Technical Session – Entrepreneurship and Management

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Financial usage and money management: Study based on undergraduates in social sciences stream

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Introduction

It is identified that financial literacy (FL) is one of the important factors to the consumer security by developed economies. Foundation of that view is individuals are decided about the financial decisions under their FL level. When consider this situation it is very important around the studies which are financial usage of undergraduate community to accelerate the economic development process a country.

According to literature, FL is knowledge of individuals around the financial products, institutions, and concepts. Also, FL is a skill which engages with the interest rate counting, financial management, financial planning. Globally, by developed countries, FL is pointed as strategy to face financial crises. But developing countries view about FL differs from that view. According to them, FL results in access and develops financial services. However, when above definitions are examined, FL is not only a component of financial stability but also it is a strategy to economic development process.

Nevertheless, FL is not a single symbol; it is a pool component of people financial behavior. Financial usage and money management are most important concepts among the sub-themes of FL. This study focused about the financial usage of undergraduate; formulated to identify the major objectives such as to identify the knowledge about the financial instruments and to identify the trends of money management of undergraduates. Simply, financial usage is knowledge about the financial instruments and institutions and its usage of individuals. Skill about maintain of monetary resources is known as money management. Sebstad and Cohen (2003) have pointed-out that improving money management skills has been a focus of microenterprise training programs for many years. In this context, it can be conclude that money management is resulted in to develop entrepreneurship environment of the economy. Also, good money management is critical to the process of accumulating all kinds of assets and preserving to person. According to that, if individual can access to appropriate financial products and services, along with the financial skills to manage these resources well, are key to the process of asset accumulation. So that, financial usage also money management are dynamic components of individual financial literacy.

Especially, when consider the target group; undergraduates are a most influence factor of decision making process of country. Also they are dynamic group of the economy. According to financial literacy, they are group which will be play effective financial decisions in future.
this situation, this study contributes to develop to appropriate policy makers for dynamic financial decisions process in the economy based on undergraduates.

**Problem and Objectives**

According to the view of Gillen and Loeffler (2012) based on Jump$tart (2008) and Cude, et. al. (2006), generally college students are not financially literate. But, those studies have not been touched specific study field and students financial behavior. Therefore, this study was addressed that research gap; this study was identify situation of financial usage and money management of social sciences undergraduates in Sri Lanka. The main objective of this study identifies the most influence factors of financial usage and money management of social undergraduates. While the other objectives identify the differences of that study fields and suggest the policy implications regarding the undergraduates’ financial usage and money management had touched under this study.

**Methodology**

The sample was selected from Faculty of Humanities and Social Sciences of University of Sri Jayewardenepura. Under the 06 social sciences fields approximately 150 students were randomly selected. There is no standard set of components of financial knowledge, skills and tests to determine the levels of financial knowledge and skills of people in the context of the developing country (Heenkenda, 2014). Also most assessments of financial knowledge and skills undertaken in surveys, (Xu, & Zia 2012). Thus, this survey focused mainly on determining how influential were the socioeconomic and household characteristics in determining students’ financial usage and money management skills. The study, being solely quantitative, used descriptive statistics and regression analysis as tools of the analysis. Statistical tests were conducted using the statistical software packages SPSS, Excel, Minitab and STATA.

**Result and Discussion**

Students were 19-23 years in age, Characteristics of the respondents are presented in Table 01.

**Table 01: Characteristics of the respondents**

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender (n = 150)</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>23.2</td>
</tr>
<tr>
<td>Female</td>
<td>76.8</td>
</tr>
<tr>
<td>Academic year (n = 150)</td>
<td></td>
</tr>
<tr>
<td>Second year</td>
<td>32.1</td>
</tr>
<tr>
<td>Third year</td>
<td>29.8</td>
</tr>
<tr>
<td>Fourth year</td>
<td>38.1</td>
</tr>
</tbody>
</table>

Ten questions related to personal money management and behavior was used. Respondents were asked to rate their ability to manage their personal finances using a five point scale wherein higher scores were indicative of higher confidence or ability. The mean score was 3.68 (n = 150,
Whether or not respondents knew they could access their credit report for free (yes = 71.4% and no = 28.7%) and whether or not respondents had accessed their free credit report (yes = 58.4%, no = 41%, don’t know = 6%) were answered by 150 respondents. Four questions sought to better understand student debit card usage. The number of debit cards held ranged from one to four cards. Of those who had at least one debit card (n = 114), the average number of active debit cards was 2.6 (SD = 1.67). When asked to rate what they learned in class, 14.3% learned a great deal, 33.3% learned a fair amount, 14.3% learned just enough, 28.6% learned not too much, and 9.5% learned nothing at all. Undergraduate Students had significantly higher mean score (M = 8.68) on the knowledge index. A positive correlation was found between students’ confidence in their own financial management and their financial knowledge (r = .245, p = .003, n = 143). Students were “somewhat comfortable” with their own personal money management. This suggests that students are not gaining the skills they need to successfully navigate the complexities of the personal finance landscape. Further, it suggests that they will not be well-equipped to help clients in this area. When compared to their scores on the financial knowledge index, students who were more comfortable with their own money management had significantly higher scores on the financial knowledge index.

Conclusions

Financial literacy is knowledge of individuals around the financial products, institutions, and concepts. Further, FL is a skill which engage to the interest rate counting, financial management, financial planning. For face the economic recession, reductions in social programming, and an increased emphasis on individual accountability, there is an expanded need for academic institutions to prepare students in human services and financial professions to be competent financial practitioners by the economy. Specifically, academic social work programs should consider adding financial social work curriculum to their course offerings. Financial social work is a relatively new content area that creates opportunities for students to develop knowledge and skills related to personal financial behaviors as well as the skills and knowledge needed to assist clients and client groups in resolving financial problems and equipping them with the skills needed to make sound decisions.

References


Study of HR practices and its’ impact on labor productivity: 
Katunayake Export Processing Zone apparel industry

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Introduction

Human Resource has become a valuable and significant asset for business organization due to its specific capability of guiding them towards achieving common goals. Moreover, Human Resources (HR) often account for a large part of an organization’s cost structure. Therefore, organizations should provide considerable attention on their human resources. The success of an organization mainly depends on its labor productivity. It is concerned as a vital part of an organization. The concept of productivity is related to manufacturing and services with reference to tangible and intangible inputs and outputs (Adam & Ebert, 1992). Productivity is referred to as the improvement in the quantity and quality of goods and services and the effectiveness of the system and optimization of the output through increased efficiency or minimizing the use of resources (Duckering, 2001). Human Resource Management (HRM) is known as the central business concern that shapes the behavior, attitudes and performance of the employees, hence, HR practices are important tools for organizational performance.

Apparel industry is the highest labor utilization sector in Sri Lanka (Chathurika et al at 2013). Shortage of skilled labor available to the industry is another factor adversely affecting productivity. Consequently, it is more difficult to use the existing labor in the most efficient manner; and as the supply of labor is less than the demand leads to low productivity in results. It is often pointed out that labor productivity in Sri Lanka is low compared with that in other garment-exporting countries (Kelegama & Eparachchi, 2002). It is very much important to match people with the organization and the job to achieve the expected level of productivity. Employers should aware about the dynamic and changing environment of the employees.

Managers should highly focus on labors’ productivity, because the success of the organization depends on the hands of the employees.

Main objective of the research was to identify the relationship of the HR practices dimension that influence to the labor productivity of Apparel sector in Sri Lanka. Other objectives were to identify the Labor Productivity measurement & dimensions, identify the impact of the HR practices dimensions on Labor Productivity and identify the most and least important HR practices that influence to Labor Productivity in Apparel sector. Independent variable has been used the parameters of Recruitment and selection, Training and development, Performance evaluation, Promotion practice, Compensation & benefits & Grievances handling system and dependent variable has been used the parameters of Motivation level of work force, Awareness of optimal productivity level, Labor turnover and absenteeism, Level of technology, Lead time & Labor relations to measure the labor productivity.
Methodology

Use stratified sampling technique by using probability proportion to the population. The population was Katunayake Export Processing Zone (KEPZ). The survey was conducted being based on a sample of 150 operational level employees in garment factories in KEPZ. Sample unit was one operational level employee. Further self-administered questionnaire was used to gather information from the sample. Questionnaire was based on five point Likert scale. Both descriptive and inferential techniques were used to analyze data. Descriptive statistic techniques were used to measure and summarize the attributes of the sample. Furthermore, Correlation coefficient analysis was used to measure the degree of linear association between two variables and identify the most and least important HR practices that influence to the labor productivity. Multiple regression analysis was also used to combine contribution of Recruitment and selection, Training and development, Performance Evaluation, Promotion Practice, Compensation & Benefits & Grievances Handling System. Derived Multiple Regression equation as follows,

\[ LP = A + \beta_1RS + \beta_2TD + \beta_3PE + \beta_4PP + \beta_5CB + \beta_5GH + \varepsilon \]

Results and Discussions

According to the descriptive analysis (Table 1), almost all input variable averages were in the range of \( 1 \leq x < 2.5 \). This illustrates that almost all participants are satisfied with the current practices.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment and selection (R&amp;S)</td>
<td>2.1978</td>
<td>0.4794</td>
</tr>
<tr>
<td>Training and development (T&amp;D)</td>
<td>1.9828</td>
<td>0.4569</td>
</tr>
<tr>
<td>Performance Evaluation (PE)</td>
<td>2.1067</td>
<td>0.4459</td>
</tr>
<tr>
<td>Promotion Practice (PP)</td>
<td>2.0567</td>
<td>0.3449</td>
</tr>
<tr>
<td>Compensation &amp; Benefits (C&amp;B)</td>
<td>1.8267</td>
<td>0.5016</td>
</tr>
<tr>
<td>Grievances Handling System (GHs)</td>
<td>1.7179</td>
<td>0.4469</td>
</tr>
</tbody>
</table>

Source: Minitab output of surveyed data

Furthermore, the correlation and regression analysis were conducted to determine the strength of relationship and relative contribution of independent variables on dependent variables. Human resource practices have significance positive correlation on labor productivity under the significance level of 0.05. Further, correlation analysis was proved Training and development (0.802) was the most important factor and promotion practice (0.537) was the least important factor to influence Labor productivity.
Table 2: Summary of Correlation analysis (with Hypothesis)

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Correlation</th>
<th>P Value &lt; Significant level</th>
<th>Null Hypothesis (H0)</th>
<th>Alternative Hypothesis (H1)</th>
<th>Most &amp; Least Important Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;S</td>
<td>0.606</td>
<td>0.000 &lt; 0.05</td>
<td>Rejected</td>
<td>Accepted</td>
<td></td>
</tr>
<tr>
<td>T&amp;D</td>
<td>0.802</td>
<td>0.000 &lt; 0.05</td>
<td>Rejected</td>
<td>Accepted</td>
<td>Most</td>
</tr>
<tr>
<td>PE</td>
<td>0.553</td>
<td>0.000 &lt; 0.05</td>
<td>Rejected</td>
<td>Accepted</td>
<td></td>
</tr>
<tr>
<td>PP</td>
<td>0.537</td>
<td>0.000 &lt; 0.05</td>
<td>Rejected</td>
<td>Accepted</td>
<td>Least</td>
</tr>
<tr>
<td>C&amp;B</td>
<td>0.762</td>
<td>0.000 &lt; 0.05</td>
<td>Rejected</td>
<td>Accepted</td>
<td></td>
</tr>
<tr>
<td>GHs</td>
<td>0.692</td>
<td>0.000 &lt; 0.05</td>
<td>Rejected</td>
<td>Accepted</td>
<td></td>
</tr>
</tbody>
</table>

Source: Minitab output of surveyed data

Apart from that, R square between Human resource practices and labor productivity was 82.1 percent. It can be identified that 17.9 percent unexplained variation which is elaborated that model was fitted with data due to explained variation was highly significant than unexplained variation.

**Conclusions**

As per the findings of the research, it was observed that there is a strong positive correlation between human resource practices and labor productivity. Further, it can be identified that training and development was the most important factor and promotion practice was the least important factor to influence the labor productivity.

Moreover, it was observed that the employees are satisfied with all six labor productivity dimensions (Motivation level of work force, Awareness of optimal productivity level, Labor turnover and absenteeism, Level of Technology, Lead time, Labor relations) in the apparel industry. Further, it revealed that changes in human resource practices are affected to labor productivity. It was revealed that all six human resource practices (Recruitment and selection, Training and development, Performance evaluation, Promotion practice, Compensation and benefits, Grievances handling system) identified within this study context, were affecting to labor productivity in positive manner.

**References**


Stock market-growth Nexuses: An application of dynamic panel data analysis for developed and emerging markets

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Introduction

Stock market is one of the key players in the financial system which provides the long term capital requirements for the investment projects that drive the long run economic growth. However, there is no consensus yet about the existence of Finance Led Growth Hypothesis and the Growth Led Finance Hypothesis. In particular, scholars such as McKinnon (1973), Show (1973), Bencivenga and Smith (1991) and Beck and Levine (2004) were confirmed the Finance Led Growth Hypothesis while Patrick (1966), Ireland (1994), Dritskai and Melina (2005) and Capasso (2006) were supported for Growth Led Finance Hypothesis. Additionally, Lucas (1988) was emphasized that role of the stock market has been “Over-Stressed” by the financial literature. The current study attempts to resolve the conflicting views in the literature and also the methodological and estimation problems by employing GMM, Dynamic Panel Data Analysis for both developed and emerging markets over the period of 1990 - 2010.

