

University of Wollongong Research Online

Faculty of Business - Papers

Faculty of Business

2015

Green intraprenurial flexibility towards sustaining competitive advantage: A case of South Asian context

G D. Samarasinghe *University of Moratuwa*

Ananda Wickramasinghe University of Wollongong, ananda@uow.edu.au

Helan Ramya Gamage James Cook University Australia

Nalin Abeysekera Open University of Sri Lanka

Publication Details

Samarasinghe, G. D., Wickramasinghe, A., Gamage, H. R. & Abeysekera, N. (2015). Green intraprenurial flexibility towards sustaining competitive advantage: A case of South Asian context. Academy of Taiwan Business Management Revie, 11 (3), 132-141.

Research Online is the open access institutional repository for the University of Wollongong. For further information contact the UOW Library: research-pubs@uow.edu.au

Green intraprenurial flexibility towards sustaining competitive advantage: A case of South Asian context

Abstract

This study explores how green based intrapreneurial flexibility affects sustainable business performance of the Sri Lankan hotel industry. A survey was administered to a random sample of senior managers of hotels in Sri Lanka. Linear regression analysis revealed a significant path coefficient which explained green based intrapreneurial flexibility positively influenced sustainable competitive advantage. The findings suggest that hotel industry policy makers develop green specific intrapreneurial capabilities so that they can quickly adapt their green based product and service offerings in responding to changes of the green market requirements by focusing on green based new venture creation, green innovation, green related self-renewal exercises, and ecofriendly proactive decision making in order to sustain their competitive advantage from green initiatives.

Keywords

case, intraprenurial, south, asian, context, flexibility, towards, sustaining, competitive, advantage, green

Disciplines

Business

Publication Details

Samarasinghe, G. D., Wickramasinghe, A., Gamage, H. R. & Abeysekera, N. (2015). Green intraprenurial flexibility towards sustaining competitive advantage: A case of South Asian context. Academy of Taiwan Business Management Revie, 11 (3), 132-141.

GREEN INTRAPRENURIAL FLEXIBILITY TOWARDS SUSTAINING COMPETITIVE ADVANTAGE: A CASE OF SOUTH ASIAN CONTEXT

G.D. Samarasinghe
Department of Management of Technology,
University of Moratuwa, Katubedda, Sri Lanka
e-mail: usjdinesh@yahoo.com / dineshs@uom.lk

A. Wickramasinghe

Sydney Business School and School of Management, Operations and Marketing, Faculty of Business University of Wollongong, Australia

e-mail: ananda@uow.edu.au

Helan R. Gamage

James Cook University Australia, Singapore Campus

helan.gamage@jcu.edu.au

Nalin Abeysekera

Department of Management Studies

The Open University of Sri Lanka

nalinabeysekera@gmail.com

Abstract

This study explores how green based intrapreneurial flexibility affects sustainable business performance of the Sri Lankan hotel industry. A survey was administered to a random sample of senior managers of hotels in Sri Lanka. Linear regression analysis revealed a significant path coefficient which explained green based intrapreneurial flexibility positively influenced sustainable competitive advantage. The findings suggest that hotel industry policy makers develop green specific intrapreneurial capabilities so that they can quickly adapt their green based product and service offerings in responding to changes of the green market requirements by focusing on green based new venture creation, green innovation, green related self-renewal exercises, and eco-friendly proactive decision making in order to sustain their competitive advantage from green initiatives.

Keywords: Green based Intrapreneurship, Dynamic Capabilities, Strategic Flexibility, Sustainable Competitive Advantage

GREEN INTRAPRENURIAL FLEXIBILITY TOWARDS SUSTSAINING COMPETITIVE ADVANTAGE: A CASE OF SOUTH ASIAN CONTEXT

INTRODUCTION: FROM THEORY TO CONTEXT

There is a growing interest among top managers, stakeholders and academics regarding green marketing strategies and the potential impact on the triple-bottom line. Firms are increasingly adhering to a triple-bottom line performance evaluation, a concept coined to reflect the growing tendency of stakeholders to evaluate organizational performance on the basis of economic prosperity (i.e., profits), environmental quality (i.e., the planet), and social justice (i.e., people). In addition, improved environmental performance has been linked to greater financial performance, competitiveness, and innovation benefits (Kassinis and Vafeas 2006, King and Lenox 2002, Klassen and Whybark 1999, Majumdar and Marcus 2001).

The present study's scope revolves around on the corporate sustainability exercises undertaken in the hospitality industry in Sri Lanka due to its increasing strategic importance to the Sri Lankan economy as a foreign exchange earner at present as well as in future. In 2012 Sri Lanka passed two milestones in its tourism history by emerging as a 'Million Tourist Destination' and a 'Billion Dollar Export Income Earner' (Sri Lanka Tourism Development Authority, 2013). Tourist arrivals have increased by 31 % 2011 when compared to 2010. The tourist arrivals have increased by 98 % in 2011, when compared with the before-the-end-of-war situation in 2008.

