Revamp of Tourism Industry in Nepal: Women Entrepreneurial Orientation, Competitive Advantage, and Firm Performance

Pratikshya Bhandari
School of Management, Metharath University, Thailand

Bijay Sigdel
School of Management, Metharath University, Thailand

Sarana Photchanachan
School of Management, Metharath University, Thailand

Kullaya Uppapong
Marketing Department, Uttaradit Rajabhat University, Thailand

Asmita Bhattarai
Prithvi Narayan Campus Institute of Science and Technology, Tribhuvan University, Nepal

A B S T R A C T

The Covid-19 pandemic unexpectedly disrupted people and placed a global consequence; no industry has arguably been as hard-hit as Nepal's tourism industry. Therefore, the study has examined the influence of Entrepreneurial Orientation (EO) on revamping women-owned tourism businesses and how the mediating effects of competitive advantage influence the performance of women-owned tourist firms in Nepal. Data were collected from 172 women-owned tourism businesses.
businesses via a survey questionnaire. Partial least squares structural equation modeling (PLS-SEM) tests the hypothesis and quantifies the relationship using algorithms and bootstrapping. Data analysis revealed that EO doesn’t directly affect the performance of the business, whereas, through the mediation of competitive advantage, EO and business performance have a relationship. Furthermore, findings show that EO plays a crucial role in revamping women-owned tourism businesses. This study has an important implication for women-owned tourist enterprises looking to improve their operations and, in turn, obtain a competitive advantage.

**KEYWORDS:** women entrepreneurial orientation, competitive advantage, firm performance, Covid-19, tourism industry

**Introduction**

Nepal is the birthplace of Lord Gautam Buddha and home to Mount Everest, the highest mountain peak in the world. It is one of the most visited tourist destinations because its natural landscape, traditions, and eminent generosity of diverse ethnic assemblies are the things that attract tourism (MOFA, 2022). Therefore, the tourism industry is Nepal's most vital business sector contributing to social and economic development. However, the wave of Covid-19 has massive moments that have reshaped the contemporary also forthcoming scenery of the tourism industry. Reminisce the Covid-19 pandemic's initial flare-up in December 2019 and blew out hastily athwart the world through human-to-human transmission (Li et al., 2021; Chen et al., 2020). The tourism industry is the initial and the maximum knockout sector by Covid-19 (I. Ocheni et al., 2020), which has a catastrophic impact. In this intricate state, women entrepreneur is anguishing the most (Kumar & Singh, 2021). The travel limitations of Covid-19 have triggered incomparable injury to global tourism by dropping international arrivals in 2020 by 74 percent with a projected loss of US $ 1.3 trillion (UNWTO, 2021). Vaccination is one of the factors to build confidence to travel and, thus, revamp the tourism industry (Moreno-Gonzalez et al., 2020; Su et al., 2021).

Toward revamping the hard-hit tourism industry, the Government of Nepal focuses on women entrepreneurs because men are migrating to other countries for job seeking. Hence, Nepal focuses on economic development and promoting sustainable tourism by emphasizing women entrepreneurs (Murarka, 2022). According to the earlier literature, entrepreneurial
Orientation (EO) is deliberate to revamp the business in crises like the Ebola virus, SARS, and other virulent viruses that previously dared the world. EO not only stretches competitive advantage to the business but also gives the direction for revamping the business (Li et al., 2021; Kottika et al., 2020). Generally, EO is a deliberate arrogance that clarifies the dealings and arrangements that strategically bid business groundwork decisions and actions (Mehrabi et al., 2019). EO cultivates its reputation as a firm that embraces creativity, takes calculated chances, and wants to lead the way with proactive innovations to gain a competitive edge by imitating how a company explicitly or implicitly chooses to behave (Wang et al., 2020). The idea that women entrepreneurs can simultaneously have beneficial benefits for economic growth is the foundation of the development program's approach to this topic. Women who want to establish businesses can think creatively and start taking risks with the composition of numerous factors that deal with the ambiguous business environment (Ge et al., 2022). Therefore, EO has been recommended as an instrument for solving the existing issue and revamping the business as well as a decisive portion of the firm performance and competitive advantage in the current environment (Isichei et al., 2020).