Methodology

The study has focused on 20 developed and emerging markets. The annual data were collected from the World Bank data series over the period of 1990-2010. Mainly, Dynamic Panel data analysis was carried out based on Generalized Method of Moment (GMM) to model the stock-growth linkages. Further, Im, Pesaran and Shin (IPS) and Augmented Dickey-Fuller (ADF), Panel Unit Roots tests together with Pedroni Panel Co-integration test and Kao Panel Co-integration test were employed to check the stationary and the co-integration respectively. The estimated empirical models can be interpreted as follows.

\[ \ln\text{RGDP}_{i,t} - \ln\text{RGDP}_{i,t-1} = \alpha_1 (\ln\text{RGDP}_{i,t-1} - \ln\text{RGDP}_{i,t-2}) + \gamma_1'(\text{STOCK}_{i,t} - \text{STOCK}_{i,t-1}) + \beta_1'(X_{i,t} - X_{i,t-1}) + (e_{1i,t} - e_{1i,t-1}) \]  

\[ \text{STOCK}_{i,t} - \text{STOCK}_{i,t-1} = \alpha_2 (\text{STOCK}_{i,t-1} - \text{STOCK}_{i,t-2}) + \gamma_2'(\ln\text{RGDP}_{i,t} - \ln\text{RGDP}_{i,t-1}) + \beta_2'(X_{i,t} - X_{i,t-1}) + (e_{2i,t} - e_{2i,t-1}) \]  

Where, \( \text{STOCK} \) is a composite index for stock market development which was calculated incorporating market capitalization, total value traded and stock market turnover ratio. Similarly, \( \ln\text{RGDP} \) refers to the log value of the real GDP and \( X \) is the vector of explanatory variables. Since, there is no consensus about the direction of the causality between stock market development and economic growth yet; both equation (1) and (2) constructed by changing the dependent variable. The endogeneity problem was overcome by introducing the lag values of the regressors’ as the instruments based on the following moment conditions.

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Further, Sagarn Test and Serial Correlation Test were conducted to check the validity of the instruments and the presence of the serial correlation respectively.

**Result and Discussion**

According to the model 01 explained in the table 01, stock market development positively and significantly linked with the economic growth rate. Hence, it confirms that stock market development stimulates the economic growth of emerging economies. The result is consistent with Levine and Zervos (1998), Beck and Levine (2004), and Yuncu (2007). Further, the results also indicate the lag of the real GDP, labor, openness and per capita income also positively and significantly affect the economic growth. In contrast, the model 02 captures the impact of economic growth on stock market development (The reverse causality) by employing stock market development as dependent variable. According to the results, economic growth does not significantly affect stock market development in emerging markets.

**Table 01: Results of GMM Dynamic Panel Data Analysis for Emerging Markets**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficients</th>
<th>Variable</th>
<th>Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Log of Real GDP(-1)</td>
<td>0.4795***</td>
<td>Stock Market Develop(-1)</td>
<td>0.4424*</td>
</tr>
<tr>
<td></td>
<td>(7.0721)</td>
<td></td>
<td>(1.7208)</td>
</tr>
<tr>
<td>Stock Market Develop.</td>
<td>0.0209***</td>
<td>Log of Real GDP</td>
<td>-0.0798</td>
</tr>
<tr>
<td></td>
<td>(3.8504)</td>
<td></td>
<td>(-0.0358)</td>
</tr>
<tr>
<td>Log of Capital</td>
<td>0.0212</td>
<td>Log of Capital</td>
<td>-0.1737</td>
</tr>
<tr>
<td></td>
<td>(0.4892)</td>
<td></td>
<td>(-0.1371)</td>
</tr>
<tr>
<td>Log of Labor</td>
<td>0.3794**</td>
<td>Log of Labor</td>
<td>3.4266</td>
</tr>
<tr>
<td></td>
<td>(2.5662)</td>
<td></td>
<td>(0.8847)</td>
</tr>
<tr>
<td>Log of Openness</td>
<td>0.1954***</td>
<td>Log of Openness</td>
<td>-0.0951</td>
</tr>
<tr>
<td></td>
<td>(4.6105)</td>
<td></td>
<td>(-0.0873)</td>
</tr>
<tr>
<td>Log of Per Capita Income</td>
<td>0.2343***</td>
<td>Log of Per Capita Income</td>
<td>0.1717</td>
</tr>
<tr>
<td></td>
<td>(6.3811)</td>
<td></td>
<td>(0.1372)</td>
</tr>
<tr>
<td>Log of Inflation</td>
<td>0.0010</td>
<td>Log of Inflation</td>
<td>-0.0015</td>
</tr>
<tr>
<td></td>
<td>(0.1660)</td>
<td></td>
<td>(-0.0153)</td>
</tr>
<tr>
<td>Economic Crisis</td>
<td>-0.0172**</td>
<td>Economic Crisis</td>
<td>-0.3492**</td>
</tr>
<tr>
<td></td>
<td>(-2.2108)</td>
<td></td>
<td>(-2.1199)</td>
</tr>
</tbody>
</table>

Source: Author’s Calculation based on the World Bank Data

1 Sargan Test has the null hypothesis that the over-identifying restrictions are valid.
2 Serial Correlation Test has the null hypothesis of error terms are not serially correlated.
As model 03 summarized in the table 2, all the regressors except economic crisis positively link with the economic growth of countries with developed markets. Particularly, stock market development is positive and statistically significant highlighting presence of Finance Led Growth Hypothesis. These results for developed markets are also consistent with the cross-country and panel data analysis by Levine and Zervos (1998) and Beck and Levine (2004).

Table 02: Results of GMM Dynamic Panel Data Analysis for Developed Markets

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficients</th>
<th>Variables</th>
<th>Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Log of Real GDP(-1)</td>
<td>0.5309***</td>
<td>Stock Market Develop.(-1)</td>
<td>-0.2429 (-0.8808)</td>
</tr>
<tr>
<td></td>
<td>(3.6861)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock Market Develop.</td>
<td>0.0269**</td>
<td>Log of Real GDP</td>
<td>9.4366***</td>
</tr>
<tr>
<td></td>
<td>(2.0944)</td>
<td></td>
<td>(2.8656)</td>
</tr>
<tr>
<td>Log of Capital</td>
<td>0.0032</td>
<td>Log of Capital</td>
<td>2.2623**</td>
</tr>
<tr>
<td></td>
<td>(0.0570)</td>
<td></td>
<td>(2.2130)</td>
</tr>
<tr>
<td>Log of Labor</td>
<td>0.4017</td>
<td>Log of Labor</td>
<td>-5.4799</td>
</tr>
<tr>
<td></td>
<td>(1.3172)</td>
<td></td>
<td>(-1.0144)</td>
</tr>
<tr>
<td>Log of Openness</td>
<td>0.0917**</td>
<td>Log of Openness</td>
<td>0.8908</td>
</tr>
<tr>
<td></td>
<td>(2.1278)</td>
<td></td>
<td>(1.1064)</td>
</tr>
<tr>
<td>Log of Per Capita Income</td>
<td>0.0608**</td>
<td>Log of Per Capita Income</td>
<td>1.2299**</td>
</tr>
<tr>
<td></td>
<td>(2.4210)</td>
<td></td>
<td>(2.1979)</td>
</tr>
<tr>
<td>Log of Inflation</td>
<td>0.0007</td>
<td>Log of Inflation</td>
<td>-0.1831*</td>
</tr>
<tr>
<td></td>
<td>(0.2242)</td>
<td></td>
<td>(-1.9228)</td>
</tr>
<tr>
<td>Economic Crisis</td>
<td>-0.0198***</td>
<td>Economic Crisis</td>
<td>-0.0035</td>
</tr>
<tr>
<td></td>
<td>(-3.8772)</td>
<td></td>
<td>(-0.0408)</td>
</tr>
</tbody>
</table>

Source: Author’s Calculation based on the World Bank Data

1 Sargan Test has the null hypothesis that the over-identifying restrictions are valid.
2 Serial Correlation Test has the null hypothesis of error terms are not serially correlated.

*** - Significant at 1%  ** - Significant at 5%  * - Significant at 10%

The model 4 which investigates the reverse causality between economic growth and stock marketed development stressed that economic growth of developed economies affects the stock market development. The results are consistence with Robinson (1952), Patrick (1966), Ireland (1994), Dritskai and Melina (2005) and Capasso (2006) who have confirmed the Growth – led Finance Hypothesis. In fact, the higher economic performances and expansion of the industrial and service sectors in developed economies essentially create a higher demand for financial assets which ensures the development of stock markets as well.
Conclusions

The empirical findings proved the long run relationship between stock market development and economic growth. Further, GMM estimations confirmed that stock market development promotes the economic growth of both emerging and developed markets. However, the direction of the causality in emerging market differs from the developed markets. Emerging markets account for only uni-directional causality which runs from stock market development to economic growth supporting the Finance Led Growth Hypothesis. In contrast, developed markets support for both Finance Led Growth and Growth Led Finance Hypotheses reflecting the bi-directional causality between stock market and economic growth. Ultimately, study recommends promoting stock market activities in order to stimulate the economic growth of both developed and emerging markets.

References


A Study of impact of accounting record keeping practices on financial performance of SMEs – Evidence from Badulla District Sri Lanka

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Introduction

Accounting practice refers to the ordinary, practical application of accounting and or auditing policies that occur within a business (European Commission, 2008). The American Institute of Certified Public Accountants defines accounting record keeping as the analysis, classification and recording of financial transactions in books of accounts to permit informed judgment and decision making by the users of the information. SMEs play important roles in the economic growth and sustainable development of every nation (Maseko and Manyani, 2011). Failure to record business transactions (bookkeeping) leads to collapsing of the business within few month of its establishment (Muchira, 2007). It has been recognized that appropriate accounting information is important for a successful management of any business entity, whether large or small (European Commission, 2008). One of the reasons for failure of SMEs is not having proper accounting practices (David and Thomas, n.d.; Ramawickrama, 2011; Scovia, 1998). In other words there is a direct relationship between book keeping and financial performance. Therefore, poor book keeping would lead to poor financial performance and proper book keeping would lead to better financial performance of the SMEs. As such there is need for the owners and managers of the SMEs to embrace proper book keeping practices in order to be successful in their financial performance (David and Thomas, n.d.).

There were only few studies conducted in Sri Lankan with regard to the accounting recordkeeping of Sri Lankan SMEs and financial performance Karunannda and Jayamaha, n.d.). Accordingly, the first objective was to identify the relationship between accounting record keeping practices and financial performance of the SMEs and second objective was to identify the challenges SME owners face in their record keeping in SMEs.

Methodology

The population of this study was SMEs which have got registered in Chamber of Commerce in Badulla District Sri Lanka. Only 50 SMEs was used to collect data. The convenience sampling technique was used for the purpose of the research by covering the Divisional Secretariats of Badulla district Structured questionnaire was used to collect quantitative data and further few focus group discussions were carried out to confirm the results. Descriptive statistics, Pearson correlation coefficient and multiple linear regressions were used to analyze quantitative data. The analyzed data were presented using tables and graphs. In addition, Cronbach Alpha reliability test was employed to assess the validity of the questionnaire and it was 0.77. The financial accounting practices measure by using accounting system (AS), accounting principles (AP), accounting transactions (AT), double entry bookkeeping (DE), use of accounting formats (AF), financial statements (CFS). Sales growth (SG) used to measure financial performance.
Results and Discussion

According to Table 1 Pearson Correlation Coefficient analysis the accounting system and principles have negative relationship with financial performance and other four dimensions were having positive relationship. All the correlations were significant at 0.05 levels.

Table 01: Pearson Correlation Coefficient Analysis of Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>AS</th>
<th>AP</th>
<th>AT</th>
<th>DE</th>
<th>AF</th>
<th>CFS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson correlation coefficient</td>
<td>-0.284</td>
<td>-0.477</td>
<td>0.455</td>
<td>0.459</td>
<td>0.426</td>
<td>0.547</td>
</tr>
<tr>
<td>Sig</td>
<td>0.023</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.001</td>
<td>0.000</td>
</tr>
</tbody>
</table>

There were negative relationships between financial performance and accounting systems and accounting principles. SMEs were not paying more attention on preparing budgets, variance analysis, cost statements, share financial information with third parties and Using cash basis, accrual basis and taking previous period ending balance as opening balance of present period were accounting principles used for keeping financial records.

The regression formula of the study was, \( FP = -0.772 + (-0.340 \times AS) + (-0.263 \times AP) + 0.662 \times AT + 0.303 \times DE + 0.280 \times AF + 0.438 \times CFS + \varepsilon \). In accordance with the regression equation the constant value is \(-0.772\). The value of Adjusted R Square was 0.663 which implies that 66% of the variation in firm performance could be explained by the changes in financial statements, accounting principles, format of an account, accounting system, double entry, financial records. This value indicates that 66% of the variance in financial performance can be predicted from the variables in financial statements, accounting principles, format of an account, accounting system, double entries and financial records. The model being significant at 0.05 confidence level indicates that the independent variables of this study which are financial statements, accounting principles, format of an account, accounting system, double entry, financial records greatly contribute to the variation in financial performance.

