

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

A literature review is the selection of available documents (both published and unpublished) on the topic, which contains information, ideas, data and evidence written from a particular standpoint to fulfill certain aims or express certain views on the nature of the topic and how it is to be investigated, and the effective evaluation of these documents in relation to the research being proposed (Hart, 1998: 13).

The principal purpose of this chapter is to acquaint the reader with the research area by providing insights on the key concepts, theories and data that are relevant to the topic being studied through an acute review of literatures. A literature review consists of all sources of secondary data that are of relevance to a particular topic that is being studied (Nieman and Nieuwenhuizen, 2003). Therefore, the literature review of this thesis paper encompasses the scrupulous, systematic and critical review of previous journals, articles, books, either published or unpublished dissertations, magazines, newspapers, and government and/or non-government publications.

Basic key concepts and issues including the relevant definitions and explanations of key terms and variables are addressed in this chapter. After an in-depth review of available and applicable literatures, necessary hypothesis has been developed in order to facilitate the research problem. Ultimately, this chapter ends up with presenting the theoretical framework of the study.

## **1.2 Antecedents of Entrepreneur and Entrepreneurship**

### **2.2.1 Entrepreneur**

The term entrepreneur was first appeared in the French dictionary, 'Dictionnaire Universel de Commerce' compiled by Jacques des Bruslons and Published in 1723 (Navale and Bhanudas, 2013), and its meaning has evolved ever since. Early in the 16<sup>th</sup> century, the term entrepreneur was used for the persons those who are engaged in military expeditions. Later in the 17<sup>th</sup> century, it was extended to cover construction and civil engineering works. Only in the 18<sup>th</sup> century, it was used in the context of business and economic activities (Pahuju and Sanjeev, 2015).

In the late 17<sup>th</sup> century and early 18<sup>th</sup> century, Richard Cantillion (1680-1734) considers entrepreneur as the risk-taker who deliberately allocates resources to exploit opportunities in order to maximize the financial return. Cantillion (1755) described entrepreneur as a person who purchases a raw material at a known price in order to sell it at an unknown price (Filion, 2011).

Later in the 20<sup>th</sup> century, Joseph Schumpeter (1883-1950) along with his colleagues studied entrepreneurship and emphasized entrepreneur as an innovator. According to Schumpeter (1936), an entrepreneur is a person who carries out new combinations, causing discontinuity. The carrying out of new combinations can include a new good or quality of a good, new method of production, opening of a new market, conquest of a new source of raw materials or reorganization of any industry.

Similarly, Hagen (1906-1993) attempted to explain the term entrepreneur and highlighted his/her autonomous (independent) character. He quoted that '... persons

will become entrepreneurs... only if they are rebels against the traditional society' (Hagen, 1960).

Furthermore, David McClelland (1917-1998) defined entrepreneur as a person with a high need for achievement. He is energetic and a moderate risk taker. Hence, McClelland (1965) is the first one who indicates the competitive nature of an entrepreneur including other personal characteristics.

In addition, Peter F. Drucker (1909-2005), '*Father of Modern Management*', defines entrepreneur as the one who always searches for change, responds to it and exploits it an opportunity (Drucker, 1985). His definition endorsed an innovative along with the proactive characteristics of the entrepreneur.

Therefore, it can be argued that an entrepreneur is essentially the self-governed individual who bears risk, crafts innovation, deliberately compete and preemptively achieve perceived opportunities. The elements that are frequently used to define the term entrepreneur is presented along with their respective author(s) as below:

**Table 2.1:** Elements defining the term Entrepreneur

<b>Elements defining the term Entrepreneur</b>	<b>Authors</b>
Anxiety	Lynn (1969); Kets de Vries (1977; 1985).
Control	McClelland (1961).
Coordination of resources for production; organizing factor of production or of the management of resources	Ely and Hess (1893); Cole (1942 and in Aitken 1965); Belshaw (1955); Chandler (1962); Leibenstein (1968); Wilken (1979); Pearce (1981); Casson (1982).

**Table 2.1:** Elements defining the term Entrepreneur (Continued)

<b>Elements defining the term Entrepreneur</b>	<b>Authors</b>
Creativity	Zaleznik and Kets de Vries (1976); Pinchot (1985).
Dynamo of the economic system	Weber (1947); Baumol (1968); Storey (1982); Moffat (1983).
Focus on action	Baty (1981).
Innovation	Innovation Schumpeter (1947); Cochran (1968); Drucker (1985); Julien (1989; 1998).
Introduction of change	Mintzberg (1973); Shapiro (1975).
Leadership	Hornaday and Aboud (1971).
Opportunity recognition	Smith (1967); Meredith, Nelson and Neck (1982); Kirzner (1983); Stevenson and Gumpert (1985); Timmons (1989); Dana (1995); Shane and Venkataraman (2000); Bygrave and Zacharakis (2004); Timmons and Spinelli (2004).
Projective and visionary thinking	Longenecker and Schoen (1975); Filion (1991; 2004).
Rebellion/Delinquency	Hagen (1960).
Risk	Cantillon (1755); Knight (1921); Palmer (1971); Reuters (1982); Rosenberg (1983).
Value creation	Say (1815, 1996); Bruyat and Julien (2001); Fayolle (2008).
Venture creation	Collins, Moore and Unwalla (1964); Smith (1967); Collins and Moore (1970); Brereton (1974); Komives (1974); Mancuso (1979); Schwartz (1982); Carland, Hoy, Boulton and Carland (1984); Vesper (1990).

**Source:** Filion (2011)

### 2.2.2 Entrepreneurship

Although, the terminologies entrepreneur and entrepreneurship sound identical to each other, initial developments of both terms are documented in the different historical periods. While the French word '*Entrepreneur*' dates back to the 1850s, the term '*Entrepreneurship*' was coined around 1920s only (Ogidi, 2014). The origination of the term entrepreneurship is truly captivating and several scholars have indeed parsed its meaning throughout the period of time. The complexity of this concept gives rise to a multitude of definitions from diverse perspectives. Josef Schumpeter (1883-1905), the Austrian economist, associated entrepreneurship with innovation. Arthur Cole (1889-1980), Schumpeter's colleague at Harvard University, associated entrepreneurship with purposeful activity and the creation of organizations. Similarly, Peter Drucker (1909-2005), the management guru, defined entrepreneurship as a discipline (Inc., 2018).

In the global entrepreneurship literature, entrepreneurship definition delivered by Peter Drucker in his well-known book, '*Innovation and Entrepreneurship, 1985*', draws abundant global attention. Entrepreneurship is a systematic innovation therefore consists of the purposeful and organized search for changes, and in the systematic analysis of the opportunities such changes might offer for economic or social innovation (Drucker, 1985: 35). Similarly, GEM<sup>1</sup> defines entrepreneurship as “ ... any

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<sup>1</sup> GEM is a partnership between London Business School and Babson College that has been administering a comprehensive research program to produce annual assessment of country wise entrepreneurial activity since 2001.

attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, terms of individuals, or established business”.

Entrepreneurship is the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled (Timmons, 1994) is now one of the generally accepted definition of entrepreneurship that is evolved at Harvard Business School (Pahuju and Sanjeev, 2015).

