

IMPACT OF GLOBALIZATION ON TOURIST RESTAURANT INDUSTRY IN SRI LANKA

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ABSTRACT

Globalization creates the common market for the whole world apart of the single market. due to this interdependency every business entity has to face to the its own risk. Focusing on the Colombo district small and medium tourist industry researcher pointed out the risk of globalization transmit through the political crisis, economic crisis and information technology. Comparing to previous researches with regard to the topic it has identified the primary and secondary data used researches with several research models. A sample frame of 100 (N=100) was selected under the non-probabilistic sampling technique from the Colombo district based small and medium tourist restaurants. face to face interview method used with the comprehensive questionnaire to collect the primary data. as a research Model, canonical correlation and Manova used as a research model to present the result of the data. SPSS and MS Excel were used to analyze the collected data. As a main finding of the study, there exists a positive correlation between globalization and entrepreneurial risk. According to the research findings entrepreneurs should avoid the risk because risk causes the huge damage to the business. As a risk avoiding methods entrepreneurs should keep adequate savings and appropriate risk-taking practices.

INTRODUCTION

Globalization is a compulsory process which influence to every kind of business, social strata, culture, education and human and non- human life making boundaryless world. Due to the globalization every kind of nations are able to deal with the rest of the world. globalization help to release the barriers for the development. The developed countries got the chance to invest in the developing countries creating more opportunities (blogspot.com.2009). Globalization is the process towards the integration of national economies towards the global economy through the trad and different kind of factors. Further this causes the boundaryless market around the world. Globalization causes the eliminate monopolistic behavior of the market and strength the market competition, Innovation, expansion and privatization of the countries (Shanquan, 2000). due to the globalization today, every country has to face to the international trade without regulations. Globalization process makes it easier to transfer money, business information and knowledge, ignoring the boundaries and volume of the institution or country. Due to the globalization cash, labor, capital, technology, development transfer between countries and continents ignoring the length of the country (Siriginidi, 1996). Sri Lankan tourism industry also became more general due to the world due to the globalization. After the development of the trade between countries and continent tourist's arrival became more. Due to that tourism became a more influenced industry to the Sri Lankan economy. Tourists restaurant and hotel industry also became more Important as major tourism service supplier. With the globalization tourist hotel and restaurant sector became more developed and that sector became most negatively and positively fluctuated sector from the globalization. As an example due to the easter Sunday bomb attack and covid-19 Sri Lankan whole tourist sector became helpless. this is the great example for risk of the globalization for the tourist sector. This risk spread through the economic crisis, political crisis and information technology for the whole tourist sector.

LITERATURE REVIEW

globalization generally recognized the importance of understanding economic, political, social phenomena seemingly given to the complex scenario of it. there is no generally accepted definition for globalization (Morrison and Soesastro, 1998). According to Adie (2004), globalization is a phenomenon as well a process that minimizes the geographic distance bridging the above factors.in the same vein, economic, political, technological and socioeconomic transformations spread the process of globalization. Globalization process creates the new opportunities for every business and it damages the businesses as well.Globalized economies have higher growth rates than non-globalized economies(Bhagwati and Srinivasan, 2002).in this decade more countrieswith capitalist economyare operate under the globalization because everyone has opportunity with the globalization as and example Sri Lanka became most remarkable country for tourism industry. There is plethora of countries than Sri Lanka with political, Land and community power but they are unable to compete against Sri Lankan tourism sector because tourists are getting the details of Sri Lanka through the internet then they decide their travel destination. Globalization sharpen the opportunities for every country not regards with its anything.rapidly growing financial globalization possess difference challenges during recent years (Lane, Maria and Ferretti, 2004). Recently globalization devotes many challenges for the business entities. Rapid movement of the financial capital causes the destabilization of social entities around the world. Globalization is the major force of economic and financial integration of the world but it careers huge risk to the economies (Tran, Collyns, Portilla, Gibbs and Huefner, 2014). risk of globalization became a heavy challenge for the businesses. recent trend of the risk of globalization can identified through the covid-19 incidence because Sri Lankan tourism related every sectors face to the decline and addition to that every kind of worldwide businesses has to face to the fail situations. especially international trade and related every kind of businesses are damaged and bank services, other trade related facilities, suppliers' services were dropped due to the global pandemic and its impacts. Globalization specialist mention that risk of globalization transfer through the information technology, political crisis, economic crisis and -based risks. Technology is one of the major motivating forces which boosted the globalization of the market, resulting in 'converging commodity' in countries around the planet (Levitt, 1983). To assert that, the driving force of