Table 02: Challenges faced by SMEs in record keeping

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of Accounting Knowledge</td>
<td>16</td>
<td>32.0</td>
</tr>
<tr>
<td>Cost and Time Constraints</td>
<td>8</td>
<td>16.0</td>
</tr>
<tr>
<td>Lack of Guiding Accounting Rules</td>
<td>22</td>
<td>44.0</td>
</tr>
<tr>
<td>Poor Management</td>
<td>2</td>
<td>4.0</td>
</tr>
<tr>
<td>Negative Perception about Accounting Practices</td>
<td>2</td>
<td>4.0</td>
</tr>
</tbody>
</table>

The Table 2 express 44% of SMEs were facing the challenge of lack of guidance about the accounting record keeping. Majority of the SME owners did not have proper knowledge about the accounting record keeping and accounted to 32% of the study. Firms were using practices built on
their own. The reason for this is SMEs not having proper knowledge about the accounting practices. Furthermore firms believed that accounting record keeping was an additional cost for the firm and it was a time consuming activity. Due to this SMEs are facing problems in providing information to other parties. And it badly affected to the firm as well. Because of that to obtain funds to the firm SMEs did not have proper records to prove the performance of the firm. In this study it is implied by 16% SMEs suffering cost and time constraints when keeping financial records.

Conclusions

The accounting record keeping practices that have negative relationship with financial performance was consists with accounting system and accounting principle. It can be concluded that for the increase of financial performance was not influenced by accounting system and accounting principles. There was weak positive relationship between financial performance and double entry, financial record and format of an account. SMEs were used sales day book, purchase day book, cash book, petty cash book, bank transaction book, debit book, credit book and salary records for keep the transaction occurred in the firm. Majority of SMEs were used financial statements for financial decision making in the firm and investments decisions of the firm. It was emphasized that financial statements were highly impact on the increase of firm performance. In the regression analysis 66% of the variance in financial performance can be predicted from the variables in financial statements, accounting principles, format of an account, accounting system, double entry, financial records and model was significant at 0.05 levels. In the other words poor record keeping practices would lead to poor firm performance of SMEs. The first objective of the study was proved from this study; there was direct relationship between accounting record keeping practices and financial performance of the SMEs. Due to lack of knowledge about the accounting record keeping practices SMEs were suffer from the decision making. Moreover lack of guiding about accounting practices causes to create a gap of accounting knowledge of SMEs owners. On that basis they willing to used accounting practices developed by themselves. It will significantly influence on the financial performance in various ways. Due to use of own developed practices creates problems on comparing financial information of firms and presenting of financial information. Considering about the second objective mainly identified challenges were lack of guiding accounting rules, lack of accounting knowledge and cost and time constraints.

Acknowledgement

Owners of small medium scale enterprises in Badulla district, Divisional Secretariats Office staff members and the staff of Chamber of Commerce in Badulla district for their kind contribution to finding information for this study, are acknowledged.

References


An empirical study on adjustment of stock prices to information implicit in stock splits: Evidence from Colombo Stock Exchange

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Faculty of Management Studies, Rajarata University of Sri Lanka, add full address

Introduction

Announcements of stock split have been very common phenomena among firms with the implementation of the new Companies Act No. 07 of 2007. Stock splits are only cosmetic transactions that increase the number of shares outstanding while decreasing the share price. There are numerous theories to explain reasons for stock splits by corporations. Among them, most of the empirical studies, especially on developed markets, have been carried on for the optimal trading range hypothesis and signaling hypothesis. However, in case of Sri Lanka, only a few studies are found in literature in relation to this area, of which Gunnathilaka and Kongahawatte, (2011) and Hua and Ramesh (2013) are only the published studies available in the literature. They find that the market reacts positively to stock split announcements and the information implicit on the announcements are accurately and instantly incorporated into stock prices. Accordingly, this study intends to contribute to the existing literature by providing additional insights on information implicit on stock split announcements. Therefore, the objective of this study is to examine the impact of stock split announcement on stock prices and whether the prices are efficiently adjusted to such information on the CSE.

Data and Methodology

The sample period of this study is five years, from 1st January, 2009 to 31st December, 2013. A total of 61 stock splits announcements on the CSE were selected for the sample as shown in Table 1. This study is based on daily data obtained from the Data Library of CSE. The standard event study methodology as discussed in Brown and Warner (1980, 1985), and Campbell, Lo and MacKinlay (1997) is used to evaluate the reaction of stock prices to the announcement of stock splits and for assessing semi-strong form of market efficiency on the CSE. The event window consists of total of 3 days, the day before the event date, the day after the event date and the event day itself. A 41-day investigation window is defined for this study, which extends from day –20 through day +20 relative to the day of the stock split issue announcement (t =0). The estimation window includes 100 days before the investigation window.

Abnormal returns are determined for each sample firm event over the investigation window. The abnormal return is the different between actual return and the expected return. The expected returns are computed using Market Model of which the parameters are estimated in the estimation window and are assumed to be constant over the investigation window. The test statistics proposed by Brown and Warner (1985) are used to assess whether the Average Abnormal Returns (AARs) and the Cumulative Average Abnormal Returns (CAARs) of each day in the investigation window are statistically significant.
Results and Discussion

As shown in Table 2, positive significant AARs are observed on the day of the stock split announcements (t=0) and the day after the announcements (t=1). Consistent with the similar studies conducted by Gunnathilaka and Kongahawatte, (2011) and Hua and Ramesh (2013) on the CSE, these findings reveal that the CSE reacts positively to stock split announcements.

Table 01: The Stock Split Announcements and Selection of Events to the Sample of the Study

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of stock splits by equity shares</th>
<th>Elimination of Events</th>
<th>No. of stock split announcements selected to the sample</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of stock splits by non-voting equity shares</td>
<td>No. of shares infrequently traded</td>
</tr>
<tr>
<td>2009</td>
<td>03</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2010</td>
<td>33</td>
<td>02</td>
<td>01</td>
</tr>
<tr>
<td>2011</td>
<td>27</td>
<td>05</td>
<td>-</td>
</tr>
<tr>
<td>2012</td>
<td>04</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2013</td>
<td>03</td>
<td>01</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>08</td>
<td>01</td>
</tr>
</tbody>
</table>

Based on the sample selection criteria, of the total of 70 stock split announcements during the sample period, 08 announcements are eliminated due to the fact that stock split is made for non-voting ordinary shares, 01 announcement has not been included in the sample due to infrequent trading. There are no multiple announcements together with stock split announcement. Therefore, only 61 number of stock split announcements have been selected to the research sample.

Table 02: Behavior of Average Abnormal Returns (AARs) and Cumulative Average Abnormal Returns (CAARs) on and around Stock Split Announcement Day

<table>
<thead>
<tr>
<th>Day</th>
<th>AAR</th>
<th>t statistic</th>
<th>CAAR</th>
<th>t statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>-10</td>
<td>0.277</td>
<td>0.396</td>
<td>3.508</td>
<td>1.592</td>
</tr>
<tr>
<td>-9</td>
<td>-0.083</td>
<td>-0.153</td>
<td>3.425</td>
<td>1.488</td>
</tr>
<tr>
<td>-8</td>
<td>-0.782</td>
<td>-1.327</td>
<td>2.642</td>
<td>1.103</td>
</tr>
<tr>
<td>-7</td>
<td>-0.527</td>
<td>-0.377</td>
<td>2.115</td>
<td>0.851</td>
</tr>
<tr>
<td>-6</td>
<td>-0.590</td>
<td>-0.794</td>
<td>1.526</td>
<td>0.593</td>
</tr>
<tr>
<td>-5</td>
<td>-0.663</td>
<td>1.636</td>
<td>0.862</td>
<td>0.325</td>
</tr>
<tr>
<td>-4</td>
<td>0.055</td>
<td>1.494</td>
<td>0.918</td>
<td>0.335</td>
</tr>
<tr>
<td>-3</td>
<td>-0.214</td>
<td>0.220</td>
<td>0.704</td>
<td>0.250</td>
</tr>
<tr>
<td>-2</td>
<td>0.562</td>
<td>1.621</td>
<td>1.267</td>
<td>0.437</td>
</tr>
<tr>
<td>-1</td>
<td>0.596</td>
<td>0.817</td>
<td>1.862</td>
<td>0.627</td>
</tr>
</tbody>
</table>


When the CAARs are considered, they are significant on the day of announcements and over a period of eight days (from t=1 to t=8) after the announcements. This behaviour of CAARs shows that share prices adjust fully to the stock split announcements over a period of, on average, 8 days. Therefore, instantaneous and unbiased share price adjustments to stock split announcements cannot be observed on the CSE over the period of the study. It is important to note that these findings are not consistent with the similar empirical studies of Gunnathilaka and Kongahawatte, (2011) and Hua and Ramesh (2013) on the CSE.

**Conclusion**

This study attempts to examine whether the stock split announcements impact positively on stock prices and the CSE is efficient in its semi-strong form sense in relation to these announcements over the period from 2009 to 2013 employing the standard event study methodology. The findings of the study reveal that the CSE positively react to the stock split announcements. However, inconsistent with the similar previous studies on the CSE, it is found that stock prices are not accurately and quickly adjusted to the stock split announcement information. Thus, it can be concluded that the CSE is not an efficient stock market in its semi-strong form over the period of the study. An implication of this study is that relevant regulatory authorities have to intervene the market to make sure that trading is taken place at fair market prices. Further, the findings of this study provide incentive for creating innovative financial products which improve investors’ active market participations, thereby making the market moving towards efficiency in the long-run.

**References**


Source: Data Library of CSE
Relationship of job satisfaction and organizational commitment: A Field study in insurance sector

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Introduction

“Employee satisfaction” and “organizational commitment” are two main concepts associated with the retention of personnel in a variety of occupational settings. Job satisfaction is affected by personal and organizational factors, which cause an emotional reaction affecting organizational commitment (Mowday, Steers & Porter 1979). Organizational Commitment is a behavioral situation which explains further as the power of identification and involvement of an individual with a certain organization (Porter, steers Mowday and Boullan 1974). Job satisfaction influences people’s attitude towards their jobs and various aspects of their jobs (Spector 1997).

This study assessed the relationship between job satisfaction and organizational commitment among insurance agents in Colombo district. There are contradictory findings relating to the relationship between job satisfaction and organizational commitment. Suma, S. and Lesha, J. (2013) stated that there is a positive strong relationship between job satisfaction and organizational commitment, while Curriivan(1999) and Malik, M. E et.al (2010) revealed that there is a negative relationship between job satisfaction and organizational commitment. Moreover, Kang-Lin Chao(2010) concluded that there is a no relationship between job satisfaction and organizational commitment. Further, According to Insurance Board of Sri Lanka annual reports, there were 65,000 agents who worked in the field in 2010 and it has rapidly decreased to the 32,651 in 2011. This study empirically evaluated eight job satisfaction dimensions (pay, promotion, supervision, fringe benefits, operating conditions, co-workers nature of work and communication) and their impact on organizational commitment.

Methodology

One hundred insurance agents who were selected from the 5 insurance companies which have highest contribution to the total number of agents with reference to Colombo district were included in the sample. Primary data were gathered through an adopted questionnaire. Descriptive analysis, correlation coefficient analysis and multiple linear regression analysis were used as data analysis technique.

Results and Discussion

In this study, it was found that the most of the insurance agents agree with the existing level of job satisfaction and organizational commitment in insurance sector. Furthermore the study revealed that under the independent variable, majority of the insurance agents have agreed with the existing level of pay, promotion, supervision, fringe benefits, coworkers, nature of work and communication while moderately agree with the operating conditions. In the Organizational Commitment dimensions most of the agents have agreed with affective commitment and normative commitment.
whereas moderately agree with continuance commitment. Moreover it revealed that there is a positive relationship between job satisfaction and organizational commitment. Correlation between the job satisfaction (independent variable) and organizational commitment (dependent variable) was 0.656 and which implied that there was a moderate positive relationship between job satisfaction and organizational commitment. Fringe benefits dimension (0.768), pay (0.563), operating conditions (0.637), coworkers (0.554) and nature of work (0.568) had strong positive relationship though promotion (0.471) has weak positive relationship with organizational commitment. According to multiple regression analysis, pay, promotion, fringe benefits, operating conditions, nature of work and communication were highly significant for the model as its p-values were less than 0.05.

Table 01: Coefficients of Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th>Predictor</th>
<th>ß Coefficients</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay</td>
<td>0.26450</td>
<td>0.000</td>
</tr>
<tr>
<td>Promotion</td>
<td>0.11361</td>
<td>0.037</td>
</tr>
<tr>
<td>Supervision</td>
<td>0.05485</td>
<td>0.742</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>0.19570</td>
<td>0.001</td>
</tr>
<tr>
<td>Co workers</td>
<td>0.08721</td>
<td>0.100</td>
</tr>
<tr>
<td>operating conditions</td>
<td>0.18303</td>
<td>0.004</td>
</tr>
<tr>
<td>nature of work</td>
<td>0.25683</td>
<td>0.000</td>
</tr>
<tr>
<td>Communication</td>
<td>0.11194</td>
<td>0.028</td>
</tr>
</tbody>
</table>

Finally, multiple regressions model can be illustrated as follows,

\[
OC = 0.530 + 0.265 P + 0.114 PR + 0.196 FB + 0.183 OC + 0.257 NW + 0.112 C
\]

R square value for the model was 0.745. It represents 74.5 percent of variation in organizational commitment which was explained by pay, promotion, supervision, fringe benefits, operating conditions, coworkers, nature of work and communication. Therefore there was 25.5 percent of unexplained variation in this model.