Nepal is a remarkable tourist destination because of its numerous gorgeous snow-capped mountains, varied fauna, and rich socio-cultural history within a constrained geographic area. Nepal is for a good reason called the "Amazon of Asia" because of its biodiversity and unique variety of flora and fauna. It is also a shelter for almost 8 percent of the world's bird species (MOFA, 2022). The tourism industry's total contribution to Nepal's GDP is about 3.6 percent, whereas its total impact was US $2.2 billion in 2019 (The World Bank, 2022). Women entrepreneurs play a justifiable role in the growing economic (Achakpa & Radovic-Markovic, 2018). The pandemic has had a disparaging influence on the travel and tourism sector, specifically on travelers' anxieties and risk perceptions, and it has a long-lasting negative effect on their intention to travel. Currently, the globe is working to revitalize and modernize the tourist sector, especially those nations that depend on travel and tourism-related earnings (Balasubramanian et al., 2021). Women's entrepreneurial behavior is a possible source of reviving the business and a competitive advantage (Bhandari & Amponstira, 2021). The Covid-19 pandemic epidemic is much more severe than anticipated; hence it is hard to recognize and identify the proper way to revamp the downfall business. There are several studies about the relationship of EO and performance of tourism industry (I.Ocheni et al.,
2020; Tang et al., 2020; Balasubramanian et al., 2021; Luu, 2021) as well as the mediating effect of competitive advantage on them (Kiyabo & Isaga, 2020; Mostafiz, Hughes, & Sambasivan, 2021). However, the studies related to women entrepreneur on the tourism industry are limited (Ribeiro et al., 2021; Filimonau et al., 2022). Consequently, this study addresses the research gap by studying the performance of EO and women-owned enterprises, with competitive advantage playing a mediating role in revamping the tourism business.

Therefore, the study has studied the influence of EO on revamping women-owned tourism businesses and how the mediating effects of competitive advantage influence the performance of women-owned tourist firms in Nepal. The study helps women business owners grasp the value of EO and competitive advantage for modernizing businesses and raising performance levels. The literature review and hypothesis are developed in the following section, followed by the methodology, data analysis and discussion, conclusion, and implications. Finally, the limitation and further research are discussed.

**Literature Review and Hypothesis Development**

Hereunder is a brief literature review on the Nepali tourism industry, the tourism industry and Covid-19, and the connection between EO, competitive advantage, and performance.

**The Tourism Industry in Nepal**

Nepal is an idyllic destination for someone who loves to experience the authentic and mesmerizing. It is the amalgamation of a steamy jungle in Terai to the icy peak's mountains and abundant rivers where more than 45 percent of tourist visit to see the natural resources. The things that attract tourists to Nepal are religious sites, mountain climbing, canyoning, hiking, paragliding, hot air balloon, bungee jumping, and many more untouched and undiscovered things.

Nepal is a unique place where the Royal Bengal tiger and Asiatic rhinoceros are spotted, including 15 national and wildlife parks (two UNESCO heritage sites). Due to the above reason, Nepal is a tourism hub for those who want to discover a unique experience, and of course, tourism is the mainstay of the Nepalese economy (MOFA, 2022; Murarka, 2022).
For this research, Gandaki Province is selected as the study area. Gandaki Province has a bundle of natural beauty with the highest lake in the world, Tilicho (4,919m), breathtaking mountain ranges, and crystal-clear lakes. The province is also well-known as Nepal's hub of tourism destinations (Ministry of Tourism Gandaki, 2021).