## **2.3 Hospitality, Hospitality Industry and Hospitality Entrepreneurship**

### **2.3.1 Hospitality**

Hospitality is derived from the Latin word '*hospes*', meaning *host*, *guest* or *stranger* (Oxford University Press, 2000). In ancient cultures, hospitality involved welcoming the stranger and offering him food, shelter and safety (Phol, 1999). In fact, hospitality is the holistic term that refers the friendly and generous relationship between a guest (customer) and a host (service provider), wherein the host receives the guest with goodwill, including the reception and entertainment of guests, visitors or strangers. According to Concise Oxford English Dictionary, as an occupation, hospitality denotes to the business of entertaining clients or official visitors. In hospitality business, pineapple has long been used as an emblem of hospitality.

### **2.3.2 Hospitality Industry**

Hospitality industry has long been perceived as the dominant industrial segment in terms of investment, tremendous turnover and corresponding employment opportunities. The hospitality industry is one of the world's largest and most important industries (Pizam and Shami, 2009). Remarkable growth in this industry accelerated with the passage of time. The hospitality industry is growing very rapidly and contributing nearly 10% of the world's GDP (Boella, 2000). WTTC (2012) states that the hospitality industry contributed 9% to global GDP, or value of over USD 6 trillion, and accounted for 255 million jobs in 2012. Moreover, it is predicted that over the next ten years, hospitality industry is expected to grow by an average of 4% annually, taking it to 10% of global GDP, or some USD 10 trillion. It is further anticipated that hospitality industry will account for 328 million jobs or 1 in every 10 jobs on the planet by 2022. Hence, it appears that hospitality industry is taking big strides to the future.

Hospitality industry is the wide-ranging cluster of businesses within the service industry. British Hospitality Association (BHA) emphasized accommodation, food and beverage as particular businesses segments that signifies the global hospitality industry. Hospitality industry includes enterprises that provide accommodation, meals and drinks in venues outside of the home (BHA, 2015). Likewise, assumption of Dowson and Bassett (2015) about the hospitality industry is somehow similar to the previous definition delivered by BHA. They believe that the hospitality sector includes all businesses that provide food, beverages, and/or accommodation services. However, both definitions omitted travel and tourism businesses from the hospitality industry.

On the contrary, Ecole Hotelier Lausanne<sup>2</sup> (EHL) believes and incorporates travel and tourism business as one of the scope of hospitality industry. In its own words, the hospitality industry comprises three major market segments globally, i.e. accommodation, food & beverage, and travel & tourism (EHL, 2018). Moreover, Novak (2017) also adds travel and tourism business within the scope of the hospitality industry. In addition, Samoszuk (2003-18) states that the multibillion hospitality industry has three primary areas – accommodation, food & beverage, and travel & tourism. As a matter of fact, it can be agreed upon the fact that lodging, fooding, and travelling businesses are prime concerns of the hospitality industry.

Three major hospitality market segments and their affiliate businesses are classified and exemplified as follows:

**(a) Food and Beverage (F&B)**

Food refers to something that people and animals eat, or plants absorb, to keep them alive. Whereas, beverage means a drink of any type (Cambridge Dictionary, 2018). Food and beverage service comprises establishments primarily engaged in preparing meals, snacks and beverages, to customers order, for immediate consumption on and off the premises (Statistics Canada, 2012). For example: Cafes, restaurants, pubs, bars, public houses, fast food dining, caterers, clubs and other types of food and beverage businesses.

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<sup>2</sup> Ecole Hotelier Lausanne is the leading Swiss University that provides learning solutions for enthusiastic, talented and ambitious hospitality students from 106 different countries since 1893.



**(a) Accommodations**

Cambridge Dictionary (2018) defines accommodation as a place to live, work, stay, etc. An accommodation establishment is an establishment (local kind-of-activity unit) providing overnight lodging for holiday spenders and other travelers in rooms or some other units (Statistics Finland, 2018). Accommodation refers to the temporary lodging, where travelers may rest and take a sleep. For example: Hotels, resorts, inns, flotels, motels, guest houses, service apartments, bed and breakfast ventures, and other types of lodging businesses.

**(b) Travel and Tourism**

According to Cambridge Dictionary (2018), travel means to make a journey, usually over a long distance. UNWTO (1995) defines tourists as the people travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. Hence, travel and tourism include the business activities that is primarily concerned with touring guests from one place to another. For example: Trains, airlines, cruise ships, travel agents, tour operators, leisure centers and other passenger travel and tourism businesses.

**2.3.3 Hospitality Entrepreneurship**

The history of hospitality industry is a story of entrepreneurship (Enz and Harrison, 2008). Brookes and Altinay (2015) mentioned that history identifies numerous hospitality entrepreneurs across the different industry subsectors who were

influential in developing the industry as we know it today. They also said that entrepreneurs and entrepreneurship are vitally important within the hospitality industry.

Since, entrepreneurship is an imperative dynamism behind unimaginable success in many industries, it is undoubtedly similar in case of the vibrant and rapidly evolving hospitality industry. Entrepreneurship is widely conceived as one of the main catalysts for organizational success and greater employment opportunities in this industry. Currently, entrepreneurship, business development and innovation through SMEs are important drivers for success in the tourism and hospitality industry, major sources of jobs (Ciochina et al., 2016). Moreover, Ball (2005) states that entrepreneurship is a driver of change, innovation and employment in hospitality, leisure, sports and tourism industries and is crucial to meeting the rapidly changing demands of consumers.

Extensively known as one of the solid foundations for national progress, the practice of hospitality entrepreneurship is widely perceived as the significant determinant of progressing economics in many countries. Hospitality entrepreneurship is a pivotal factor in the development and growth of many national economics (HSI, 2012). Entrepreneurship in hospitality industry positively stimulates economic performance and therefore is conceived as the engine of economic progress. This justifies the association and significance of hospitality entrepreneurship at the national level.

## **2.4 Understanding Entrepreneurial Orientation (EO)**

EO is the process, practice, and decision - making activity that aimed to new venture creation. It emerges from a strategic - choice perspective (Child, 1972), which asserts that new-entry opportunities can be successfully undertaken by "purposeful enactment" (Van de Ven and Poole, 1995) as mentioned in Lumpkin and Dess (1996).

Although, the origins of EO research can be traced back to the work of Mintzberg (1973), the concept of firm level EO was initiated by Miller (1983). They proposed three different characteristics – innovation, proactiveness and risk-taking – as the heart of EO and are often combined to create a higher-order indicator of firm-level entrepreneurship (Covin and Wales, 2012; Rauch et al., 2009). Moreover, the concept of EO was further spread by Covin and Slevin (1989).