**Conclusion**

Pay, promotion, fringe benefits, operating conditions, nature of work and communication dimensions had an impact on organizational commitment while supervision and co-workers are not significant dimension. Above independent dimensions define organizational commitment by 71.8 percent. It implies, by improving the above six dimensions, it can ultimately enhance the overall organizational commitment among insurance agents.
References


Bolster entrepreneurial attitudes and intention among post-graduates in India

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Introduction

There is a huge increase in youth unemployment compared to adult unemployment in many regions and persistently high throughout the world (ILO, 2013). Unfortunately, majority of youth labor force prevail in developing economies, where Asia takes the lead. Being the second largest country, huge number of youth domiciliate in India next to China. Large number of youth in India experiences the challenge of structural and frictional unemployment.

The latest unemployment figures released by Ministry of Statistics and Programme Implementation showed a remarkable unemployment in India continued to rise. The entrepreneurship is one of the best career options to relieve from the challenges of unemployment. It plays a vital role in creating new, competitive markets and businesses which lead to job creation and have a multiplying effect on the economic development of the country (Christy & Dassie, 2000; Saini, 2001; UNDP, 2001; Lumpkin & Dress, 1996). Cognize the prominence of entrepreneurship, policy makers in India introduce several schemes to reduce the level of unemployment. Yet, the young generation in India recedes to take-up entrepreneurship as their career option.

Becoming an owner of an enterprise could be an alternative for a young person who has an entrepreneurial mindset but needs a person to possess some basic requirements like skills, attitudes and knowledge. Individuals could exhibit varied level of skills, attitudes and knowledge, based on their education, personal traits, environmental and social influences. Hence there is link between education, personal traits, and entrepreneurial behaviour. Thus this research is aimed at providing additional insights and understanding of the relationship between educational differences, entrepreneurial attitude, intention and entrepreneurial behavior. This can help to develop interventions that will enable the individuals to channelize their efforts towards venture initiation.

Methodology

The empirical analysis has been carried-out on a sample of final year postgraduate students from science and humanities fields of study, during academic year 2013-2014 from non-autonomous colleges in India. The sample size consists of 701 postgraduate students from the various colleges affiliated to Bharathiar University which represents 77% response rate from the total of 900 in the targeted fields of studies. Study used stratified random sampling method to select the sample respondents for the questionnaire.
The questionnaire consisted of two parts. The first part consists of demographic profile of the respondents. Second part consisted of questions eliciting information about Entrepreneurial Intention, Entrepreneurial attitude and Entrepreneurial Behavior. The survey instrument was based on a five-point Likert scale to determine the extent of the agreement or disagreement with the statements.

Study employed Structural Equation Model (SEM) to examine the relationship between entrepreneurial attitudes, intention and behavior and the differences among respondents’ behavior towards entrepreneurial activity according to their domain of specialty variation.

Results and Discussion

The structural regression model is presented in Figure 1. The model is formulated in AMOS notation using Achievement, Innovation, Self-esteem, personal control, commitment, risk-taking, attitude, feasibility, desirability, motivation, inclination and aspiration for the observed variables, $f_1$ to $f_{12}$ for the error terms associated with the observed variables, and latent variables are known as entrepreneurial attitude, entrepreneurial intention and entrepreneurial behavior. The model examines how entrepreneurial intention and entrepreneurial attitude together effect on entrepreneurial behavior among postgraduate students. Unstandardized estimates are presented in the figure.

![Figure 01: Entrepreneurial attitude, Intention and entrepreneurial behavior](image)

The proposed behavioral model reveals the excellent overall adaptive degree between model and observed data, proving that the theoretical model can fully explain observed data and further compare the effects of all variables. The significance test of estimated parameters of the model shows that entrepreneurial intention and entrepreneurial attitude have significant impact on behavior. The SEM relating to the measurement model fitted with data ($\chi^2 = 218.6$, d.f. = 51, $p<0.001$; goodness-of-fit index (GFI) = 0.954; comparative fit index (CFI) = 0.932; Tucker-Lewis index (TLI) = 0.912; adjusted goodness-of-fit index (AGFI) = 0.930; and the badness-of-fit index relating to the root mean square error of approximation (RMSEA) = 0.069). The GFI and CFI index are above the threshold level of 0.90 which suggests a good fit model. The AGFI was above the 0.8 guideline, and the level of RMSEA was acceptable (below 0.1).
Both the entrepreneurial intention (i.e., path parameter of 0.70 (p<0.05)) and entrepreneurial attitude (i.e., path parameter of 0.14 (p<0.05)) factors were significant. Students reporting higher entrepreneurial intention were more likely to enroll in entrepreneurial endeavor. Moreover, students reporting higher level of entrepreneurial intention were also more likely to enroll in formation of entrepreneurial activity.

**Conclusion**

This study assessed the link between entrepreneurial attitude, intention and the behavior of selecting entrepreneurship as a career option. The empirical findings of the study support the findings of previous research that there is a positive relationship between entrepreneurial education and the intention to start businesses by students at a higher education level. The study also revealed that encouragement of entrepreneurial intention and attitude motivate the youngsters to take-up the entrepreneurship as, their career option.

**References**


Impact of credit risk management on financial performance: with special reference to Sri Lankan banking sector

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Introduction

Credit risk is always treated as the major risk inherent in a bank’s trading and banking activities since credit creation is the main income generating activity for banks (Kargi, 2011). According to Danson Musyoki (2011) among the other predictors, credit risk is an important predictor of bank financial performance. Good heart (1998) states that the poor Credit risk management (CRM) which results in undue credit risk causes bank failures. Credit risk is the possibility of losing the outstanding loan partially or totally, due to credit events. Sri Lankan banks continued to invest huge sum of financial resources on CRM with the intention to maximizing returns and minimizing bank’s risks. The significance of the study is to have a big picture of how commercial banks manage their credit risk effectively. However contradictory findings and the scarcity of studies in relation to this field in the context of Sri Lanka has created an area for study with regard to seek the relationship between Credit Risk Management and Financial Performance (FP) of banks. Parameters covered in the study were; default rate (DR), bad debts costs (BDC), cost per loan asset (CLA) and Return on Asset (ROA). Accordingly, first objective was assigned to examine the relationship between CRM and FP. Second objective was to identify the most affecting Credit Risk Management factor on Financial Performance of banks.

Methodology

Descriptive research design was used for this study. Banking sector consider as the research population. Here, population consist Licensed Commercialized Banks and Licensed Specialized Banks. Due to unavailability of data and inconsistency between time periods only 21 banks registered under Sri Lanka banking act considered as sample. Therefore, secondary data of 21 banks were taken from balance sheet, income statement and notes of banks’ for five years of time period. Further interview method was used to collect data from senior managers in various banks. To achieve the objectives of the research, secondary data was analyzed by using correlation coefficients analysis, regression analysis and descriptive statistical techniques. Moreover, the independent variable such as Credit Risk Management was measured using Default Rate ratio, Cost per Loan Asset Ratio and Bad Debt Cost ratio. Dependent variable such as Financial Performance was measured using Return on Asset ratio.

Results and Discussion

According to the Descriptive analysis, the mean value with respect to Default Rate, Bad Debt Cost and Cost per Loan Asset were 0.1043, 0.1014 and 0.2140 respectively. Considering the Bank Financial Performance, the mean value with respect Return on Assets was 0.2365.
Table 01: Correlation between credit risk management and bank financial performance

<table>
<thead>
<tr>
<th>Credit Risk Management</th>
<th>Pearson Correlation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default Rate</td>
<td>-0.469</td>
<td>0.032</td>
</tr>
<tr>
<td>Bad Debt Cost</td>
<td>-0.280</td>
<td>0.219</td>
</tr>
<tr>
<td>Cost per Loan Asset</td>
<td>0.586</td>
<td>0.005</td>
</tr>
</tbody>
</table>

Source: Modified SPSS output of research data

Note: **Correlation is significant at the 0.01 level (2-tailed) *Correlation is significant at the 0.05 level (2-tailed)

Comparing the three independent variables ROA has statistically significant weak negative relationship with Default Rate. Moreover, it has statistically significant strong positive relationship with Cost per Loan Asset. Furthermore ROA has statistically insignificant weak negative relationship with Bad Debt Cost.

Table 02: Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th>Predictor</th>
<th>β Coefficients</th>
<th>Standard Error</th>
<th>T-value</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.124</td>
<td>0.069</td>
<td>1.798</td>
<td>0.090</td>
</tr>
<tr>
<td>Default Rate</td>
<td>-0.438</td>
<td>0.202</td>
<td>-2.169</td>
<td>0.045</td>
</tr>
<tr>
<td>Bad Debt Cost</td>
<td>-0.096</td>
<td>0.125</td>
<td>-0.765</td>
<td>0.455</td>
</tr>
<tr>
<td>Cost per Loan Asset</td>
<td>0.785</td>
<td>0.262</td>
<td>3.000</td>
<td>0.008</td>
</tr>
</tbody>
</table>

Source: SPSS output of research data

The fitted regression model can be expressed as follows.

ROA = - 0.438DR + 0.785CLA + ε

The regression model shown above was developed according to the Multiple Regression analysis. Considering the multiple regression analysis, Cost per Loan Asset and Default Rate were highly significant for the model as its p-values were less than 0.05. Among these two variables financial performance was highly impacted by Cost per Loan Asset that is 0.785. Bad Debt Cost and constant variable were not significantly contributed to the model hence p-value were greater than 0.05 level of significant. Therefore, new multiple regression models can be articulated using independent variables such as Cost per Loan Asset and Default Rate.

**Conclusion**

The research mainly based on two objectives. Correlation coefficient analysis used to achieve the first objective that identifies the relationship between CRM and financial performance in this study. Compliance with the correlation coefficient analysis, both Default rate and Bad debt cost has a
weak negative relationship with financial performance. These findings are similar with the findings of Musyoki (2011) and Poudel (2012). However, there was a high positive relationship between Cost per loan asset and financial performance.

Intend to achieve the second objective; multiple regression analysis was used here. Cost per loan asset and Default rate were highly significant for the model. Among these two variables financial performance was highly impacted by Cost per loan asset is 0.785. Bad debt cost was not significantly contributed to the model hence its p-value was greater than 0.05 level of significant. Therefore, if the bank needs to increase the financial performance they have to invest more on Cost per loan asset by reducing the expenditure on Bad debt cost. Therefore, the study recommends the banks to increase the investment on cost per loan asset to enhance financial performance. In addition to that, this study has shown the path for construct the future researches by developing the existing model using new ratios such as capital adequacy, non-performing loan, loan loss provision, return on asset, management efficiency and etc.

References


Policyholder perception on customer orientation of Insurance agent and customer loyalty with reference to Life Insurance companies in Anuradhpura District

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Introduction

One reason of switching behavior is the low customer orientation service and therefore sector considered insurance Agent as a vital factor. Without considering positive actions taken by the life insurance industry, there is little existing research that evaluates individual perceptions of the service rendered by life insurance providers. Further to that customer attrition is an increasingly pressing issue faced by many insurance providers today (Goonetilleke & Caldera, 2013) and few researchers has identified customer-orientated culture leads to excellent customer services (Kassim, & Fong, 2012). Few empirical studies have addressed the impact of customer orientation of service employee on firm’s success (Brown et al., 2002). Customers rely on the behavior of service employees when evaluating quality of services (Thurau, 2004). Customer loyalty has been found in the literature to be a competitive tool for many companies customer loyalty is to determine the level of customer service through service quality assessment. Cited by Whereas Ruyter et al., (1998); Boulding et al., (1993) and Brady and Cronin (2001) found that high degree of service quality translates into loyalty. According to Aydin and Ozer (2005) and Cronin and Taylor (1992) are of a contrary opinion. They are of the view that service quality is a necessary but not sufficient condition to obtain customer loyalty. In previous researches there are contradictory arguments. According to Henning and Thurau, (2004) customer orientation of service employee is affected an employee’s technical skills, employee’s social skills his or her motivation to serve customer and his or herself perceived decision–making authority. My research objectives are to identify the relationship of the Customer Orientation that influence to the Loyalty of policyholder’s in the Life insurance, to determine the impact of the Customer Orientation service employee dimensions on Customer Loyalty in the Life insurance industry and to determine the most and least important customer Orientation service employee dimension factors that influence to the Customer Loyalty in the Life insurance industry. Employee’s technical skills, employee’s social skills his or her motivation to serve customer and his or herself perceived decision–making authority dimensions are use in this research.

Methodology

Researcher considered the policy holder s `perception of customer orientation of insurance agent and the customer loyalty of life insurance industry in Anuradhapura district. Therefore four life insurance companies was selected in Thabuthegama regional area to carrying out the research study. Since this research is focused on life insurance customers’ Loyalty and Customer Orientation insurance agent, life insurance policyholder can be identified as unit of analyses and sample technique use simple random sample method.
Both descriptive and inferential techniques were used to analyze data. Descriptive statistics were used to discover and summarize the attributes of the sample. Furthermore, correlation coefficient analysis was used to measure the degree of linear association between two variables. Multiple regression analysis was used to combine contribution of each part of the independent variable.