The Tourism Industry and Covid-19

The tourism sector is extremely vulnerable to various events, including terrorism, pandemics, and natural disasters. Because of this, the tourism sector must constantly be well-prepared for defense and recovery measures. Since travel is necessary for tourism, any variables that affect travel could negatively influence the tourism sector, such as Covid-19. (Yeh, 2021). Indeed, Covid-19 has prominently reduced the essentials of leisure travel and hedonistic gateways (Kaushal & Srivastava, 2021). The situation resulted in widespread unemployment, loss of over 10,000 jobs, and loss of revenue, income, and livelihood in numerous Nepalese tourist sectors, including aviation, trekking, mountaineering, and hospitality (Joshi et al., 2022). Therefore, a robust apparatus is required to recuperate the tourism industry for the tourism-based country.

Entrepreneurial Orientation and Firm's Performance

The cardinal concept of entrepreneurship is entrepreneurial orientation (Jiang et al., 2018). Nowadays, entrepreneurship concentration is increasing. The market is changing in the blink of an eye, and appropriate entrepreneurship strategies can reflect better business performance. EO has been conceptualized in two significant views: a unidimensional concept (Vega-Vazquez et al., 2016; Wang et al., 2020) and a multi-dimension concept (Covin & Lumpkin, 2011). The unidimensional concepts of EO have three dimensions: proactiveness, risk-taking, and innovativeness (Vega-Vazquez et al., 2016; Dai & Si, 2018). EO is ostensible only when firm pageants the three dimensions. EO drives firms to be progressive, risk-takers, and ground-breaking in the market to accomplish competitive advantage (Jiang et al., 2018). Conceptually and empirically, the connection between entrepreneurship and business performance is widely recognized (Lumpkin & Dess, 1996; Fairoz et al., 2010; Li et al., 2021). According to the situation, each dimension of EO contributes to the firm performance
Abstractly, it is claimed that the EO proactiveness, innovativeness, and risk-taking dimensions are drivers of excellent company performance (Saeed et al., 2014). The environment is typically characterized by rapid change, an uncertain product and business lifetime, and no guarantees of future financial success. As a result, businesses need to constantly look for new opportunities presented by EO (Ribeiro et al., 2021). Companies that pursue innovation while taking risks will eventually achieve a competitive edge, which will impact their success (Kallmuenzer et al., 2019). The main factor influencing businesses' perseverance is how proactive the business environment is (Fadda, 2018; Kallmuenzer & Peters, 2018). It is envisioned that high EO businesses are expected to do well, but low EO businesses are expected to be less proactive, innovative, and risk-takers, which may be able to create a competitive edge, consequently, inferior performance. As a result, the study advises:

H1: There is a significant and positive relationship between entrepreneurial orientation and firm performance in the tourism industry.

Competitive Advantage and Firm Performance

In a concentrated market, a competitive approach has a momentous stimulus on the firm performance (Anwar, 2018). A firm can acquire a cost leadership-based advantage by dropping different marketing, operation, and management cost in the same way; differentiation-based can acquire by discerning its product and services from competitors (Yang et al., 2018). A business can achieve a competitive advantage when it brings the potential actions that can intrude on its competitors' actions (Wang, 2014). From a management perceptive, competitive advantage is a foremost ingredient for business subsistence (Bhandari & Amponstira, 2021). The study (Wiklund & Shepherd, 2003; Lechner & Gudmundsson, 2014; Gonzalez-Rodriguez et al., 2018) publicized that competitive advantage has a substantial relationship with firm performance. Thus, the study suggests:

H2: There is a significant and positive relationship between competitive advantage and firm performance in the tourism industry.
Entrepreneurial Orientation, Competitive Advantage, and Firm Performance

Strategic decision-making processes to familiarize with new goods and services and restructure organizational ideologies and behavior in the spirit of entrepreneurship are included in entrepreneurial orientation (EO) (Wales et al., 2020). With the enactment of EO behavior, a firm can have to recuperate competitive advantage and better firm performance (Zahra & Covin, 1995; Wiklund & Sherpherd, 2003; Mahmood & Hanafi, 2013). The study (Muindi & Masurel, 2022) states that the dimensions of entrepreneurial orientation are responsible for entrepreneurial performance. In the same way, EO and competitive advantage are the focal aspects of the firm performance growth (Ibrahim & Mahmood, 2016). The study (Mustafa et al., 2015; Ibrahim & Mahmood, 2016; Kiyabo & Isaga, 2020; Bhandari et al., 2022) states that a positive relationship exists between EO and firms’ performance, and competitive advantage positively mediates the relationship between EO and performance. It is the urge to be an EO firm and the intensification of the competitive advantage to deal with a competitive business environment (Bhandari & Amponstira, 2021). Thus, the study suggests:

H3: There is a significant and positive relationship between entrepreneurial orientation and competitive advantage in the tourism industry.

H4: There is a significant and positive mediation of competitive advantage between entrepreneurial orientation and firm performance in the tourism industry.

The proposed hypothesized research framework is demonstrated in figure 1.
Methodology

The study, which provoked thought, examined the function of EO in reviving the tourism industry by focusing on women tourist entrepreneurs. It also examines how competitive advantage mediates the relationship between EO and business performance. The measurements employed in this investigation are gathered from the literature and validated by scales. For the questionnaire development, the unidimensional EO consists of proactiveness, risk-taking, and innovativeness (Vega-Vazquez et al., 2016; Wang et al., 2020). The competitive advantage consists of differentiated products, market responsiveness, and market sensing (Kiyabo & Isaga, 2020), and performance consists of customer retention, reputation, and product service effectiveness (Han et al., 2019; Gonzalez-Rodriguez et al., 2021). The items of EO, competitive advantage, and performance were measured on a 5-point Likert scale from 1, "strongly disagree," to 5, "strongly agree".

The study used a quantitative methodology, conducted surveys to gather data using carefully drafted closed-end questionnaires, and focused on standards and statistics. Five experts did the item objective congruence (IOC) tests for the questionnaire before going to the data collection process. Data were gathered from women tourism business owners in Nepal's Gandaki Province who operated tourism-related enterprises in the hotel, restaurant, travel, leisure, and entertainment industries. Initially, a list of women tourism entrepreneurs was gathered from the Chamber of
Commerce and Industry of different districts of Gandaki Province. Then purposive sampling techniques were to collect the data. The pilot study uses a sample of 30 respondents to examine the validity of the items. The study floated 200 questionnaires; out of that, 172 questionnaires are usable, i.e., 86 percent. The data has been processed through Statistical Package for Social Science (SPSS) and Smart Partial Least Squares (Smart PLS).

There were 172 respondents in total that participated in the survey. The year of operation of respondents up to 5 years was 79 (45.93%), followed by 6 to 10 years was 38 (22.09%), above 15 was 34 (19.76%), and 11 to 15 years was 21 (12.20%) respectively. The number of employees working in enterprises from 1 to 9 was 160 (93.02%), 10 to 49 was 11 (6.39%), and more than 100 was 1 (0.58%), respectively. The type of enterprises of the respondent are micro-enterprises 132 (76.8%) followed by small enterprises 35 (20.3%) and medium enterprises 5 (2.9%) respectively.

**Data Analysis and Discussion**

The study uses the SEM model at Smart PLS 4 to analyze and evaluate the data obtained from the survey. Structural equation modeling is a statistical method for determining the relationship between observable and latent variables (Hair et al., 2021). Structural equation modeling consists of two steps to calculate the data: PLS-SEM bootstrapping and the PLS-SEM algorithm. The most popular for estimating path models with the relationship between latent variables is PLS-SEM (Sarstedt, Ringle & Hair, 2021). The constituents of the measurement and structural model become structural equation modeling.

**Measurement Model**

The measurement model measures latent variables through observable variables (Kang & Ahn, 2021). In this study measurement model consists of Cronbach's alpha and composite reliability. A composite reliability of over 0.70 is considered good (Hair et al., 2021), and Cronbach's alpha is above 0.70 or 0.60 (Griethuijsen et al., 2015).
**Structural Model**

The structural model is the latent variable's association and relationship (Kang & Ahn, 2021). In this study structural model shows path analysis, coefficient of determination ($R^2$), and effect size ($f^2$).