Erecting upon the previous research, Lumpkin and Dess, (1996) advocated that EO can be conceived as a multidimensional phenomenon in which the dimensions represent independent predictors. They proposed two additional dimensions – autonomy and competitive aggressiveness – which augment the original three, and further describe the domain of EO. Since then, EO dimensions became five. Some of the selected definitions pertaining to EO, derived from Covin and Wales (2012), are presented as follows:

**Table 2.2:** Definition of the term Entrepreneurial Orientation (EO)

Authors	Definitions
Mintzberg (1973)	“In the entrepreneurial mode, strategy-making is dominated by the active search for new opportunities” as well as “dramatic leaps forward in the face of uncertainty” (p. 45).
Khandwalla (1976/1977)	“The entrepreneurial [management] style is characterized by bold, risky, aggressive decision-making” (p. 25, [ ] added).
Miller and Friesen (1982)	“The entrepreneurial model applies to firms that innovate boldly and regularly while taking considerable risks in their product-market strategies” (p. 5).
Miller (1983)	“An entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with ‘proactive’ innovations, beating competitors to the punch” (p. 771).
Morris and Paul (1987)	“An entrepreneurial firm is one with decision-making norms that emphasize proactive, innovative strategies that contain an element of risk” (p. 249).
Covin and Slevin (1998)	“Entrepreneurial firms are those in which the top managers have entrepreneurial management styles, as evidenced by the firms’ strategic decisions and operating management philosophies. Non-entrepreneurial or conservative firms are those in which the top management style is decidedly risk-averse, non-innovative, and passive or reactive” (p. 218)
Merz and Sauber (1995)	“. . . Entrepreneurial orientation is defined as the firm’s degree of <i>proactiveness</i> (aggressiveness) in its chosen product-market unit (PMU) and its willingness to <i>innovate</i> and create new offerings” (p. 554).
Lumpkin and Dess (1996)	“EO refers to the processes, practices, and decision-making activities that lead to new entry” as characterized by one, or more of the following dimensions: “a propensity to act autonomously, a willingness to innovate and take-risks, and a tendency to be aggressive toward competitors and proactive relative to marketplace opportunities” (pp. 136–137).

**Table 2.2:** Definition of the term Entrepreneurial Orientation (Continued)

<b>Authors</b>	<b>Definitions</b>
Zahra and Neubaum (1998)	EO is “the sum total of a firm’s radical innovation, proactive strategic action, and risk-taking activities that are manifested in support of projects with uncertain outcomes” (p. 124).
Voss, Voss, and Moorman (2005)	“. . . We define EO as a firm-level disposition to engage in behaviors [reflecting risk-taking, innovativeness, proactiveness, autonomy, and competitive aggressiveness] that lead to change in the organization or marketplace” (p. 1134, [ ] added).
Avlonitis and Salavou (2007)	“EO constitutes an organizational phenomenon that reflects a managerial capability by which firms embark on proactive and aggressive initiatives to alter the competitive scene to their advantage” (p. 567).
Cools and Van den Broeck (2007/2008)	“Entrepreneurial orientation (EO) refers to the top management’s strategy in relation to innovativeness, proactiveness, and risk-taking” (p. 27).
Pearce, Fritz, and Davis (2010)	“An EO is conceptualized as a set of distinct but related behaviors that have the qualities of innovativeness, proactiveness, competitive aggressiveness, risk-taking, and autonomy” (p. 219).

**Source:** Covin and Wales (2012)

## **2.5 Measuring Individual Entrepreneurial Orientation (IEO)**

IEO can be literally defined as the priorities, intentions and actions describing the quality of a person that aimed to new venture creation. It is often quoted that individual entrepreneurial intention (IEO) defines a perspective employee’s career achievement, an ability to start his very own business and lessen risk level of new

business ventures. It is the self-perception that possess greater stimulus on individual's preference pertaining to the way they behave and the decisions they make.

In their attempt to identify and develop the new measurement tools for IEO, Bolton and Lane (2012) generated, validated and tested Lumpkin and Dess (1996)'s five EO dimensions among 1,100 university students. As a result, they indicate that the innovativeness (individual's ability as well as their creativity to pursue new opportunities), proactiveness (individual's ability to anticipate future problems or demands), and risk-taking (assuming personal risk and willingness to make commitments) traits give reliable results for determining EO of an individual. However, they reported that the two remaining variables – autonomy and competitive aggressiveness – aren't appropriate to be used as the IEO component. According to Bolton and Lane (2012), “the scale development process for IEO resulted in three distinct factors that demonstrated reliability and validity. These three factors: innovativeness, risk-taking, and proactiveness are the same variables that have been predominantly used in existing EO literature”. Moreover, Goktan and Gupta (2015) also stated that the concept of IEO encompasses deep-rooted beliefs and values associated with a tendency to be simultaneously proactive, risk-taking and innovative.

However, most recent research authored by Kadel and Krisjanti (2018) wisely picked risk-taking, autonomy and competitive aggressiveness as three IEO components in their study and have practically confirmed the need for studying those three variables in the EO research. They found that all three variables (risk-taking, autonomy and competitive aggressiveness) are sufficiently valid and reliable to be used as the IEO

component. Furthermore, Vogelsang (2015) also mentioned that the five different component of EO that is previously proposed by Lumpkin and Dess (1996) to examine the firm level performance can also be used to examine the EO of an individual. "...the same five distinct traits used in determining the level of organizational EO have been examined to determine an individual's entrepreneurial orientation (Rauch, 2009)" is explicitly cited in Vogelsang (2015). The definitions of EO dimensions, as described in Rauch et al. (2009), is presented in the table below:

**Table 2.3:** Five Entrepreneurial Orientation (EO) dimensions and definitions

<b>EO Dimensions</b>	<b>Definitions</b>
Innovativeness	Predisposition to creativity and experimentation through introduction of new products and services as well as technological leadership via R&D in new processes.
Proactiveness	An opportunity seeking, forward looking, perspective characterized by new products and services ahead of the competition and acting in anticipation of future demand.
Risk-taking	Taking bold action by venturing into the unknown, borrowing heavily and/or committing significant resources to ventures in uncertain environments.
Autonomy	Independent action undertaken by entrepreneurial leaders or teams directed at bringing about a new venture and seeing it to fruition.
Competitive aggressiveness	Intensity of a firm's effort to outperform rivals.

**Source:** Rauch et al. (2009)

### **2.5.1 Innovativeness**

Innovation is the “. . . process that turns an invention . . . into a marketable product” (Gabor, 1970). Innovation is therefore more than invention; it also involves the commercialization of ideas, implementation, and the modification of existing products, systems and resources (Bird 1989: 39).

Innovativeness is widely perceived as pursuing and giving support to novelty, creative process and the development of ideas through experimentation. Innovativeness of a person is an extent that favors the nature that always seeks for new opportunities (Zacharakis, 1997). Individual innovativeness exhibits their inclination to engage in and support for creative ideas, novelty, exploration, and exploit change that may result in new products, services or technological processes. Innovativeness represents a basic willingness to depart from existing technologies or practices and venture beyond the current state of the art (Kimberly, 1981 in Lumpkin and Dess, 1996). Thus, innovativeness is popularly recognized as one of the significant dimension of IEO. Innovativeness is recognized and used as the component of IEO by, but not limited to, Bolton and Lane (2012); Koe (2016) and other distinguished researchers.