**Results and Discussion**

Table 01: Descriptive statistic

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Skills</td>
<td>3.255</td>
<td>0.719</td>
</tr>
<tr>
<td>Motivation</td>
<td>3.285</td>
<td>0.743</td>
</tr>
<tr>
<td>Decision Making Authority</td>
<td>3.151</td>
<td>0.741</td>
</tr>
<tr>
<td>Social skills</td>
<td>3.414</td>
<td>0.793</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>3.246</td>
<td>0.740</td>
</tr>
</tbody>
</table>

Table 02: Correlation analysis

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Correlation</th>
<th>Relationship type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Skills</td>
<td>0.952</td>
<td>Strong positive</td>
</tr>
<tr>
<td>Motivation</td>
<td>0.849</td>
<td>Strong positive</td>
</tr>
<tr>
<td>Decision Making Authority</td>
<td>0.836</td>
<td>Strong positive</td>
</tr>
<tr>
<td>Social Skills</td>
<td>0.657</td>
<td>High positive</td>
</tr>
</tbody>
</table>

Most and least important customer orientation dimension factor is technical skills in insurance Agent. All the beta coefficient values represented positive values and thereby it is obvious that there is a positive relationship between Customer Orientation Agent dimensions and customer Loyalty.

When consider Agent Technical Skills, the ß coefficient of 0.687 indicates that when Agent Technical skills were increased by one unit while other variables remain constant, Customer Loyalty was increased by 0.687 units. It can be seen that Agent Technical Skills contributed significantly to the model since p-value of 0.000 is less than 0.05 level of significant. Therefore null hypothesis was rejected and alternative hypothesis was accepted. Hence, there is a significant relationship between Agent Technical Skills and Customer Loyalty.

According to coefficient of Agent Motivation, one unit of increase Agent Motivation while other variables remain constant, customer Loyalty was increased by 0.166. Further, this was significantly contributed to the model as p-value of 0.02 is less than the 0.05 level of significant. Therefore null
hypothesis was rejected and alternative hypothesis was accepted. Hence, there is a significant relationship between Agent Motivation and Customer Loyalty.

By looking at Agent decision making Authority, it can be identified when increased Agent decision making Authority by one unit while other variables remain constant, it result in increase of customer loyalty by 0.159 unit. This also significant at 0.05 level of significant since its p-value of 0.04 is less than 0.05. Therefore null hypothesis was rejected and alternative hypothesis was accepted. Hence, there is a significant relationship between Agent Decision Makin Authority and Customer Loyalty.

Regression equation is \( CL = -1.1255 + 0.687TA + 0.166 MA + 0.159 DA + \varepsilon \)

The above equation demonstrates that three dimension of customer orientation of insurance agent having a positive relationship with Customer loyalty. Further, multiple regressions proved that agent technical skills were the major predictor of the Customer loyalty in life insurance industry in Anuradhapura District.

Where; Dependent variable is, CL = Life insurance policyholders Loyalty

Independent variables, MA = Motivation, DA = Decision Making Authority

**Conclusion**

Overall ’COSE’ Model is significant to measure Customer Orientation Service in Insurance Agent between policyholders Loyalty, Technical skills, motivation skills and Agent Decision making Authority have Strong positive relationship but Agent social skills have high positive relationship.

Agent technical it is the dimension that has highest impact on the customer Loyalty.

Among four Customer Orientation dimensions Agent Technical skills Dimension has high correlation with customer Loyalty. Therefore it’s most important Customer dimension factor which is influence to the Life insurance policyholder’s Loyalty.

**References**


Impact of job satisfaction on organizational citizenship behavior; special reference to licensed commercial banks in Colombo

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Introduction

A service sector, particularly banking sector is highly staff – intensive by its nature. In staff – intensive industries human resources, without doubt constitute the most important and indispensable factor. Uniqueness of human resources is practically impossible to substitute them with any other factor. Human behavior has a strong influence on the working environment of an organization. It is capable of making the organization flourish or perish. Hence an employer should satisfy the physical and psychological needs of his employees in order to motivate them strive for the achievement of the organization goals. Job satisfaction is a favorable emotional state resulting from the appraisal of one’s job as achieving or facilitating the achievement of one’s job values. If one perceives that the job meets or allows fulfillment of one’s important values, one will experience a “pleasurable emotion of satisfaction”. If not, one will experience the emotion of dissatisfaction (Locke, 1983). Moreover Organizational citizenship behavior (OCB) has been considered to be one of the most important factors influencing organizational effectiveness. During the last two decades, the concept of OCB and its application have received a great importance in the world especially in the fields of psychology and management as well as received a great consideration in the literature. According to Organ (1988) OCB represents “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization. By discretionary, we mean that the behavior is not an enforceable requirement of the role or the job description, that is, the clearly specifiable terms of the person’s employment contract with the organization; the behavior is rather a matter of personal choice, such that its omission is not generally understood as punishable” (p.4). This study is designed to observe the impact of job satisfaction on organizational citizenship behavior.

Research Questions

What is the relationship between job satisfaction and OCB? What is the level of intrinsic job satisfaction? What is the level of extrinsic job satisfaction? What is the most significant job satisfaction factor which influences on OCB?

Research Objectives

- To identify the relationship between job satisfaction and OCB of licensed commercial banks in Sri Lankan context.
- To identify the level of intrinsic job satisfaction of licensed commercial banks in Sri Lankan context.
- To identify the level of extrinsic job satisfaction of licensed commercial banks in Sri Lankan context.
- To identify the most significant job satisfaction factor which influences on OCB of licensed commercial banks in Sri Lankan context?
Methodology

In accordance with the study, it is considering the employee job satisfaction and the organizational OCB of licensed commercial banks in Sri Lanka. Therefore researcher used 12 domestic Licensed Commercial Banks (LCBs) head offices situated in Colombo district in order to carry out the research study. Since the 91 percent of the commercial banks branches are domestic banks (Economic and social statistics of Sri Lanka 2013, CBSL) only domestic banks was taken, as well as Colombo district is taken because in banking density index Colombo district has the largest value that is 32 (Economic and social statistics of Sri Lanka 2013, CBSL). Primary data were collected through self-administered questionnaires as well as adapted questionnaires and questionnaires are based on five point Likert scale. Cronbach's alpha reliability test, descriptive statistics, Pearson correlation coefficient analysis and multiple linear regression analysis were used to analyze data.

Results and Discussion

According to description analysis level of both intrinsic and extrinsic job satisfaction is in a moderate level as well as overall level of OCB is in a moderate level. Furthermore, the correlation and regression analysis were conducted to determine the strength of relationship and relative contribution of independent variables. Here job satisfaction is the independent variable and OCB is the dependent variable. Pearson correlation between independent and dependent variables is 0.758. It indicates there is a high positive correlation between job satisfaction and OCB. According to hypothesis testing it was proved that the correlation between intrinsic job satisfaction and OCB ($r = 0.719$) as well as the correlation between extrinsic job satisfaction and OCB ($r = 0.742$) are positively correlated.

Table 01: Correlation analysis

<table>
<thead>
<tr>
<th>Dimensions of Citizenship Behaviour</th>
<th>Intrinsic job satisfaction</th>
<th>Extrinsic job satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson correlation</td>
<td>P-Value</td>
</tr>
<tr>
<td>OCB</td>
<td>0.719</td>
<td>0.000</td>
</tr>
<tr>
<td>Conscientiousness</td>
<td>0.557</td>
<td>0.000</td>
</tr>
<tr>
<td>Altruism</td>
<td>0.619</td>
<td>0.000</td>
</tr>
<tr>
<td>Civic virtue</td>
<td>0.690</td>
<td>0.000</td>
</tr>
<tr>
<td>Courtesy</td>
<td>0.655</td>
<td>0.000</td>
</tr>
<tr>
<td>Sportsmanship</td>
<td>-0.007</td>
<td>0.948</td>
</tr>
</tbody>
</table>

Source: Based on analyzed data
Apart from that, the adjusted R square value between job satisfaction and OCB is 56.7%. The fitted regression model can be expressed as follows; the OCB is a function of job satisfaction dimensions that respectively intrinsic job satisfaction and extrinsic job satisfaction. Further, multiple regression proved that extrinsic job satisfaction was the major predictor of the OCB in licensed commercial banks in Colombo district. 

$$OCB = 1.09 + 0.279 \text{IJS} + 0.430 \text{EJS}$$

Conclusions

The findings of this study indicate that job satisfaction is significantly and positively associated with OCB ($r = 0.758$). This result is consistent with previous research (e.g., Lee & Allen, 2002, Moorman et al., 1993). In accordance with the respondents many bankers are moderately satisfied with all aspects of their job because level of both intrinsic and extrinsic job satisfaction is in a moderate level according to the mean values. Additionally extrinsic job satisfaction is the most significance factor which highly impacts on OCB. When employees are satisfied with the extrinsic aspects of company policies, social status, compensation, co-workers ability to supervise technical things and human relations, working conditions, co-workers, and security they exhibit discretionary behaviors such as conscientiousness, altruism, civic virtue, courtesy but not sportsmanship. According to regression analysis when employees have neither intrinsic nor extrinsic job satisfaction they show some extent of OCB ($\beta_0 = 1.09$). It implies that though they are not satisfied with their job they exhibit citizenship behaviors.

Therefore these results emphasis that, banks should more focus on enhancing extrinsic job satisfaction of employees such as introducing flexible work programs and rules, encouraging on-the-job training and formal education, explaining the health, safety and wellness policies of the bank, enhancing financial benefits of employees, respecting the dignity, integrity, and individuality of employees, supporting employee creativity and promoting productivity, maintaining a positive, safe, and clean workplace, reducing the accountability of employees and certify their job security in order to promote good citizens within banks.

References


Impact of financial leverage on firm performance: with special reference to manufacturing sector in Sri Lanka

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Introduction
Capital structure plays a crucial role in enhancing performance of firms, by helping financial manager to select optimal mix of debt and equity to give required rate of return for shareholders. Generally, due to great cost of capital within the equity and tax advantage of debt, leverage consider as the optimal solution for a company, to gain financial resources. Therefore research is going to identify impact of financial leverage to the performance of firms within Sri Lankan context.

According to the Akhtar et.al (2012) leverage is consider as proportions of borrowing funds from outside sources. Through past decades, various theories set the foundation to optimize the debt financing usage in organizations. Warne and Rasoolpur (2013), mention that the greater use of debt will increases the net return to the equity shareholders. Moreover, Akthar et.al (2012) stated that leverage may enhance the profit after taxes; due to lower interest rates. Then eventually the higher earnings of firm will result to the higher earnings per share and then these higher dividend payout ratios which may increase the firm’s performance. Duties of owners (shareholders) and managers are different in every organization. Due to that, management is more concern about personal gains. This may cause conflict situations within organizations. For that debt finance act as a control tool to restrict the opportunistic behavior of managers. On the other hand, Usage of debt is tradeoff between risk and return. Risk of the firm increase simultaneously with increasing leverage and leads towards liquidations and takeovers. Moreover, unbalanced debt will cause to financial distress cost and bankruptcy cost.

Therefore, this research aims to investigate this scenario within manufacturing industry in Sri Lanka. Accordingly, objectives of research were concluded, to examine the relationship of firm performance with short term debt (STDA), long term debt (LTDA) and total debt (TDA) respectively.

Methodology
Research was conducted regarding the Colombo Stock Exchange and population consists with manufacturing industry in Sri Lanka. 30 companies were used for the analysis. Data was collected through secondary data sources such as annual reports of companies through 5 years. Further, leverage was measured by using Long -Term Debt Ratio (LTDA), Short- Term Debt Ratio (STDA), Total Debt Ratio (TDA) which were used by Musiegaeth.al (2013) and Abort (2008). Firm performance proxy by Return on assets (ROA), Return on equity (ROE) and Gross profit margin (GPM) developed by Musiegaeth.al (2013) and Khan (2012). Data was analyzed by using Descriptive analysis, Correlation coefficient method and Regression analysis.
Results and Discussion

Pearson correlation analysis is shown below (Table 1) according to the rule of P-value < 0.05.

Table 01: correlation coefficient analysis results

<table>
<thead>
<tr>
<th></th>
<th>LTDA</th>
<th>STDA</th>
<th>TDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>0.103</td>
<td>-0.267</td>
<td>-0.034</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.587</td>
<td>0.154</td>
<td>0.86</td>
</tr>
<tr>
<td>ROE</td>
<td>-0.094</td>
<td>-.498**</td>
<td>-.498**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.621</td>
<td>0.002</td>
<td>0.005</td>
</tr>
<tr>
<td>GPM</td>
<td>-.549**</td>
<td>-0.176</td>
<td>-0.01</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.002</td>
<td>0.353</td>
<td>0.957</td>
</tr>
</tbody>
</table>

Source: Modified from SPSS output of research data

ROA has statistically insignificant relationship with all three dimensions of leverage and LTDA has weak positive, STDA, TDA have weak negative relationships respectively. Then, ROE has significant relationships with STDA (0.002), TDA (0.005) and insignificant with LTDA. Furthermore, LTDA and TDA has weak negative (-0.094), (-.498**) relationships respectively and Strong negative relationship with STDA (.498**). Moreover, LTDA have (.549**) strong negative and significant relationship with GPM and STDA (.176), TDA (-0.01) has weak negative and insignificant relationship with GPM.