globalization is certainly the progress of technology and due to that it speeds up the process of globalization and contributes to essential transformation of the economic system .other than the basic arguments, some researches elaborated that, information technology systems affects internationalization, expansion, business growth and competition of the multinational, small and medium enterprises which are operating around the world. The assemblage of communication, computer and information technologies make easier to process and use the information from remote location (Jimba, 1998). As indicated by (Adei, 2004) a company cannot be a major actor without the use of communication technology. Information and technology assume a major part for modern companies. Political globalization makes access to entrepreneurs while transferring the risks. globalization removes all the access barriers to enter the international capital and finance to promote the real choices and opportunities to the markets to empower the customers (UNCTAD,1996). this idea is further developed as the political globalization processes which causes the structural transformation of the world order and remove obstacles to the mobility of all factors of production, increased interdependence of the trade between the countries and that process influence the multipartite of the society (Moghadam,1999).Stiglitz(2002) Stiglitz(2017) arguing that the western countries are acting through the process of privatization, liberalization and stabilization.as a result many southern countries have come worse off.in order to tighten the above idea, (Sen,2002) argued that the market economy does not work by itself in global relations indeed, it cannot operate alone even within a given country. Economic crisis emerged with all kinds of irresponsible administering of the country and caused bad effect on every investment of fund and assets prices of the economy(Chang and Velasco,1998).this idea further developed by Armstrong (2009), economic crisis is a threat to the every economic related assets of the economy.in recently Ghosal (2006) contributed with his ideas as, government decision, aggregate demand, supply, world market fluctuations, international influences and international liquidity. Internationalization of the country economy caused the economic crisis in the domestic financial system because crisis is primarily based on above influence. World market crisis situations affect the local market as follows. Economic crisis slows down the economic development and the total output of the country (Lewin, Peeters and Massini, 2009. p.33). Sri Lankan tourist restaurant sector is constantly fluctuated by the above-mentioned risks because tourist restaurants and tourism

sectors are the one of mostly sensitive to the global economy. According to the Sri Lanka Tourism Development Authority (SLTDA) report 2020 January to June tourist arrivals declined by 49.7% than 2019. Mentioned reason for this decline is lockdown situation of the several tourist destinations and the covid -19 Pandemic. due to that Sri Lankan tourist industry became more loss-making industry. It is easier to understand the impact of globalization on tourism industry.

METHODOLOGY

This research paper used the survey design. Primarily it explored entrepreneur background globalization and risk knowledge of the participants. secondly identified the relationship between the globalization and impact of political crisis for business, impact of economic crisis for businesses, impact of information technology for businesses, risk taking behavior of the entrepreneurs, risk minimizing methods. this survey selected the small and medium apparel related businessmen's and small and medium tourist restaurant owners or chief executive officers to get their ideas on the Impact of globalization on entrepreneurial risk. The data for this study was attained from the Primary data source using the structured questionnaire. Primary data was collected through the surveying the one hundred (100) tourist restaurants respondents from Colombo district representing the total number district population. The research questionnaire contains with five (5) parts with the demographic details. There are the sixty (60) quantitative questions contains with the questionnaire. For measuring the relative performance of the resonance all questions were asked to be rated on a seven-point Likert scale where (7=strongly disagree 6= strongly 5=agree 4= neutral 3=disagree agree 2=Mostly agree 1=strongly disagree). Canonical correlation and Manova methods were used to data presentation and analysis. Correlation table and percentages also used. SPSS and Micro soft excel used to above data presentation and analysis.

ANALYSIS

CANONICAL CORRELATION

Canonical Correlation is the analysis of multiple-X multiple-Y correlation. The Canonical Correlation Coefficient measures the strength of association between two Canonical Variates. Canonical correlation analysis is a method for exploring the relationships between two multivariate sets of variables all measured on the same individual and to measure the relationship of the globalization and entrepreneurial risk canonical correlation is more accurate with the MANOVA.

MANOVA

A MANOVA or multivariate analysis of variance is a way to test the hypothesis that one or more independent variables. Further MANOVA is good to measure the effect on a set of two or more dependent variables. In this research this MANOVA used to measure relationship between the globalization and tourist restaurants entrepreneur's risk.