### **2.5.2 Proactiveness**

As reference to Webster’s New Colligate Dictionary (1991: 937), proactiveness is acting in anticipation of future problems, needs or changes. A proactive person is one that embraces an opportunity-seeking perspective. It is the propensity to anticipate and act on future needs rather than reacting to events after they unfold. Proactiveness



as defined by Oni (2012) is a state of mind and the will, largely driven by ones consciousness, to sustain a vision, to fulfill a mission, to attain a challenging goal and to achieve a define objective. Similarly, Venkatraman (1989) explained proactiveness as a processes aimed at anticipating and performing on future needs by seeking new opportunities which may or may not be related to the present operations.

Proactiveness is considered as one of the integral characteristics of an entrepreneur. Entrepreneurs by most definitions are initiators, taking responsibility for their own welfare and not dependent on others (McClelland, 1961). Proactiveness is the individual component as it highlights the futuristic instinct ahead of competition that may or may not be related with the present state of affairs. Proactiveness is crucial to entrepreneurial orientation of the individual because Lumpkin and Dess (1996) said that proactiveness is a forward-looking perspective that is accompanied by innovative or new-venturing activity. They further stated that the proactive individuals do what is necessary to bring their concepts to fruition and gain an advantage by being the first to capitalize on new opportunities.

### **2.5.3 Risk-taking**

Risk reflects the degree of uncertainty and potential loss associated with outcomes which may follow from a given behaviour or set of behaviors (Forlani and Mullins, 2000). An individual who takes risks is someone who takes the chance of a business idea even though the opportunity to be successful is low (Smith-Hunter, 2003). It is an individual inclination to engage in bold rather than cautious actions.

Cantillon (1755) is the first one who promotes entrepreneur as the risk taker. Risk-taking is an important component of IEO as it describes the ability of entrepreneurs to face and deal with an unidentified challenges that may occur. Lumpkin and Dess (1996) and many other researchers believes risk-taking as a quality that is frequently used to describe the term entrepreneurship. According to Macko and Tyszka (2009), risk-taking is accepted as a precondition for entrepreneurs.

It is believed that the risk-taking ability of a person signifies how far a person or firm is willing to go in order to make large commitments to resources or a change in action. Research shows that an entrepreneur takes only calculated risks (Chell, 2008: 101-102). Entrepreneur's ability to take calculated risk perhaps determines his possibility of success. "...calculated risk is an integral part of a business, and entrepreneurs should look at it as an opportunity and challenge to overcome the unknown and, in the process, grow their business" (Hanna, 2014).

In general, risk-taking aptitude is largely associated with the possibility of achievement. People usually say that 'higher the risk, higher the return'. Similarly in entrepreneurship, "...the high degree of entrepreneurial risk ...compensated by a significant premium in returns" (Vereshchagina and Hopenhayn, 2009: 1808).

#### **2.5.4 Autonomy**

Autonomy means self-governing which relates to an ability and willingness of an individual to be independent in decision making and pursuit of subsequent opportunities. Autonomy refers to the independent action of an individual or a team in

bringing forth an idea or a vision and carrying it through to completion (Lumpkin and Dess, 1996). An exercise of autonomy ensures the freedom to act independently that will eventually encourage entrepreneurship by promoting risk-taking on behalf of new ideas and promising breakthroughs (Kanter, 1983; Peters and Waterman, 1982). It is an independent aptitude to pursue and champion desirable entrepreneurial concepts and agendas.

Several researchers including Lumpkin and Dess (1996) claimed that entrepreneurship has flourished because independently minded people elected to leave secure positions in order to promote novel ideas or venture into new markets, rather than allow others to inhibit them. They further said that the concept of autonomy is one of the key dimensions related to EO. Moreover, researchers have asserted in favor of autonomy and claimed it as one of the important components for any individual to be an entrepreneur. Autonomy may serve as a generic focus for entrepreneurship..., yet it can only be practiced and developed in circumstances and conditions that are unique to each individual (Gelderen, 2010: 719).

### **2.5.5 Competitive Aggressiveness**

Lumpkin and Dess (1996) defines competitive aggressiveness as "... an ability to directly and intensely challenge its competitors to achieve entry or improve position, that is, to outperform industry rivals in the marketplace." Researcher believes that competitive aggressiveness reflects a willingness to be progressive rather than relying on customary approaches of competing. It also includes identifying strength and

weaknesses of the potential competitor and purposefully encounter them while carefully scrutinizing related cost and benefits. It is basically an effort to defeat one's rival(s) by maintaining a strategic and confrontational posture.

Adopting competitive aggressiveness means discarding conventional tactics to challenge industry leaders (Cooper et al., 1986), analyzing and targeting competitor's weakness (Macmillan and Jones, 1984) and focusing on high value added output while carefully considering discretionary expenses (Woo and Cooper, 1981).

Indeed, competitive aggressiveness is the individual propensity and ability to challenge and outperform their rivals. Lumpkin and Dess (1996) said that competitive aggressiveness is a fifth dimension of entrepreneurship that is frequently mentioned in the literature. However, other researchers found that innovativeness, proactiveness and risk-taking have been used in the majority of EO research while autonomy and competitive aggressiveness have been studied less often (Rauch et al., 2009; Lyon et al., 2000).

## **2.6 Hospitality Entrepreneurial Intention (HEI)**

HEI can be literally defined as the entrepreneurial intention (EI) to embark into the hospitality business. EI is the commitment and appetite for venturing into a new business (Krueger, 1993). The definition of EI consistent with Bird (1988) is the mindsets that direct, guide, coordinate and control the basic concept (action) of new business development, implementation and evaluation. As argued by Thompson (2009), intention for entrepreneurship is the self-acknowledged conviction of the

individual mind in the possibility of starting up a new business with a sincere and dedicated plan to do so at a certain point of time.

In the last decade, entrepreneurial intention in the hospitality industry has been dramatically increasing. “The importance of entrepreneurship within the hospitality...industries is increasing...” Ball (2005: 8). However, entrepreneurship is purposeful in nature and comes through choice, not by accident. Entrepreneurship is an intentional and planned behavior (Krueger et al., 2000) which encompasses various elements and phases including EI. An ultimate entrepreneurial activity is passed through various stages; whereby one of them is formation of entrepreneurial intention (Hisrich, Peters and Shepherd, 2013). Individuals are perceived to not decide going for any entrepreneurial ventures without demonstrating adequate willingness for entrepreneurship. The initial stage in becoming an entrepreneur is that the person shows certain level of entrepreneurial intention (Bird, 1988). Moreover, Choo and Wong (2006) confirms that analyzing EI is worthwhile because it is a reliable predictor of entrepreneurial behavior.

## **2.7 Mediating Variable**

Mediation can be defined as diffusing the effect of an independent variable on a dependent variable through one or more other variables. Variable(s) used the mediation effect is known as the mediator or intervening variables. Mediation indicates that the effect of an independent variable on a dependent variable is transmitted through a third variable, called a mediator variable (Edwards and Lambert, 2007).

In the language of path analysis (Alwin and Hauser, 1975), mediation refers to an indirect effect of an independent variable on a dependent variable that passes through a mediator variable (Shrout and Bolger, 2002). Therefore, mediating variable means the intervening variable that plays significant role to theorize the effect of independent variable(s) to the dependent variable. A mediating variable is one that surfaces as a function of the independent variable(s) operating in any situation, and helps to conceptualize and explain the influence of the independent variable(s) on the dependent variable (Sekaran and Bougie, 2016: 79).