Regression analysis emphasis the relationship with leverage and firm performance

\[ Y \ ROA = .904 + .013TDA \] (statistically not significant 0.093, \( R^2 .215 \))
\[ Y \ GPM = 1.119 + .242LTDA \] (statistically significant 0.006, \( R^2 .373 \))
\[ Y \ ROE = .595 -1.004LTDA + .512STDA \] (statistically significant 0.010, \( R^2 .350 \))

According to the regression output, when TDA increase in 1 unit ROA will increase in 0.013. When LTDA increase in 1 unit GPM will increase in 0.242. Moreover, with considering ROE, when STDA increase in 1 unit ROE will increase in 0.512 and simultaneously ROE will decrease in 1.004 when LTDA increase in 1 unit. According to the information given above in the equation it conclude that leverage will impact differently to performance, when measuring with various indicators.

Conclusions

According to the research findings, it can conclude that leverage dimensions express various relationships with firm performance. Further, regression analysis identifies that ROE and GPM has significant relationship with leverage and ROA has insignificant relationship with it.
Therefore, this results emphasis that firms should more focus on their long term debt to handle their profitability, since increasing LTDA firm can earn higher gross profit margin. As per the results of ROE, firm can earn higher earnings by increasing short term debt financing and decreasing long term debt financing. Furthermore, according to the R square, Debt will not be the only indicator for influence the firm performance. As well, it emphasize that firm managers must try to balance the creditors and investors to manage the debt finance impact for the organization.

References


Performance appraisals and its’ impacts on employee motivation: A study with special reference to Sri Lankan licensed commercial banks in Kandy District

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Introduction

Performance Appraisals System (PAS) is a well-established way of providing milestones, feedback, guidance and monitor employees (Weightman, 1999) and it is a formal, structured system of meaning and evaluating an employee’s job related behaviors. Further outcome to discover how and why the employee is presently performing on the job and employee can perform more effectively in the future. Therefore the employee, organization and society will be beneficiaries (Muhammad, 2013). Literature revealed that employee participation in the appraisal process was fairly very high and this positively affected employee motivation and perception of fairness. Consequently, organizations are advised to adopt participatory PAS in order to motivate employees and reduce biased considerations in both the process and outcome (Kofi, 2012). However, Douglas Mc Gregor (1957), Mushin Lee and Wonjun Shin (2000) said that conventional performance appraisals do more harm than good. Further the employees in Korean federal agencies believed that performance appraisals which are based on extrinsic factors influenced more to the employee motivation (Senong and Gregory, 2009). Nevertheless the transportation department in Iranian Esfahan province employees’ performance affected on their intrinsic motivation (P-Value <0.05) and the effectiveness is positive, equals to 0.414 (Shaemi Barzoki Ali et al, 2012). In order to above researcher gapes, three objectives were employed based on licensed commercial bank sector. Frist one was to identify the relationship between PAS and employee motivation. Second one was to determine the most effect dimensions of PAS for the employee motivation. Third one was to identify the current PAS which extent suit to motivate the employees.

Methodology

The population belongs to the research is all employees of both public and private sector who provide licensed domestic commercial banking service in Kandy district. For that, 84 employees were considered from the selected five licensed domestic commercial banks which have provided highest density of branches in Kandy district by using Stratified sampling technique and simple random sampling technique. Data was collected through a self-administered questionnaire from managerial level and non-managerial employees in the selected five licensed domestic commercial banks. The Cronbach Alpha reliability test shows that the Alpha value is 0.764. It is exceeded 0.700 level. Therefore it reached the acceptable level in the questionnaire.

Results and Discussion

Based on the results (see table 1) below, the procedural approaches are highly significance to improve employee motivation though the PAS in licensed domestic commercial banking sector. According to mean value of extrinsic motivation factors is emphasized that there is a significant
impact of current PAS to increase the employee motivation of the commercial banking sector. Therefore it highly correlates with the employee motivation. Besides, intrinsic motivation factors also have moderate significant to create employee motivated PAS within the commercial banking sector. That reflected that extrinsic motivation factors have more influence in current PAS than intrinsic motivation factors.

Table 01: Descriptive Statistics of PAS and employee motivation

<table>
<thead>
<tr>
<th>Performance Appraisals System</th>
<th>Procedural Approach</th>
<th>Distributive Approach</th>
<th>Nature of rater and rate</th>
<th>Employee participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>3.508180</td>
<td>3.907721</td>
<td>3.365132</td>
<td>3.266447</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employee Motivation</th>
<th>Intrinsic factors</th>
<th>Extrinsic factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>3.576933</td>
<td>3.278947</td>
</tr>
</tbody>
</table>

Source: SPSS output of surveyed data

However, 9.5 percent from the sample was not awarded about the availability of PAS. Further the pie chart represents, 54.8 percent of employees’ idea is the PAS should be modified. Figure 1 and 2 show that licensed commercial banks should pay their attention for the modification of PAS.

Figure 01: Employee awareness about PAS

Figure 02: Need for Modification of PAS

Positive relationship between PAS and employee motivation and distribution approaches, nature of rater and rate relationship more power to effect on employee motivation. Further intrinsic factors are positively impacted to the employee motivation while extrinsic factors are negatively impacted to the employee motivation.
Table 02: Relationships among dimensions of two variables

<table>
<thead>
<tr>
<th></th>
<th>Performance Appraisals System</th>
<th>Procedural Approach</th>
<th>Distributive Approach</th>
<th>Nature of rater and rate</th>
<th>Employee participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correlation coefficient</td>
<td>0.681</td>
<td>0.420</td>
<td>0.465</td>
<td>0.556</td>
<td>0.369</td>
</tr>
<tr>
<td>Regression analysis (P-value)</td>
<td>0.000</td>
<td>0.064</td>
<td>0.005</td>
<td>0.000</td>
<td>0.056</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Intrinsic factors</td>
<td>Extrinsic factors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correlation coefficient</td>
<td>0.183</td>
<td></td>
<td></td>
<td>-0.154</td>
<td></td>
</tr>
</tbody>
</table>

Source: SPSS output of surveyed data

Conclusions

The research findings revealed that performance appraisals system and its’ dimensions have positive relationship with employee motivation. Further, the nature of rater and rate relationship is the most effect dimension on employee motivation and Intrinsic factors are positively impacted to the employee motivation while extrinsic factors are negatively impacted to the employee motivation. Moreover researcher identified that other factors which are affected on employee motivation more than performance appraisals system as manager role, political influence, freedom to make choices, employees’ likeness and respect on manager, working environment and etc.

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Determinants of small & medium scale enterprises’ financing: with special reference to small & medium scale Enterprises in Badulla District

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Introduction

Role of the Small and Medium sized enterprises (SMEs) is vital for economic development. Contribution to national income, job creation, poverty alleviation and exports promotion are some examples for their contributions. SMEs have become an important contributor to the Sri Lankan economy. In Sri Lankan context SMEs can be defined as enterprises that have employees between 10 and 99 (World Bank Definition for Sri Lanka). According to this definition around 90% of Sri Lankan businesses can be identified as SMEs. Their contribution to industrial value added is around 20% and it provides over 35% employment opportunities.

SMEs can fulfill their financial requirements with both formal and informal financial sources. Kushnirovich and Helibrunn (2008) identified own savings as a most significant financial source. Basu and Goswami (1999) revealed own savings and informal capital as major financial sources of SMEs. However, selection of financing sources depends on various factors in SMEs context (Gangata & Matavire; Kira & He, 2012). Moreover, Altinay and Altinay (2006) revealed variables such as ethnicity, age of owner, firm characteristics, owner’s education and language skills are significant determinants of financing decision.

There is an immense potential to enhance SMEs contribution to economic development. However, despite of their major contributions, SMEs are facing a number of obstacles to develop. In developing countries, such as Sri Lanka, access to finance is the most important obstacle to SMEs and it creates entry and growth barriers for them.

Although there is an increase in supply of formal credit, Haugen (2006) identified informal lenders as dominant source of SME finance. Further, financial institutions are considering SMEs as high risk ventures. Hence, it is difficult for SMEs to access in to formal financing sources. Moreover, Titus and Huka identified flexibility, availability, less paper work and official requirements and accessibility as advantages of informal financing. In this end, this research intends to contribute to identify determinants of informal financing in the context of SME financing in Sri Lanka.

Methodology

SMEs in Badulla district which registered under Chamber of Commerce in Sri Lanka have identified as the population of this research. A sample of 50 SMEs was considered based on systematic sampling method. A questionnaire was administered to collect primary data and published articles and journals ware used in order to gather secondary data. Descriptive statistical techniques were used to discover and summarize the attributes of the sample. Furthermore, correlation coefficient analysis was also used to combine the contribution of each parts of the independent variable. The regression model can be expressed as follows.
FP = β0 + β1IA + β2LF + β3ME + β4CR + ε

Where, β0 was the constant term and β1 to β3 were co-efficient to be estimated while IA, LF, ME, and CR were respectively Information asymmetry, Legal and regulatory framework, Economic environment and collateral requirement. Further, FP represent financing pattern and ε denotes the error term.

Results and discussions

In this research, trade credit, money lender, retained earnings and friends and relatives were identified as informal financing sources while registered pawnshops, credit guarantee, bank loan, leasing, and venture capital were identified as formal financing sources. As illustrated in figure 1 retained earnings, trade credits, bank loans and friends & relatives are most popular financing sources among SMEs respectively. Hence, it is obvious that most of the SMEs are utilizing informal financing sources to finance their businesses.

Table 01: Correlation between IA, LF, EE and CR with FP

<table>
<thead>
<tr>
<th>Variable</th>
<th>Pearson correlation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information asymmetry</td>
<td>.821</td>
<td>.000</td>
</tr>
<tr>
<td>Legal and regulatory frameworks</td>
<td>.859</td>
<td>.000</td>
</tr>
<tr>
<td>Macroeconomic environment</td>
<td>.155</td>
<td>.283</td>
</tr>
<tr>
<td>Collateral requirement</td>
<td>.675</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: SPSS output of surveyed data

The results of the multiple regression analysis can be summarized as follows.
FP= -2.409 + .533 IA + .555 LF + .127 EE + .478 CR + ɣ

Hence, it is clear that legal and regulatory framework is the most prominent influencing factor to the financing pattern of SMEs among other selected variables. Information asymmetry and collateral requirement also influencing to SMEs financial pattern in considerable manner and the influence of economic environment is less than the other variables.

Conclusions

This research was conducted to identifying the determinants of SME financing. Information asymmetry, Legal and regulatory framework, Economic environment and collateral requirement were identified as independent variables while financing pattern were taken as dependent variable. It was found that all independent variables positively affects to SMEs financing decision while legal and regulatory framework were identified as most prominent factor.

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Titus, Kirimi Eliphas, & Huka, Guyo S. A Survey of Determinant of Access to Informal Credit by Small Businesses in Meru County, Kenya
Factors affecting to neglect formal financing sources by the SMEs; with special reference to Badulla district

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Introduction

In terms of need for finance, the International Finance Corporation IFC defines an SME as ‘Small Enterprises’ with loan size of $10,000 to $100,000 and ‘Medium Enterprise’ with loan sizes of $100,000 to $1 million (UNEP, 2007). According to the Central Bank of Sri Lanka (1998), the cottage and Small Scale Industries (CSSI) sector plays an important role in economic development through creation of employment opportunities, the mobilization of domestic savings, poverty alleviation, income distribution, regional development, training of workers and entrepreneurs, creating an economic environment in which large firms flourish and contribute to export earnings. According to Kihimbo et al.,(2012), SMEs financing constraints are attributed by high transaction costs, high collateral requirements and lack of guarantee credit instruments, deficiencies in legal systems, regulatory and policy problems and asymmetric information. In order to operate efficiently, SMEs require easy access to short and long term capital. In general terms, it appears that lending to SMEs is seen as a high risk business since most of these enterprises lack collateral. Since, that is a major obstacle faced by SMEs, may be badly affected on the country’s economy as well. In accordance with Wahab and Hassan (2012), despite the importance of (SMEs) in the national economy in general, they face many obstacles that hinder their development; one of which is evident in the aspect of financial access. The primary objective is to identify the relationship of the formal financing dimensions that influence to the SME owners’ formal financing decision. Secondary objectives are to determine the impact of the formal financing dimensions on formal financing decision of SME owners and to determine the most and least important formal financing dimension factor that influence to the SME owners’ formal financing decision.

Methodology

All the SME owners in Badulla district were considered as the population of the study who are registered in Badulla District under the Chamber of Commerce and Industry of Uva Province. Therefore, the sample of 60 SME owners is selected from metropolitan and rural areas, who are doing their businesses in Badulla district. The sample has been selected using stratified sampling method. Data was collected by using a structured questionnaire. In addition, Cronbach Alpha reliability test was employed to assess the validity of the questionnaire and 0.822 of Conbrach’s alpha value indicated that the internal reliability and validity of questionnaire was acceptable since that these levels are exceeding the general acceptable level. Hence, it was suitable for the further processing. Data were analyzed using descriptive statistics, correlation analysis and multiple linear regressions.
Results and Discussion

Relevant descriptive statistics of the dimensions of main three variables namely, Characteristics of the microenterprise owner (CO), Characteristics of the microenterprise (CM) and Microenterprise dynamics (MD) can be summarized under table 1.