**Path Analysis**

Path analysis determines the relationship between the variables (Harris & Tao, 2022). In this study, path analysis shows path coefficient value, standard deviation (SD), p-value, 95% confidence interval, and t-value. The path coefficient's range is from -1 to +1. The hypothesis is accepted if the p-value is below 0.05 and the t-value is higher than 1.96. And path coefficient is known as significant when the zero value excludes the 95% confidence interval (Hair et al., 2021).

**Table 2: Path analysis**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Beta</th>
<th>SD</th>
<th>T-value</th>
<th>P-value</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial Orientation -&gt;</td>
<td>0.224</td>
<td>0.165</td>
<td>1.353</td>
<td>0.176</td>
<td>-0.148</td>
<td>0.512</td>
</tr>
<tr>
<td>Firm Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitive Advantage -&gt;</td>
<td>0.576</td>
<td>0.151</td>
<td>3.809</td>
<td>0.000</td>
<td>0.3</td>
<td>0.899</td>
</tr>
<tr>
<td>Firm Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial Orientation -&gt;</td>
<td>0.642</td>
<td>0.08</td>
<td>8.078</td>
<td>0.000</td>
<td>0.487</td>
<td>0.803</td>
</tr>
<tr>
<td>Competitive Advantage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitive Advantage -&gt;</td>
<td>0.37</td>
<td>0.121</td>
<td>3.058</td>
<td>0.002</td>
<td>0.192</td>
<td>0.663</td>
</tr>
<tr>
<td>Firm Performance</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

*Source: Authors compilation*

The initial hypothesis (H1) is, "There is a significant and positive relationship between entrepreneurial orientation and firm performance in the
tourism industry." According to Table 2, the path coefficient for hypothesis (H1) is 0.224, the t-value is 1.353, and the p-value is 0.176, which is less than the t-value of 1.96 and greater than the p-value of 0.05. And zero falls into 95% confidence interval [-0.148, 0.512]. So, based on the above analysis, hypothesis (H1) is rejected. Furthermore, a previous study supported a negative and non-significant relationship between entrepreneurial orientation and the performance of business (Messersmith & Wales, 2013).

The second Hypothesis (H2) is, "There is a significant and positive relationship between competitive advantage and firm performance in the tourism industry." The path coefficient for hypothesis (H2) in Table 2 is 0.576, the t-value is 3.809, and the p-value is 0.000, which is greater than the t-value of 1.96 and less than the p-value of 0.05. And zero does not fall into a 95% confidence interval [0.3, 0.899]. So, based on the above analysis, hypothesis (H2) is accepted. Additionally, a prior study that examined the relationship between competitive advantage and business performance also provided additional evidence in favor of this study (Bhandari & Amponstira, 2021).

The third hypothesis (H3) is, "There is a significant and positive relationship between entrepreneurial orientation and competitive advantage in the tourism industry." The path coefficient for hypothesis (H3) in Table 2 is 0.642, the t-value is 8.078, and the p-value is 0.000, which is greater than the t-value of 1.96 and less than the p-value of 0.05. And zero does not fall into a 95% confidence interval [0.487, 0.803]. So, based on the above analysis, hypothesis (H3) is accepted. Additionally, earlier studies showing a favorable and significant relationship between entrepreneurial orientation and competitive advantage supported this study (Mustafa et al., 2015).