According to MacKinnon (2011), many researchers including Judd and Kenny (1981a: 1981b); MacKinnon (1994); Weiss (1997); Baranowski, Anderson and Carmack (1998); Kraemer et al. (2002); Kazdin (2009); Fraser and Glinsky (2010) have put emphasis on the importance of considering mediation in the intervention research. Moreover, other researchers contemplate that assigning third variable in the bivariate relationship ensures reliability of the analysis while allowing an accurate identification of the phenomenon. “Rosenberg suggested that the introduction of a third variable into the analysis of a two-variable relationship helps reduce the potential for misleading inferences and permits a more precise and specific understanding (1968: 100) of the original two variable relationship” is stated in Lumpkin and Dess (1996: 153).

Several researchers have rationally proven the effect of mediating variable (or intervening variable) in the relationship between independent variable to the dependent variable. For example: Wu, J. (2009) research among American and Chinese entrepreneurs and college students indicated that EO fully or partially mediates the

relationship between individual differences and entrepreneurial intent. Likewise, Zhao, Seibert and Hills (2005) also found that self-efficiency fully mediates the effect of perceived learning from entrepreneurship related courses, previous entrepreneurial experience, and risk propensity on entrepreneurial intentions. Besides, partial mediating role of self-regulation in the relationship between entrepreneurial self-efficiency and students' intention for entrepreneurship was institutionalized by Pihie and Bagheri (2013).

The effect of mediating variable is perhaps situational and might change depending on the industry and variable types they are applied for. For instance: Camelo-Ordaz et al. (2016) reported that perceptual factors fully mediate the relationship between gender and entrepreneurial intentions among non-entrepreneurs, whereas such mediating effect disappears when they become entrepreneurs. Similarly, Choi and Williams (2016) confirmed that the EO and firm's performance is mediated by the firm's technology and marketing action. In the meantime, such mediating effects differ by industry. Moreover, Zhao, Seibert and Hills (2005) also report that the effects of perceived learning from entrepreneurship related course, previous entrepreneurial experience, and risk propensity on entrepreneurial intentions were fully mediated by entrepreneurial self-efficiency.

### **2.7.1 Self-esteem**

Self-esteem encompasses beliefs about oneself (Hewitt, 2009). Esteem comes from the Latin word '*aestimare*', meaning to appraise, value, rate, weigh, and estimate. In the

mid-1960s, sociologist Morris Rosenberg, one of the pioneers in this domain, defined Self-esteem and developed the Rosenberg Self-esteem Scale (RSES). Rosenberg's (1965) definition of Self-esteem is perhaps the broadest and frequently cited, who described Self-esteem as a favorable or unfavorable attitude toward the self (P. 15), as mentioned in Adler and Steward (2004).

Multiple researchers have worked on the concept of Self-esteem and defined this term from their own perspective. Self-esteem refers to the individuals' judgement about the extent to which they own various characteristics or it is the way people perceive themselves, shapes human behavior and affects personal growth and development (Oguz and Korkcu, 2010; Baumeister, Campbell, Kruger and Vohs, 2003; Makikangas and Kinnunen, 2003) is mentioned in Kunday and Cakir (2014). According to Blascovich and Tomaka (1991), Self-esteem is an individual's sense of his or her value or worth, or the extent to which a person values, approves of, appreciates, prizes, or likes him or herself. Similarly, Brown et al. (2001) explained Self-esteem as the way people characteristically feel about themselves. Furthermore, Lim et al. (2005) believes that Self-esteem usually refers to how we view and think about ourselves and the value that we place on ourselves as a person. It is typically considered as a complete self-assessment, i.e. either positive or negative. Self-esteem is the positive or negative evaluations of the self (Smith and Mackie, 2007).

Almost all the definitions of Self-esteem treat this concept at a personality trait that revolves around the philosophy of self-image and self-conscience.



Self-esteem is principally divided into two parts – high and low. Researchers found the effect of both high and low Self-esteem to the person. Low Self-esteem is having a generally negative overall opinion of oneself, judging or evaluating oneself negatively, and placing a general negative value on oneself as a person (Lim et al., 2005). It is believed that people with low Self-esteem feels unworthy, incapable, and incompetent. Whereas, high Self-esteem means highly favorable evaluation of self (Baumeister et al., 2003). In addition, Di Paula and Campbell (2002) argued that high Self-esteem individuals appear more effective in self-regulating goal-directed behavior. Several studies found that high Self-esteem individuals are more persistent in the face of failure than the low Self-esteem individuals (Abdel-Khalek, 2016).

**Table 2.4:** Summary of Selected Previous Researches

S.N.	Authors and Research Title	Variables	Methods	Research Findings
1.	Bolton and Lane (2012) <i>“Individual entrepreneurial orientation: Development of a measurement instrument”</i>	Individual Entrepreneurial Orientation (IEO) <ul style="list-style-type: none"> <li>▪ <i>Innovativeness</i></li> <li>▪ <i>Proactiveness</i></li> <li>▪ <i>Risk-taking</i></li> <li>▪ <i>Autonomy</i></li> <li>▪ <i>Competitive aggressiveness</i></li> </ul>	Exploratory factor analysis	Innovativeness, proactiveness and risk-taking are statically correlated with measures of entrepreneurial intention (EI).
2.	Ibrahim and Lucky (2014) <i>“Relationship between Entrepreneurial Orientation, Entrepreneurial Skills, Environmental Factor and Entrepreneurial Intention among Nigerian Students in UUM”</i>	Independent variable <ul style="list-style-type: none"> <li>▪ <i>EO – innovativeness, proactiveness and risk-taking.</i></li> <li>▪ <i>Environmental factors</i></li> <li>▪ <i>Entrepreneurial skill</i></li> </ul> Dependent variable <ul style="list-style-type: none"> <li>▪ <i>Entrepreneurial intention (EI)</i></li> </ul>	Regression analysis	Both entrepreneurial orientation (EO) and entrepreneurial skill have a strong association with entrepreneurial intention (EI).