Table: 01. - Descriptive Statistic Relating to Independent Variable

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO</td>
<td>3.4875</td>
<td>0.68027</td>
<td>60</td>
</tr>
<tr>
<td>CM</td>
<td>3.5375</td>
<td>0.77818</td>
<td>60</td>
</tr>
<tr>
<td>MD</td>
<td>3.5417</td>
<td>0.66569</td>
<td>60</td>
</tr>
</tbody>
</table>

The Researcher has utilized the following measures for interpretations.
1 ≤ x < 2.5 = Almost disagree
2.5 ≤ x ≤ 3.5 = Moderate
3.5 < x ≤ 5 = Almost agree

Among these mean values, CO mean value is fallen in to moderate category and other two dimensions were fallen in to the category of almost agree. Accordingly, Microenterprise dynamics have the highest mean value (3.5417). It means, Small and Medium Enterprise owners almost agree with the pressure made on formal financial decisions by the firm dynamics. The mean value indicated that the best influence dimension factor to the SME owners’ formal financial decisions when compare with other dimension factors.

Table: 02. - Correlation Analysis

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Pearson Correlation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO</td>
<td>0.472</td>
<td>0.000</td>
</tr>
<tr>
<td>CM</td>
<td>0.805</td>
<td>0.000</td>
</tr>
<tr>
<td>MD</td>
<td>0.839</td>
<td>0.000</td>
</tr>
</tbody>
</table>

According to the table 02, it can be identified that correlation coefficient of CO and SME owners’ formal financing decision was 0.472 and P-value was 0.000. Although, there is a relationship between the factors, it can be identified CO was the least influencing factor when SME holders making formal financial decisions. Moreover, it can be recognized that MD has the highest value (0.839) of Pearson correlation when compared with other formal financing dimensions. Therefore, Firm dynamics is the most important formal financing dimension factor that influence to the SME owners’ formal financing decision. As shown in the table correlation coefficient of CM and SME owners’ formal financing decision was 0.805 and there is high positive relationship between above two variables. Since, MD and CM are the most influencing factors on SME owners’ formal financial decisions than CO.

Since, CO was not a significant factor (significant value 0.965) in the previously constructed regression model, it was constructed the regression again without CO as shown in the table 3.

Table03: New Output of Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>β</th>
<th>Std. Error</th>
<th>T - Value</th>
<th>Sig.</th>
</tr>
</thead>
</table>
The regression analysis which included all three dimensions indicated that Microenterprise dynamics (MD) as the most affected formal financial dimension to the SME owners in Badulla district. According to the newly constructed regression model, coefficient of determination or R square value was 0.768. Therefore, 76.8% explain the dependent variable by using the independent variables. Since, it can be identified that there was 23.2% unexplained variation. When constructing the Anova table P. value was (0.000) and identify overall model is significant. Therefore, the model has a significant relationship with Formal financial decisions of SME owners.

Conclusions

The primary objective of this study was to identify the relationship of the formal financing dimensions that influence to the SME owners’ formal financing decision. Secondary objectives were to determine the impact of the formal financing dimensions on formal financing decision of SME owners and to determine the most and least important formal financing dimension factor that influence to the SME owners’ formal financing decision. According to empirical results of the analysis, the characteristics of the micro enterprise and microenterprise dynamics are highly affected on SME owners’ formal financial decisions than characteristics of the microenterprise owner.

References


The impact of service quality on customer satisfaction, with special reference to five star hotels in Sri Lanka

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Introduction

The business environment has been challenged by satisfying customers that become a major business asset and a competitive edge for various companies in the current scenario. Service organizations are considering much on quality of the service as a major tool to obtain satisfied customers (Chingang et al., 2010). Service industries are aligning with the quality of the service that derives the success of any organization (Berry et al., 1994). With the booming of the hotels and restaurants industry, it is become a major industry that adds value to the domestic economy significantly. Hence the quality of service has major influence on visitors’ satisfaction, hospitality and tourism industry has considered much on providing better service to customers that remain the prospective customers and attract new customer groups.

Service quality and its antecedents were significantly correlated with customer satisfaction and frequency of patronage (Chow et al., 2007) while service quality has become a key performance indicator that customer demands and expectations could be sharply increased and changed in hotels and restaurant industry (Karunaratne and Jayawardena, 2010). Scholars have explored the importance of service quality in hospitality and tourism industry. It has been discussed, the service quality is a crucial factor that can add value and lead to customer loyalty (Lee et al., 2003). Humnekar and Phadtare, (2011) have examined service quality toward customer satisfaction by using SERVQUAL model that has explored that there is a path from service quality towards customer satisfaction. Further, studies have revealed that high levels of service quality could not have ensured high satisfaction where the service quality does not matched with perceived value of customers, it has negative effect on customer loyalty and satisfaction (Rousan et al, 2010).

The study of literature has been identified the significance of the relationship between Service Quality and Customer Satisfaction. Further the literature proves that the main influential factors of Service Quality to Customer Satisfaction differ from industry to industry. It also suggests that even in the same industry, these factors can differ from country to country. Many researches have used fivefold SERVQUAL dimensions to measure the service quality, which is developed by Parasuraman et al., (1988). This is the widely accepted method that determines the customers’ base assessment of service quality depends on five dimensions, tangibles, reliability, responsiveness, assurance, and empathy which included 22 item scales to analyze the quality of the service.

Accordingly, the problems derived from literature justification, the primary objective was to determine the impact of service quality dimensions on customer satisfaction. The secondary objectives were to recognize the most important service quality dimensions that effects on customer satisfaction and to ascertain the relationship between service quality dimensions and customer satisfaction.
Methodology

The population of this research was foreign visitors who visit selected five star hotels registered under the Sri Lanka Tourism development Board (SLTDA). In order to conduct this study, the sample was selected by simple random sampling method. The pre-determined sample size of 80 foreign visitors was selected by proportionate allocation according to the regional distribution of five star hotels in Sri Lanka. Self-administered five point Likert scale questionnaire was used to collect information from selected sample. Both descriptive and inferential techniques were used to analyze data. Descriptive statistics were used to discover and summarize the attributed of the sample. Furthermore, correlation coefficient analysis was used to measure the degree of linear association between two variables. Multiple regression analysis was used to combine contribution of each parts of the independent variable.

Results and Discussion

According to descriptive analysis, “mean” of five input variables fall under the range of 1<X<2.5. This illustrates that almost all the participants almost agree with the existing situation of Tangibility, Reliability, Responsiveness, Assurance and Empathy in five star hotels’ in Sri Lanka.

Furthermore, the correlation and regression analysis were conducted to determine the strength of relationship and relative contribution of independent variables. Service Quality has significance strong positive correlation on Customer Satisfaction. Apart from that, the adjusted R^2 between Service Quality and Customer Satisfaction was 61.17%. The fitted regression model can be expressed as follows; the customer satisfaction is a function of service quality dimensions that respectively Tangibles, Reliability, Responsiveness, Assurance and Empathy.

CS = -0.301 + 0.453 TG + 0.099 RL + 0.274 RP + 0.034 AS + 0.158 EM

The analyses demonstrates that five dimension of Service Quality practices are having a positive relationship with Customer Satisfaction. Further, multiple regression proved that Tangibles was the major predictor of the Customer Satisfaction in five star hotels’ in Sri Lanka. Whether the correlation analyses has proven the positive relationship in between customer satisfaction and service quality, the insignificance of three dimensions of services quality has been proven by multiple linear regression analyses. According to the multiple linear regression analyses, null hypothesis were accepted in between Reliability, Assurance and Empathy with customer satisfaction. A new multiple regressions model has been constructed by using service quality dimensions of Tangibles and Responsiveness that is significantly affect to customer satisfaction by rejecting the null hypothesis in multiple regression models. The new regression equation can be elaborated as follows,

CS = -0.198 + 0.511 TG + 0.468 RP

The new model of service quality has been proven by the resulted new β Coefficients that amplify the influence service quality on customer satisfaction to the extent of previous model has been described.

In addition, the adjusted R Square value (60.5%) of this new model has no any extensive difference when compared to the previous result adjusted R Square value (61.2%) of coefficient of determination from the model of included all fivefold dimensions of service quality. This result has
expressed that the significant two dimensions of Tangibles and Responsiveness has sound impact on customer satisfaction rather than the rest of the service quality dimensions that Reliability, Assurance and Empathy. The new model that included service quality dimensions of Tangibles and Responsiveness has influenced the customer satisfaction at the similar level of influence that affects all the fivefold dimensions of service quality

Conclusions

The findings of the research revealed that the customers are satisfied with the existing Service Quality in five star hotels’ in Sri Lanka. Further, there is a strong positive relationship between Service Quality and Customer Satisfaction in five star hotels Sri Lanka. Moreover, regression analysis revealed that Tangibles and Responsiveness are significantly impact on Customer Satisfaction. Moreover, Reliability, Assurance and Empathy do not significantly influence on Customer Satisfaction in five star hotels’ in Sri Lanka. The study suggested constructs provided adequate support for the Customer Satisfaction and Service Quality analysis. In addition, it is recommended to measure service quality by adding quality dimensions and to study the effect of customer satisfaction to the word of mouth and revisit intension which derived by service quality of the industry.

References


Firm level entrepreneurship and firm performance: with special reference to the hotel industry in Sri Lanka

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Introduction

According to the central bank of Sri Lanka, country has been experiencing a higher economic growth over the past few years and is still growing at a healthy rate due to improvements of few key performing industries such as hotel industry and such industries need to be more entrepreneurial at the firm level and have strong strategic outlook to face competition and rapid growth. Firm level entrepreneurship (FLE) has been defined using various terminologies such as strategic posture, corporate entrepreneurship (CE) and entrepreneurial orientation (EO) and this term measures the extent to which a firm is entrepreneurial (Davis, 2007). EO and CE are two commonly used constructs of FLE (Hosseini et al., 2012). EO includes the entrepreneurial tendency of top management of a firm, (Hosseini et al., 2012) and CE is identified as actual entrepreneurial actions of the firm (Mokaya, 2012). Both CE and EO lead to have higher levels of firm performance (FP) Hosseini et al., (2012). However, as to Hosseini et al, (2012) and Fis and Cetindamar (2009) FLE it is not only the entrepreneurial intensity of the top management personals but also the actual entrepreneurial actions undertaken by the firm although many researches had related either EO or CE with FP in their researches. Thus, it seems that conceptualizing FLE by using either EO or CE creates a blind picture of entrepreneurship phenomenon. Therefore, the objectives of this study were to assess the level of FLE, EO and CE of the firms in the Sri Lankan hotel sector to identify the relationship between FLE and FP. Thus, EO was conceptualized as innovativeness, risk taking, proactiveness, competitive aggressiveness and autonomy (Lumpkin & Dess, 1996) and CE was conceptualized as management support, work discretion, rewards, time availability and organizational boundary (Kuratko et al., 2007). Moreover, FP was measured in terms of the perceptual measurements on market share growth, ROI growth, sales growth and cash flow growth.

Methodology

The population of this study was Colombo district hotels those have got registered under Sri Lanka Tourism Development Authority (SLTDA) and that included 40. However, only 37 firms responded making the response rate of 92.5 percent. Data was collected by using a structured questionnaire and CE was measured by using Corporate Entrepreneurship Assessment Instrument - CEAI (Kuratko et al., 1990) and EO was measured by using self-developed questionnaire. The reliability of questionnaire was measured by using Cronbach’s Alpha and the results confirmed that all the constructs were well above the acceptable level of 0.7 and hence executed for data collection. In assessing the level of EO and CE of the firms, mean, standard deviation and percentages were used while in order to identify the relationship between EO & CE and FP, a multiple linear regression was employed and can be specified as: FP = β0 + β1EO+β2CE +ε.
Results and discussion

The average levels of CE and EO were 3.607 and 4.11 respectively confirming a higher level of EO with compared to CE. However, the difference standard deviation further evident that it is a slight difference. Nevertheless, as to the Table 1, majority of the firms (60%) was at the high level of CE while 86% of the firms were demonstrating a high level of EO. Interestingly, a negligible level of firms was at the low level of CE (3%) and EO (Nill) implying that the Colombo District hotels are seemingly maintaining a fair level of high CE and EO level.

The statistically significant (P<0.01) strong positive correlation values of CE (0.715) and EO (0.688) confirmed that there is a positive association between CE & EO and FP. Regression assumptions of Normality, Homoscedasticity (Pattern-less scatter), Multicolinearity (Table 2-c) and Auto-correlation (Table 2-a) were checked and got confirmed that data meet all the blue properties.

Table 01: Descriptive Statistics of CE and EO

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>% level of CE,EO and FLE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>High</td>
</tr>
<tr>
<td>CE</td>
<td>3.6072</td>
<td>0.48852</td>
<td>60</td>
</tr>
<tr>
<td>EO</td>
<td>4.1103</td>
<td>0.45732</td>
<td>86</td>
</tr>
</tbody>
</table>

Source: SPSS output based on Field Survey 2014

Accordingly, the adjusted R-Square of the specified regression model reported that 53.1% of the variation of FP can be explained by the two independent variables of CE and EO (Table 2-a). In addition, the statistically significant F test (Table 2-b) confirms that the specified model is fitted well.