The fourth hypothesis (H4) is, "There is significant and positive mediation of competitive advantage between entrepreneurial orientation and firm performance in the tourism industry." According to Table 2, hypothesis (H4) has a path coefficient of 0.37, a t-value of 3.058, and a p-value of 0.002—all of which are greater than the t-value of 1.96 and lower than the p-value of 0.05. And zero does not fall into a 95% confidence interval [0.192, 0.663]. So, based on the above analysis, hypothesis (H4) is accepted. Additionally, a prior study demonstrates a competitive advantage's mediating role in the association between entrepreneurial orientation and business performance (Kiyabo & Isaga, 2020).
Coefficient of Determination ($R^2$)

A measure of how much of an endogenous construct's variation is accounted for by its predictor construct is called the coefficient of determination ($R^2$) (Hair et al., 2021). $R^2$ values of 0.75, 0.50, and 0.25 are regarded as being respectively substantial, moderate, and weak. (Hair et al., 2021). The study shows that the value of $R^2$ of competitive advantage is 0.413, and performance is 0.547, which is weak and moderate. This indicates that the independent variable has a 41.3% variance in competitive advantage and a 54.7% variance in firm performance.

Effect Size ($f^2$)

The influence of the predictor construct on an endogenous construct is measured by the effect size ($f^2$) (Hair et al., 2021). A small, medium and large effects are defined as having an effect size of 0.02 to 0.14, 0.15 to 0.34, and above 0.35 (Cohen, 2013).

Figure 2: Path Model

Source: Authors' compilation
Table 3: Effect size ($f^2$)

<table>
<thead>
<tr>
<th>Construct</th>
<th>Competitive Advantage</th>
<th>Firm Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial Orientation</td>
<td>0.702 (Large Effect)</td>
<td>0.065 (Small Effect)</td>
</tr>
<tr>
<td>Competitive Advantage</td>
<td>-</td>
<td>0.429 (Large Effect)</td>
</tr>
</tbody>
</table>

Source: Authors’ compilation

Conclusion

The tourism sector was among the first to shut down since it was thought to be one of the coronavirus carriers. The global pandemic nearly put an end to tourism. EO provides a deliberate competitive advantage to the business and gives the direction of revamping the business. An entrepreneurial woman in the development program is shipwrecked on the premise that women-owned businesses can concurrently engender optimistic economic development. The study examined how EO influences women-owned tourism businesses' renovation efforts, and the mediating effects of competitive advantage influence the performance of women-owned tourism firms. The findings show that EO plays a decisive protagonist in revamping the business.

Moreover, in the women-owned tourism industry, EO doesn't have a direct relationship with firms' performance; nonetheless, with the mediation of competitive advantage, EO has an indirect relationship with firm performance. Additionally, there is a relationship between competitive advantage and firm performance. In the precise form, the verdict of this study bids treasured aids to EO, competitive advantage, and firm performance of women-owned tourism businesses. Similarly, EO and its dimension are the dynamic features necessary for revamping the tourism business in this current situation.

Implication

It isn't easy to extend the business protocols when there is an unpredicted wave like COVID-19. The Covid-19 pandemic's overwhelming effects significantly impacted the tourism sector. According to the study, the tourism sector has changed since Covid-19 and will probably reinvent itself as a sustainable enterprise. It is time to have entrepreneurial thinking for revamping the business and trying to be proactive to gain competitive advantages. The EO differs as per the business structure, where they are
operated, and the availability of resources. This research has concluded that competitive advantage mediates the link between EO and company performance. If a business gains competitive advantages, then only a business achieves better performance. Research also indicates that women-owned tourism businesses may profit by investing in their EO potential to achieve excellent performance by differentiating their firms from competitors and assisting in the recovery of the businesses. Hence, this research revealed that EO is essential for businesses revamping the tourism industry.

**Limitations and Further Research**

The limitations of this study made room for future research. The primary drawback of this study is the use of cross-sectional data, which may make it more difficult to recognize the irrationality of women entrepreneurs' deeds. However, further research can be done with a longitudinal approach to comprehend women entrepreneurs' deeds better. The second limitation is its focus on the women-owned business with certain geographical reasons or a country; however, further research can be conducted to imitate and inflate the study to different sectors and themes. It might reveal even more erudite edifices of the EO-firm performance link. The third limitation is that this research was conducted during the pandemic, so entrepreneurs focus on revamping businesses. It is possible to undertake additional research to examine how innovations might be transformed for the tourism sector to combat the Covid-19 issues.

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