**Table 2.4:** Summary of Selected Previous Researches (Continued)

S.N.	Authors and Research Title	Variables	Methods	Research Findings
3.	Koe (2016) “The relationship between Individual Entrepreneurial Orientation (IEO) and entrepreneurial intention”	<p>Independent variable</p> <ul style="list-style-type: none"> <li>▪ <i>IEO: innovativeness, proactiveness and risk-taking.</i></li> </ul> <p>Dependent variable</p> <ul style="list-style-type: none"> <li>▪ <i>Entrepreneurial intention (EI)</i></li> </ul>	<p>Pearson product-moment correlation analysis.</p> <p>Multiple regression analysis</p>	<p>a. EI is positively affected by the quality of proactiveness and innovativeness.</p> <p>b. Risk-taking ability did not have positive influence to EI.</p>
4.	Kraus (2011) “The role of entrepreneurial orientation in service firms: Empirical evidence from Austria”	<p>Independent variables</p> <ul style="list-style-type: none"> <li>▪ <i>Entrepreneurial orientation (EO): innovativeness, proactiveness and risk-taking</i></li> </ul> <p>Dependent variable</p> <ul style="list-style-type: none"> <li>▪ <i>Corporate performance</i></li> </ul> <p>Control variables</p> <ul style="list-style-type: none"> <li>▪ <i>Firm size</i></li> <li>▪ <i>Family firm</i></li> <li>▪ <i>Age</i></li> <li>▪ <i>Gender</i></li> <li>▪ <i>Entrepreneurial experience</i></li> <li>▪ <i>Technological environment</i></li> </ul>	<p>Hierarchical regression analysis</p>	<p>EO and corporate performance have significant positive relationship, where innovative behavior is the most important sub-dimension.</p>

**Table 2.4:** Summary of Selected Previous Researches (Continued)

S.N.	Authors and Research Title	Variables	Methods	Research Findings
5.	Kunday and Çakir (2014) “ <i>The Moderating Role of Entrepreneurship Education and Family Tradition on the Relationship between Self-esteem and Entrepreneurial Intention</i> ”	<p>Independent variable</p> <ul style="list-style-type: none"> <li>▪ <i>Self-esteem</i></li> </ul> <p>Dependent variable</p> <ul style="list-style-type: none"> <li>▪ <i>Entrepreneurial Intention (EI)</i></li> </ul> <p>Moderating variable</p> <ul style="list-style-type: none"> <li>▪ <i>Family Tradition</i></li> <li>▪ <i>Entrepreneurship Education</i></li> </ul>	Linear regression analysis	<p>a. There is a relationship between Self-esteem and EI.</p> <p>b. Relationship between Self-esteem and EI is significantly partially moderated by family tradition and entrepreneurship education.</p>
6.	Lumpkin and Dess (1996) “ <i>Clarifying the entrepreneurial orientation construct and linking it to the performance</i> ”	<p>Independent variable</p> <ul style="list-style-type: none"> <li>▪ <i>Entrepreneurial orientation (EO): risk-taking, innovativeness, competitive, aggressiveness, autonomy and proactiveness.</i></li> </ul> <p>Environmental factors</p> <p>Organizational factors</p> <p>Dependent variable</p> <ul style="list-style-type: none"> <li>▪ <i>Firm’s performance</i></li> </ul>	<p>Moderating effects</p> <p>Mediating effects</p> <p>Independent effects</p> <p>Interaction effects</p>	<p>a. Autonomy, innovativeness, risk-taking, proactiveness, competitive aggressiveness are salient dimensions of an EO.</p> <p>b. EO dimensions vary independently with given condition.</p> <p>c. EO-performance relationship is moderated by organic structure, mediated by integrating activities, etc.</p>

**Table 2.4:** Summary of Selected Previous Researches (Continued)

S.N.	Authors and Research Title	Variables	Methods	Research Findings
7.	Tajeddini (2010) <i>“Effect of Customer Orientation and Entrepreneurial Orientation on Innovativeness: Evidence from the hotel industry in Switzerland”</i>	Independent and Dependent variables <ul style="list-style-type: none"> <li>▪ <i>Customer orientation</i></li> <li>▪ <i>Entrepreneurial orientation (EO)</i></li> <li>▪ <i>Innovativeness</i></li> <li>▪ <i>Performance</i></li> </ul> Control variables <ul style="list-style-type: none"> <li>▪ <i>Hotel size</i></li> <li>▪ <i>Hotel rate</i></li> <li>▪ <i>Hotel age</i></li> </ul>	Multiple regression analysis (using hierarchical method of entry)	a. Higher levels of customer orientation, EO and innovativeness are associated with improved business performance. b. Customer orientation does not influence innovativeness.
8.	Zhao et al. (2010) <i>“Reconsidering Baron and Kenny: Myths and Truths about Mediation Analysis”</i>	Dependent variable  Mediating variable  Independent variable	Bootstrap test	a. Baron and Kenny’s (1986) framework for mediation analysis is disputed. b. Complementary mediation overlaps with Baron and Kenny’s partial mediation. Indirect-only mediation overlaps with their full mediation. Competitive, direct only and no-effect mediation clubbed together with Baron and Kenny’s no mediation.

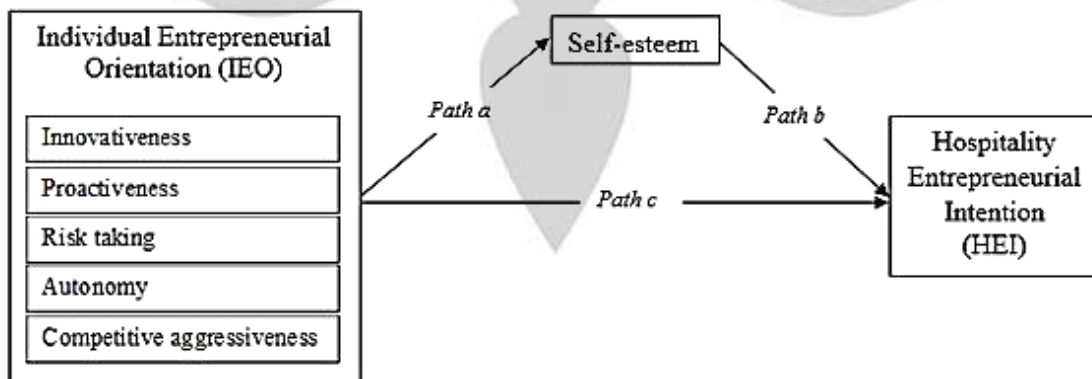
**Source:** Literature review

## 2.8 Theoretical Framework

LeCompte and Prissle (1993) described theoretical framework as a collection of interrelated concepts that can be used to direct research with the purpose of predicting and explaining the results of the research. It is the presentation of research concept in the graphic form that aims to provide rationale for conducting the research. As argued by Sekaran and Bougie (2016) theoretical framework is the foundation of hypothetic-deductive research as it is the basis of the hypothesis that will be developed.

Theoretical framework applied in this research is principally based on the mediation effect analysis model suggested by Zhao et al. (2010), however adjustment in variables are ensured as required. Moreover, this framework is sufficiently influenced by previous research work of Lumpkin and Dess (1996), since it is the major source for the independent variables used in this research. Theoretical framework for this study is depicted as follows:

**Figure 2.1:** Theoretical Framework

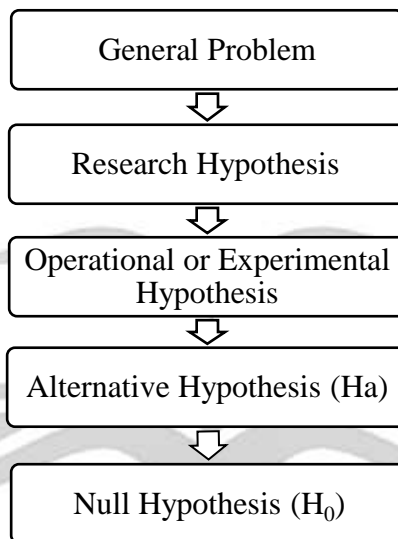


Source: Zhao et al. (2010)

## 2.9 Hypothesis Development

Hypothesis can be defined as logically conjectured relationships between two or more variables expressed in the form of testable statements. By testing the hypothesis and confirming the conjectured relationships, it is expected that solutions can be found to correct the problem encountered (Sekaran and Bougie, 2016). The formulation of hypothesis follows logically from the review of literature on the problem (Burns, 2000). The sequence of hypothesis formulation is shown in the figure below:

**Figure 2.2:** The Sequence of Hypothesis Formulation



*Source:* Burns (2000)

Above in the figure 2.2, alternative hypothesis (H<sub>a</sub>) is a statement expressing a relationship between two variables or indicating differences between groups. Whereas, a null hypothesis (H<sub>0</sub>) is a hypothesis set up to be rejected in order to support an alternative hypothesis (Sekaran and Bougie, 2016).