Table 02(a): Model Summery of the Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Standard Error of Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.746</td>
<td>0.557</td>
<td>0.531</td>
<td>0.4026</td>
<td>2.192</td>
</tr>
</tbody>
</table>

Table 02(b):ANOVA Table

<table>
<thead>
<tr>
<th>Model</th>
<th>Sun of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>6.921</td>
<td>2</td>
<td>3.461</td>
<td>21.351</td>
<td>.000&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>1</td>
<td>Residual</td>
<td>34</td>
<td>.162</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>12.432</td>
<td>36</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 02 (c) – Coefficients of Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th>Predictor</th>
<th>$\beta_0$ Coefficients</th>
<th>Standard Error</th>
<th>Significant</th>
<th>Collinearity Statistic (VIF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.194</td>
<td>0.609</td>
<td>0.753</td>
<td>-</td>
</tr>
<tr>
<td>CE</td>
<td>0.548</td>
<td>0.217</td>
<td>0.016</td>
<td>2.478</td>
</tr>
<tr>
<td>EO</td>
<td>0.433</td>
<td>0.231</td>
<td>0.070</td>
<td>2.478</td>
</tr>
</tbody>
</table>

Source: SPSS output based on Field Survey (2014)

Hence, as per the Table 2 (c), it can be identified that only the variable of CE is a statistically significant (P<0.05) predictor of FP and Therefore, regression model can be estimated as FP = 0.194 + 0.548 CE. This makes clear that higher the level of CE by one unit, higher will be the FP by 0.54 amounts. What this makes clear is that processes are directly predicting the FP whereas behavioral tendency of EO is not a good predictor of FP. As to Awang et al. (2009) and Lumpkin and Dess (1996), EO is strongly associated with performance when it is combined with both the appropriate strategy and the proper environmental conditions. Thus, although studies argue that the both CE and EO are essential predictors of FP, due to contextual differences the results might be considerably varied.

**Conclusions**

This study was conducted with the aim of assessing the level of EO and CE and identifying the relationship between EO & CE and FP. Thus, it can be concluded that there is a high level of EO and CE in the studied context. Further, it was confirmed that CE is a predictor of FP whereas EO is not a predictor of FP. These findings confirm the findings of the Antoncic (2005), Shamsuddin & Othman (2012) and Mokya (2012).

**Acknowledgement**

Information and assistance provided by the registered hotels under SLTDA are acknowledged.

**References**


Consumer attitudes and buying behavior in fast food restaurants: with special reference to Colombo City, Sri Lanka

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Introduction

Attitude as one of the internal environmental factors, can affect a person's decision to purchase the product. Consumer attitude is a response or assessment given by consumers consistently, favorable or unfavorable, positive or negative, like it or not, agree or not to an object. Verdurme and Viaene (2003) describe an attitude as the psychological tendency of a person to respond or behave, in a consistently positive or negative manner with respect to a stimulus as a result of their attitude toward that stimulus. Accordingly people are having negative or positive attitudes and consumers may act against their own interest. Therefore proper understanding of consumers is important to explore the consumer attitudes towards the buying behavior. Consumers’ choice and buying behavior of particular products depend on many factors: as quality, variation, location, price, environment, etc. The attitude plays a fundamental role in consumer behavior field, because it determines his disposition to respond positively or negatively to an institution, person, event, object or product (Azjen and Fishbein, 1980). The study stated how these consumer attitudes are influences on their buying behavior. In present context, fast food restaurants and its consumption are rapidly growing with the people’s hard-working professional living, and busy life styles in all over the world. There are large numbers of fast food restaurants available in Colombo city. Consuming fast foods has become a recent trend among upper society, teenagers and youth have also increased and the fast food has won the palate of those groups. Ritzer (1996; 2002) and Schlosser (2002) argue that fast food can be seen as a powerful symbol of globalization and post-modern society and few countries of the world seem immune to its apparent attractions. The main objective to assess the relationship between consumer attitude and buying behavior towards fast food restaurants in Colombo city Sri Lanka. Secondary objectives are to find out the factors influencing on consumer attitudes and most significant factor and salient beliefs which influenced on buying behavior towards fast food restaurants.

Methodology

The target population of this study represents the consumers of the fast food restaurants in Colombo city. There are 104 fast food restaurants in Colombo city, out of these 104 fast food restaurants researcher selected 34 restaurants in order to represent the population size and 90 consumers selected from 34 restaurants. In this study primary data was collected through structured questionnaires among the consumers of the fast food restaurants in Colombo city. In addition Cronbach’s alpha test was conducted assures the reliability of questions. To analysis the data descriptive statistic, correlation analysis, analysis of variance (one way ANOVA), and independent samples T test and regression analysis were used.
Results and Discussion

Simple linear regression analysis used to accomplish the first objective of the study and it summarized as follows,

Table 01: Summary of correlation analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Pearson Correlation</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioural Factors versus Social Influences</td>
<td>0.356</td>
<td>0.001</td>
</tr>
<tr>
<td>Behavioral Factor versus Marketing Influences</td>
<td>0.486</td>
<td>0.000</td>
</tr>
<tr>
<td>Behavioral Factor versus Situational factor</td>
<td>0.451</td>
<td>0.000</td>
</tr>
<tr>
<td>Consumer Attitude and Buying Behavior</td>
<td>0.518</td>
<td>0.000</td>
</tr>
</tbody>
</table>

One way ANOVA and t test illustrated that age, household income, education; occupation and monthly expenditure were influenced on the buying behavior. Moreover researcher identified some salient beliefs of the fast food consumers when they having fast food and choosing the fast food restaurant as atmosphere of the restaurant, availability of variety of foods in the menu, taste and service quality, reasonable pricing and quality, friendly attitude of the staff, overall outlook of the restaurant, parking facilities, closeness to the working places, interior designs, quick delivery and the image. Further one way ANOVA and t test used to identify the relationship between demographic factors and buying behavior. According to the t test significant value of the gender and marital status shows that there is no statistically significant difference between the variables. Further one way ANOVA table of the age illustrates that there is no statistically significant difference between the age and buying behavior. Moreover significant value of the monthly household income, occupation, education expenditure and consumption shows that there is significantly relationship with buying behavior.

Conclusions

To accomplish the first objective that identify the relationship between consumer attitude and buying behavior towards fast food restaurants, researcher used regression analysis and correlation coefficient analysis. According to the simple regression analysis P value of the consumer attitude and buying behavior suggested that there is relationship between consumer attitude and buying behavior. When considering the Pearson correlation value of the consumer attitude and buying behavior is 0.518. Accordingly, it is clear that there is a significant positive strong relationship
between consumer attitude and buying behavior. Moreover, according to the other variables which are influenced on consumer attitudes and buying behavior having a significant positive relationship. This positive relationship is not much stronger because Pearson correlation value implies that there is significant positive weak relationship among them. Intend to achieve the second objective; descriptive statistics, t test and one way ANOVA test applied. According to the descriptive analysis the consumers who belongs to 15-35 years, consumers who getting monthly income between Rs.60, 000-80,000 and completed graduate level education, and government employees are mostly influenced on buying behavior. Further through the one way ANOVA and t test, occupation, education, monthly income identified as most influenced factors on buying behavior.

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Vincent N. ,(2006). A study on brand consciousness among children and its effect on family
Push factors effect on voluntary external labor turnover intention in apparel industry Katunayaka Export Processing Zone

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Introduction

Employees’ turnover is a much studied phenomenon in human resource management (Khatri et al. 2003) but there is no standard reason why people leave organizations. The term “turnover” is defined by Yasir in (2001) as the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period. Employees’ turnover intention is different from Employees’ turnover. Labour turnover intention is mental decision of an individual toward the decision of continue or leave the job (Meyer et al, 2001). Turnover intentions are the instant connection to turnover behavior (Benedict et al, 2007). As a result of the turnover intention at the end it can be seen labor turnover. Voluntary external labor turnover intention is employee own intention to quit from the job as well as from the organization. But there is no standard reason why people leave organization. Those factors basically can be divided as push factors and full factors (Ali Shah et al., 2010). Push factors are controlled factors because those factors are internal and can be controlled by organizations. According to Vuipoh (2002), firm can control push factors. In addition to that push factors can be defined as aspects that push the employees towards the exit door such as salary, benefits and facilities; size of organization, job satisfaction, job stress, and organizational commitment (Ali Shah et al., 2010). Further it has broadly divided push factors called organizational factors, attitude factors, and organizational commitment. This research conduct to find solutions for following three research questions such as What is the relationship between push factors and voluntary external labor turnover intention?, What is the impact of push factors on voluntary external labor turnover intention?, What are the suggestions provide by employees to maintain voluntary external labor turnover intention?

Methodology

The population of this study was operational level employees work in apparel related firms which have registered in Sri Lanka Board of Investment (BOI) within Katunayake Export Processing Zone (KEPZ). The aim was to study best three companies within population. Those best three companies select based on Sri Lanka BOI annual report, 2012. Finally select 30 operational level employees from each company have been selected which accounts for 90 operational level employees. Primary data is collected through self-administered questionnaires. Further Cronbach Alpha reliability test was employed to assess the validity of the questionnaire. Thus, employee turnover intention was measured by using self developed questionnaire based on Ali Shah et al.,(2010) The questionnaire items to measure turnover intention developed by the researcher
have shown a reliability level of 0.808 confirming that these levels are exceeding the general acceptable level. Hence, it is suitable for the further processing. In addition, Interview techniques use to gather deeper information of employees relevant to research objectives. Data were analyzed by using descriptive analysis, correlation coefficients analysis, and regression analysis.

**Results and Discussion**

The researcher measure relationship between turnover intention and push factors. Push factors categorized basically three parts such as Organization factors (Pay, Benefit, and Organizational justice), Attitude factors (Job satisfaction, and Stress), and Organization commitment (Affective commitment, Continues commitment, and Normative commitment) according to the research findings Correlation between push factors and turnover intention show as follow.

Table 1 - Correlation between push factors and turnover intention

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Pearson Correlation</th>
<th>P value</th>
<th>Relationship with turnover intention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay</td>
<td>-.448</td>
<td>0.00</td>
<td>Weak negative correlation</td>
</tr>
<tr>
<td>Benefit</td>
<td>-.393</td>
<td>0.00</td>
<td>Weak negative correlation</td>
</tr>
<tr>
<td>Organizational justice</td>
<td>-.619</td>
<td>0.00</td>
<td>Strong negative correlation</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>-.763</td>
<td>0.00</td>
<td>Strong negative correlation</td>
</tr>
<tr>
<td>Job Stress</td>
<td>.783</td>
<td>0.00</td>
<td>Strong positive correlation</td>
</tr>
<tr>
<td>Affective commitment</td>
<td>-.477</td>
<td>0.00</td>
<td>Weak negative correlation</td>
</tr>
<tr>
<td>Continues commitment</td>
<td>-.272</td>
<td>0.00</td>
<td>Weak negative correlation</td>
</tr>
<tr>
<td>Normative commitment</td>
<td>-.439</td>
<td>0.00</td>
<td>Weak negative correlation</td>
</tr>
</tbody>
</table>

Source: Field Survey 2014

The first objective is assessing the relationship between employee turnover intentions. Pearson Correlation shows the type of relationship. According to Pearson Correlation rule, table No. 1 indicates those pay, benefit, affective commitment, continuance commitment, and normative commitment have a Weak negative relationship with turnover intention. Organizational justice, Job satisfaction, and job stress have a Strong negative relationship with turnover intention. In addition to that stress has a Strong positive relationship with turnover intention.

To achieve second object is assessing the impact between employee turnover intentions. Regression analyzes shows impact of push factors on labor turnover intention. It explains by following regression equation.

\[
\text{Turnover Intention} = 4.297 - 0.306P - 0.234OJ - 0.193ES + 0.409JS - 0.386NC
\]
P - Pay, OJ - Organizational Justice, ES - Employee Satisfaction, JS - Job stress, NC - Normative commitment

Constant of the equation will explain when all variable are constant the amount of employee turnover intention according to formula it is 4.297. It represents independent value of the formula. According to regression equation job satisfaction is highly affecting to turnover intention among other independent variable. According to the regression model there is positive impact it is 0.409. Normative commitment is the second highest affecting factor for employee turnover intention it is -0.386. Pay is the third highest affecting factor, it value is -0.306. Organizational justice effect on turnover intention, it value is -0.234. Finally employee satisfaction effect on turnover intention, it value is -0.193.

Third objective of this study was to suggestions provide to employees for maintain voluntary external labor turnover intention. According to research findings job stress is the most affecting factor for turnover intention. There for managing employee stress is essential. Payments and benefits is not only affect to turnover intention therefor managers have to consider employee satisfaction in addition to financial benefits.

Conclusions

The first objective of this study was to assess the relationship between employee turnover intentions and push factors effect on labor turnover intention. According to the research findings there was a significant relationship between push factors and turnover intention in the apparel industry in Sri Lanka and to identify Pay, Benefit, Organizational Justice, Employee Satisfaction, Normative commitment, Continues commitment and Continues commitment is negatively effect on turnover intention. In the same time job stress is positively effect on labor turnover intention. The second objective of this study was to assess the impact between employee turnover intentions and push factors effect on labor turnover intention. According to findings Job stress is the most critical factor effect on labor turnover intention in Sri Lanka Apparel industry and it create positive impact. Organizational justice and job satisfaction also highly create negative affect on turnover intention.

Final objective of this study was to suggestions provide to employees for maintain voluntary external labor turnover intention. According to research findings following suggestions are important such as Create positive work environment to employees is very important to enhance employee satisfaction, Provide Competitive Benefits to employees, Develop Skills also important to enhance satisfaction, reduce the work pressure which cannot manage by them and less the working conditions in favor to job stress. Manage the work load of workers by maintaining appropriate number of workers to operation. Clearly explain the working responsibilities to employees.

References