Independent Variable

X1=Globalization

X2=Economic crisis

X3=Political crisis

X4=Technology crisis

Dependent variable

Y1=Risk taking

Y2=Investment

Y3=Entrepreneurship

PEARSON CORRELATION METHOD FOR MEASURE THE CORRELATION

The correlations between globalization and tourist restaurants entrepreneurial risk measured using seven variables. (Globalization, Economic crisis, Political crisis, Technology, Risk taking, Investment, Entrepreneurship). Results were obtained using Pearson method of correlation, on the final sample for the study (N = 100). The correlation coefficients and the percentage of overlap are presented in Table 1.

Table 1 Multivariate Tests of Significance (S = 3, M = 0, N = 45 1/2)

Test Name	Value	Approx. F	Hypoth. DF	Error DF	Sig. of F
Pillars	0.10	0.85	12.00	285.00	0.59
Hotellings	0.11	0.85	12.00	275.00	0.59
Wilks lamda	0.89	0.85	12.00	246.35	0.59
Roys	0.85	0	0	0	0

Source: Researches computation (2018)

Here, Pillars test reveal that least sensitivity to violation of the assumption and rejects the null hypothesis and Roy's test is mostly used tool to measure the deviation and the covariance. Here Roy's test reveals there has 0.85 covariance between the dependent variable and the independent variable. all of these tests are significant with $p < 0.05$. Wilks Lambda (λ) and F value reveal the important factors about the relationship of the variables. Lambda is a measurement of the percentage of variance in the dependent variable that is *not explained* by differences in the level of the independent variable. In this result Lambda varies between 1 and zero, but it should be near zero. Here Wilks' lambda is 0.89 and has an associated F of 0.59, which is significant at $p < 0.001$. here overall test for the canonical correlations are significant.

Table 02 Correlations between dependent variables and canonical variables- Restaurants sector

variable	Function Number		
	Y1	Y2	Y3
Y1	0.86	0.077	0.50
Y2	0.40	-0.90	0.17
Y3	0.62	-0.29	-0.72

Source: Researches computation (2018)

The Data of the above table presents the correlation between dependent variables. These are the correlation between dependent variables and the variate for dependent variables. Contribution to the variate from highest to lowest as: y1, y3, y2.

Table 3 Variance in dependent variables explained by canonical variables -Restaurants sector

Canonical Variable	Pct Var Dep	Cum Pct Dep	Pct Var Cov	Cum Pct Cov
1	42.99	42.98	3.66	3.66
2	30.02	73.00	0.43	4.088
3	26.99	100.00	0.12	4.20

Source: Researches computation (2018)

This chart shows that 42.99% of the variability in the dependent variables is explained by the dependent canonical variate. Also, 3.66% of the variability in the dependent variables is explained by the independent canonical variate. Above result shows us how much of the variation in the dependent variables is explained by the independent latent factors. Pct Var Cov column reveals percentage of the covariance in the dependent variables explained by each independent variate. Assess the explained variance for each of the significant variates. Typically, the first variate has by far the most explained variance. This is called redundancy, and is the indicator of the strength of the causal relationship on the other hand this analysis works as an estimate of “goodness of fit”

for the dependent latent factors. It tells us how much of the covariance in the dependent variables is accounted for by each dependent latent factor.

This shows that 42.98% of the variability in the dependent variables is explained by the dependent canonical variate. Also, 3.66% of the variability in the dependent variables is explained by the independent canonical variates.

RESEARCH FINDINGS

The research found that globalization has significant positive impact on the entrepreneurial risk. There for this research infers that positive relationship of the globalization and entrepreneurial risk. Secondly the researcher identified the positive relationship of the globalization and information technology, Political crisis and economic crisis. further the research reveals a positive correlation between the globalization and risk-taking behavior, investment and entrepreneurship. finally, research revealed that globalization and entrepreneur risk have a positive co-relation and a positive effect between risk and globalization.

CONCLUSIONS

In this research author attempt to analyze the impact of globalization through the three measurements such as economic crisis, political crisis and crisis of technology to evaluate the relationship between globalization and entrepreneurship risk. The analysis result reveals that globalization has a positive, significant impact on entrepreneur risk. Due to the risk of globalization entrepreneurs constantly has to change the budgets and business plans and have to rearrange them often. Risk of globalization is unavoidable in the globalized world due to this entrepreneur has to learn to manage these risks in order make a profit. respondents of the research agreed to keep the required savings and investments, on time reporting, concern for the bank balances are the key strength for the avoid the risk of globalization for their businesses.

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