### **2.9.1 IEO and HEI**

IEO and EI are indispensable to each other, since intention for entrepreneurship is always purposeful and governed by various entrepreneurial orientations. As of today, several previous research studies that are carried out with an objective to understand the relationship between IEO and EI have thoroughly exhibited convinced level of affiliation between these two variables.

Ibrahim and Lucky (2014); Ibrahim and Mas'ud (2016) performed a study to ascertain the relationship between IEO and EI among Nigerian students those who are studying in Malaysia. As a result, they revealed the positive influence of students' EO to their EI. Similarly, Suartha and Suprapti (2016) also found that students' IEO have positive relationship with their intention for entrepreneurship. In addition, Ozaralli and Rivenburgh (2016) specified that U.S. and Turkish university student's EO have significant contribution to their EI. Furthermore, Koe's (2016) research to determine the influence of IEO to EI indicated that university students' EI is positively affected by their quality of IEO components (i.e. innovativeness and proactiveness). Moreover, he advocated that EI precedes many entrepreneurial behavior and it is a reliable predictor of entrepreneurship.

### **2.9.2 Components of IEO and HEI**

In fact, IEO is made up of various components that ultimately contribute to define the entrepreneurial intention of an individual. Bolton and Lane's (2012) scale development process for IEO resulted in three distinct factors that demonstrated



sufficient amount of reliability and validity: innovativeness, proactiveness and risk-taking. In recent times, two more researchers (Kadel and Krisjanti, 2018) further revealed that autonomy and competitive aggressiveness components of EO are also valid and reliable to be used as the IEO component. Now, the components of IEO becomes five, which is similar to the components of EO that is previously developed by Lumpkin and Dess (1996). Therefore, five major components of IEO are: innovativeness, proactiveness, risk-taking, autonomy and competitive aggressiveness. Moreover, formulation of hypothesis based on examining the relationship between five distinct IEO components and HEI is anticipated to address the first research question.

### **2.9.2.1 Innovativeness and HEI**

Innovativeness of a person is always perceived as one of the major components of EO that stimulates entrepreneurship. Innovation is a specific instrument of entrepreneurship (Drucker, 1985). Many other researchers remarkably supported this notion and said ‘...an innovation plays a large role in the presence or absence of entrepreneurship (Lee and Peterson, 2000)’. Moreover, researchers believes that an individual’s key drive to embark for new venture creation usually starts with their quality of innovativeness. Innovation is a primary motive to start a business (Muller and Thomas, 2001: 58).

Although innovations can vary in their degree of “radicalness” (Hage, 1980), innovativeness represents a basic willingness to depart from existing practices and venture beyond the current state of the art (Rauch et al., 2009). Moreover, in their study

about impacts of innovativeness and attitude on entrepreneurial intention, Law and Breznik (2017) discovered that innovativeness of students significantly and strongly correlates with their intention for entrepreneurship.

Based on the above discussion, following hypothesis is developed.

**H1:** Innovativeness has an effect on HEI.

Furthermore, this research paper will evaluate the relationship between innovativeness and HEI in Australia, Indonesia and Nepal. Therefore,

**H1a:** Innovativeness has an effect on HEI in Australia.

**H1b:** Innovativeness has an effect on HEI in Indonesia.

**H1c:** Innovativeness has an effect on HEI in Nepal.

### **2.9.2.2 Proactiveness and HEI**

Entrepreneurship involves individuals with unique personality characteristics and abilities (Crant, 1996). Proactiveness is one of the individual characters that symbolizes entrepreneurial behavior. Proactiveness in work has long been branded as one of the major identity of an entrepreneur. Studies show that having a proactive personality can be an indicator of entrepreneurial aspirations and success (Powell, 2015). Thus, it is often cited that reactive instead of proactive individual can never be entitled as an entrepreneur.

Majority of scholars agreed that entrepreneurial activities come directly from intentions of individuals and actions undertaken subsequently over time (Cogliser and Brigham, 2004). Several researchers have magnificently ascertained the optimistic

association between individual proactiveness and entrepreneurial intent. Delle and Amadu (2015) said that the proactive personality is significantly and positively associated with entrepreneurial intention. Similarly, Crant (1996) found the strongest linkage between individual proactive personality and entrepreneurial intention. Moreover, Bolton and Lane (2012); Koe (2016); Kadel and Krisjanti (2018) found that proactive component of IEO is statically correlated with measures of entrepreneurial intention.

Based on the above discussion, following hypothesis is developed.

**H2:** Proactiveness has an effect on HEI.

Furthermore, this research paper will evaluate the relationship between proactiveness and HEI in Australia, Indonesia and Nepal. Therefore,

**H2a:** Proactiveness has an effect on HEI in Australia.

**H2b:** Proactiveness has an effect on HEI in Indonesia.

**H2c:** Proactiveness has an effect on HEI in Nepal.

### **2.9.2.3 Risk-taking and HEI**

*“Entrepreneurs are risk-takers”* is a well-known statement frequently used in the entrepreneurship literature. Since, venturing into a new business simultaneously involves more or less risks as well as abundant opportunities, ability to take risk is binding for an entrepreneur. Many researchers have supported that the risk-taking propensity of a person is highly correlated with his / her intention for entrepreneurship.

Colton and Udell (1976) specified that risk taking is a better indicator of likelihood of starting a business. Similarly, Douglas and Shepherd (2002)'s research among university students' in Hong Kong found that the intention to be entrepreneur is stronger for those with more positive attitudes to risk and to independence. The result indicated that 'the higher the individual's tolerance for risk..., the stronger is their intention to be self-employed'.

Moreover, Yurtkoru et al. (2014) found that being a risk lover has positive, moderate effect on entrepreneurial intentions. In their research about IEO and EI, Bolton and Lane (2012) confirmed that risk-taking component of IEO is positively significant to the intention for entrepreneurship. In addition, Popescu et al. (2016) found that Romanian students' propensity to take risk has an important role in determining their intention for entrepreneurship.

Based on the above discussion, following hypothesis is developed.

