where destination image, perceived value, perceived quality, satisfaction and tourists' expectation playing a significant role in determining TDL. According to the findings of Rasoolimanesh et al. (2016); Sarra, (2015) satisfaction of tourists has a strong relationship with TDL where this study further confirmed this claim.

Conclusions and Contributions

Conclusions

The present study propositions an extended approach to explain tourists' destination loyalty and investigate the empirical evidence on the relationships among destination image, consumer expectation, perceived value, perceived image, tourist complaints and destination loyalty. The SEM model tested in this study provides a comprehensive basis for integrating global tourist destination marketing strategy model in the tourism context while extending tourist destination marketing literature. The model estimated indicates that tourists' satisfaction and complains play a significant role in modelling their destination loyalty while it established insights into deeper details of the items contribute in shaping the constructs underlined in this thesis. According to the findings of this study, it provides strong empirical evidence that destination image, tourist expectation, perceived value high destination satisfaction, and good consumer experience play essential roles in achieving the loyalty of foreign tourists, and that satisfaction needs proactive handling to develop a long-term

relationship. The extended tourism marketing model perspective in this study has several implications for theory development in the future research.

Present findings contribute to the literature of tourist destination marketing both in theoretical and empirical aspects. It has opened up a discussion on tourist destination marketing strategies for post-war fast growing economic conditions based on an extended model with several critical determinants of destination loyalty.

Theoretical Contributions

Firstly, the overall explanation of satisfaction showed a significant progress through the model's latent variables namely perceived quality, perceived value, destination image and tourist expectations of the destination. This adds to the exiting tourism literature and draws the attention of future researchers in conceptualizing tourist satisfaction over a visited destination. Secondly, the conceptualization of perceived complaints as an integrated reflective construct which consisted tourists' perceived potential to make a complain showed adverse effects on tourist destination loyalty. This indicates a communal trend in tourists' sensitivities towards complaints and implies novel theoretical aspects in conceptualizing destination loyalty. The study conceptualized perceived value of tourists also as an integrated reflective construct. The significant relationship between perceived value and satisfaction and destination loyalty draws the attention of future conceptualizations of destination loyalty incorporating complaints in to the framework. The present study is also noteworthy in terms of its methodological choice for SEM. Authors' devised component based Partial Least Square (PLS) approach to model the determinants of tourists' destination loyalty. PLSSSEM is a promising, comparatively new approach provides fewer restrictions for path modeling approach (Hair et al. 2013).

Empirical Contributions

Given the fierce competition in international tourism market, ensuring tourists' loyalty destinations draw greater attention due to two reasons. (1) Destination loyalty leads to tourists' potential word of mouth and recommendation and this will either harm or enhance the destination's prospective visitors. (2) Re-attracting a tourist is cheaper than bringing new tourists in terms of marketing cost. Hence, a clear understanding of what drives tourists' destination loyalty is a prerequisite for a destination. Present study exposed destination loyalty antecedents and their root causes using component based PLS path modeling. The study revealed substantial implications for tourism destination managers and policy makers. Practically, destination marketers need to recognize deemed attractions the destination endowed with. For this context the nightlife, variety of activities, variety of cuisine, cleanliness, attractive environment and outdoor recreational opportunities call for managers' attention. The quality perception of tourists in Sri Lanka calls for more attention in terms of overall tourism experience, transport and accessibility, hygiene and cleanliness, guiding and information availability as suggested by findings. The government should carefully asses the legal and policy framework to respond to the above claim specially the information availability to promote Sri Lankan tourism product more effectively. For instance, friendly

and helpful host community, spectacular scenery and natural attractions, distinctive history and heritage were key contributing factors of attractiveness which led tourists' satisfaction. Therefore, such attractions should be carefully managed and employed in promotional efforts. The tourists' satisfaction playing the central role in tourists' destination loyalty draws imperative attention. Tourist attractions and perceived quality level contributed largely to the level of satisfaction drawing due concern. Present higher portion of first time visitors could be turned to repeat clients through high satisfaction and destination loyalty. In conclusion, the tourists' destination loyalty is determined by satisfaction and their satisfaction in terms of perceived quality, perceived attractiveness, perceived value, and perceived complaints need closer attention to ensure their destination loyalty.

Despite the strengths of this study several limitations worth declaring for future researchers. The proposed model of this study could further be extended to incorporate more variables to explain TDL. The model explained 76 percent of the variance of TDL where other variables are available and incorporation such variables are encouraged to enrich the model. Moderating effects of age, gender, income level, travel experience and level of education may be useful in explaining this thesis further. It is necessary to run such analysis to elucidate moderating effects of such variables. Moreover, enhanced sample sizes over wider geographic extent would enhance the findings of future studies.

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