**H3:** Risk-taking has an effect on HEI.

Furthermore, this research paper will evaluate the relationship between risk-taking and HEI in Australia, Indonesia and Nepal. Therefore,

**H3a:** Risk-taking has an effect on HEI in Australia.

**H3b:** Risk-taking has an effect on HEI in Indonesia.

**H3c:** Risk-taking has an effect on HEI in Nepal.

#### **2.9.2.4 Autonomy and HEI**

Autonomy has been frequently allied with the entrepreneurship impetus. It is a primary motivator for entrepreneurs (Shane et al., 2003). Autonomy in work and independence in decision making processes are some of the basic characteristics that are commonly used to designate an entrepreneur. Moreover, it is often cited that self-governance is always the first preference of true entrepreneurs. Autonomy is one of the most valued motives by entrepreneurs (Al-Jubari et al., 2017).

In their research in unlike social, cultural, economic and geographical context, Othman and Ishak (2009); Amma and Fahad (2013); Choo and Wong (2006); Fatoki (2010); (Al-Jubari et al., 2017); Kadel and Krisjanti (2018) identified autonomy as one of the influential predictor for entrepreneurial intention. Further, Uddin and Bose (2012) revealed autonomy as one of the principal EO dimensions that acts as a significant determinants for business intentions among Bangladeshi students.

In addition, autonomy (also referred to as freedom or independence) is the most commonly listed reason for people to start and run their own venture (Alstete, 2008; Carter, Gartner, Shaver, and Gatewood, 2003; Dawson, Henley, and Latreille, 2009; Feldman and Bolino, 2000; Wilson, Marlino, and Kickul, 2004), as cited in Gelderen (2016).

Based on the above discussion, following hypothesis is developed.

**H4:** Autonomy has an effect on HEI.

Furthermore, this research paper will evaluate the relationship between autonomy and HEI in Australia, Indonesia and Nepal. Therefore,

**H4a:** Autonomy has an effect on HEI in Australia.

**H4b:** Autonomy has an effect on HEI in Indonesia.

**H4c:** Autonomy has an effect on HEI in Nepal.

### **2.9.2.5 Competitive aggressiveness and HEI**

Competitive aggressiveness is the individual character that is prone to make courageous and assertive attempts to win. It has been assumed that in a hostile business environment, competitive personality of an entrepreneur helps to survive and improve market position for new entrants. For entrepreneurs, sufficient degree of competitive aggressiveness is required, since many scholars including MacMillan (1982) and Porter (1985) have argued that an aggressive stance and intense competition are critical to the survival and success of new entrants.

After reviewing many journals, it appears that limited number of researches have ever conducted a study to identify the relationship between competitive aggressiveness component of IEO and EI. This is perhaps because of the assumption that the competitive aggressive holds only in the corporate level. The competitive aggressiveness variable also has had little empirical validation..., this may be something that is a learned behavior or only applicable when an actual business and finances are at risk (Bolton and Lane, 2012). However, Kadel and Krisjanti (2018) confirmed that competitive aggressiveness can be applicable at an individual level because it is one of the reliable IEO component to be used to forecast entrepreneurial intention.

Based on the above discussion, following hypothesis is developed.

**H5:** Competitive aggressiveness has an effect on HEI.

Furthermore, this research paper will evaluate the relationship between competitive aggressiveness and HEI in Australia, Indonesia and Nepal. Therefore,

**H5a:** Competitive aggressiveness has an effect on HEI in Australia.

**H5b:** Competitive aggressiveness has an effect on HEI in Indonesia.

**H5c:** Competitive aggressiveness has an effect on HEI in Nepal.

### **2.9.3 IEO, HEI and the Mediating Role of Self-esteem**

Mediating effect analysis is one of the interesting topic in the present-day research. In social science studies, Self-esteem is one of the popular mediating variable that is used in the effect of independent variable to the dependent variable. Lee (2012); Hu and Ai (2014); Kapikiran and Kapikiran (2016) as well as some other researchers have previously used Self-esteem as a mediating variable in their study. However, in the entrepreneurship research, Self-esteem has never been used as a mediating variable.

In the entrepreneurship literature, relationship between components of IEO (i.e. innovativeness, proactiveness, risk-taking, autonomy and competitive aggressiveness) and Self-esteem has not yet been experimented by previous researchers in a single study. However, Heydari et al. (2013) said that students' entrepreneurial orientation have positive and meaningful relationship with Self-esteem. Furthermore, several researchers have worked on these concepts distinctly in which some of them are related with entrepreneurship research however others are not. For example: In their study

among students at the University of Turin – Italy, Maden and Köker (2013) have proved the significant relationship between innovativeness and Self-esteem. Similarly, Cai et al. (2014) found that Chinese university students' proactive personality is correlated with their degree of Self-esteem. The positive relationship between risk-taking propensity and Self-esteem of a person was confirmed by Kadel and Krisjanti (2018). Furthermore, Koosha et al. (2016) found the significant relationship between autonomy and Self-esteem variables among undergraduate students in Tehran, Iran. Likewise, Costesa et al. (2010) indicates that young couple's competitive behaviour is influenced by their Self-esteem level.

On the other hand, an empirical study conducted by Kunday and Çakir (2014) among 209 university students in Turkey found the strong relationship between Self-esteem and intention for entrepreneurship. There is a relationship between Self-esteem and entrepreneurial intention (Kunday and Cakir, 2014). In the same way, Kadel and Krisjanti also found the positive relationship between Self-esteem and intention for hospitality entrepreneurship among hospitality students in Indonesia. Moreover, Koh (1996); Utsch and Rauch (2000); Mueller and Thomas (2001); Nga and Shanmuganathan (2010) found that personal qualities influence an individual desire for venture creation. Self-esteem is one of the personal qualities (personality traits) that is believed to have significant impact on the individual's intention for entrepreneurship.

Similarly, the relationship between innovativeness and EI was previously confirmed by different researchers including Muller and Thomas (2001); Bolton and Lane (2012) and Koe (2016). In addition, Crant (1996); Kwong (2012); Delle and



Amadu (2015) found the positive relationship between proactiveness and EI among university students. Moreover, Koh (1996); Kostanski and Wishart's (2003) found that the positive relationship between risk-taking tendency and entrepreneurial inclination among students. Likewise, Douglas and Shepherd (2002); Erich (2003); Choo and Wong (2006) claimed autonomy as the significant stimulus for entrepreneurship. Finally, the positive role of competitive aggressiveness on entrepreneurship was identified by Davidsson (1995); Kadel and Krisjanti (2018).

Research findings of several researchers throughout the course of time point out the considerable relationship between variables that is supposed to be used in this research. Variables and their relationships discussed above are similar to those that will be used for the mediating effect analysis in this study. Hence, it is rational to anticipate that Self-esteem might mediate the effect of individual entrepreneurial orientation to intention for hospitality entrepreneurship.

Based on the above discussion, following hypothesis is developed.

**H6:** Self-esteem mediates the effect of IEO to HEI.

Furthermore, this research paper will evaluate the relationship between Self-esteem and HEI in Australia, Indonesia and Nepal. Therefore,

**H6a:** Self-esteem mediates the effect of IEO to HEI in Australia.

**H6b:** Self-esteem mediates the effect of IEO to HEI in Indonesia.

**H6c:** Self-esteem mediates the effect of IEO to HEI in Nepal.