In order to reap the benefits of the tourism industry upsurge, the government has set targets to attract 2.5 million tourists by 2016 (Sri Lanka Tourism Development Authority, 2013). Several initiatives are in place to cater to the increasing demand for hotel accommodation to the targeted number of tourist arrivals by means of new investments and expansions of existing accommodation facilities. Accordingly, the number of hotels rooms is expected to increase to 50, 000 by 2016, as opposed to the present number of rooms of 14,653. However, beyond the quantitative targets for the tourism industry, the industry needs to ensure the environmental sustainability of the industry due its increased consumption of resources (Wickramasinghe, 2013).

Tourism and hospitality industry which consumes significant quantities of water and energy and generates waste. In Sri Lanka, the hospitality sector ranks as the most energy intensive and therefore incurs high energy costs. Also, the electricity demand of the hotel sector constitutes 4-5 % of the national electricity demand. The energy costs constitute 18 % of the total operational costs of the hotels (Miththapala, 2011). Empirical studies found that water consumption, per guest, in a hotel can be around three times that of the average consumption of a person staying at home (Barberán et al., 2013). With the

increasing number of tourist arrivals, there is a tendency to use enormous amounts of energy and water and generate high amounts of waste. Considering both economic and environmental factors, it is important that the hotel sector undertakes investments on energy and water efficient management practices and effective waste management approaches as a greening industry.

Adoption of environmental management practices promotes sustainable utilization of water and energy resources and minimizes the probable negative impacts on the environment through waste management. Moreover, based on past data and industry sources, it is readily observable that, hospitality and tourism industry experience up and down demand patterns(tourists arrivals), pressures from suppliers, tourists, stakeholders, competitors and general economy of the country as well as the global economy. These characteristics imply that the industry is highly volatile in nature and hence the industry can be viewed as operating in dynamic market (Atuahene-Gima and Ko, 2001).

In spite of the above mentioned increased strategic significance of environmental management initiatives for the sector, empirical studies highlight that there is an insufficient level of commitment to adopt environmental initiatives and the rate of implementation is slow in the industry. In this regard, a survey undertaken in 2013 (Wickramasinghe, 2013) on environmental orientation, which covered 56 hotels in the Western province of Sri Lanka found that 37% of the hotels maintain proper monthly records on energy, water and waste whilst around 31% of the hotels are involved in projects to sustainable environmental management. Furthermore, another survey covering all touristic regions and a cross section of sizes, emphasizes that the need to create awareness and the benefits of a good energy, waste and water management programme throughout the sector in a comprehensive manner and help hoteliers identify and evaluate before and after scenarios and clearly quantify savings (Jayawardena and Miththapala, 2013c).

Additionally, discussions held with industry practitioners revealed that there is a suspicion among some executives whether adopting and investing on green initiatives would result in increased business performance. This is confirmed by the interviews held with some hotel executives, who has a strong financial and accounting backgrounds, believed that some competitively important green initiatives involve huge cost and investment which make it difficult to recover in the medium term and hence difficulty in achieving competitive advantage and superior performance.

According to the dominant paradigm in strategic management, many theoretical perspectives assume competitive advantage and performance in a static environment. As per the natural resource based view of the firm following resource based theory of firm (Hart, 2005) it seems logical that adoption of green initiatives might lead to superior performance and financial returns of the hotels in Sri Lanka unless it is operating in a dynamic environment. The study relies on the dynamic capability perspective and takes Hart and Dowell's (2011) logic that promotes the fact that firms which perceive the natural resource as a constraint firm's activities and develop unique environmentally

dynamic capabilities can gain superior competitive advantage in a rapidly changing global environment.

The present study, therefore, proposes that hotel industry in Sri Lanka, being in a globally volatile environment as supported by the study of Jayawardena and Miththapala (2013c), should take dynamic capability perspective for developing a firm's ability to create develop and renew these resource and capabilities relevant for sustaining competitive advantage from green initiatives. Thus, it is strategically logical to argue that the hotel sector needs flexibility to successfully implement green initiatives as a competitive weapon. The study further narrows down its scope to strategic flexibility associated with intrapreneurial capabilities as they apply to green initiatives in a dynamic market (Jayawardena and Miththpala, 2103c). Intrapreneurial capabilities are one strategically important market relating capability for business success in a market driven business paradigm (Cronin et.al, 2010; Morgan et.al, 2009). This context signifies the strategic relevance to formally investigate the relationship between strategic flexibility of green intrapreneurial capabilities and sustainable competitive advantage in the hotel industry.

In order to answer the above research problem, the study has formulated the following research objectives:

- 1. To identify the level of strategic flexibility of green based intrapreneurship practices of these hotels.
- 2. To describe the level of green based sustained competitive advantage enjoyed by the hotels in Sri Lanka.
- 3. To elucidate the link between strategic flexibility of green based intrapreneurship and green based sustained competitive advantage of the hotels in Sri Lanka.

LITERATURE SURVEY AND CONCEPTUALIZATION

Green based Sustained Competitive Advantage

Competitive advantage can be conceptualized as a superior "marketplace position" that captures the provision of superior customer value and/or the achievement of lower relative costs, which results in market share dominance and superior financial performance (Day and Wensley,1988; Hunt and Morgan, 1995). Much of the existing research uses superior financial performance or "rent" as an indicator of competitiveness (Aharoni, 1993). Similarly, sustained competitiveness is believed to be simply a competitive advantage that lasts a long period of calendar time (Jacobson, 1988).

The present study identifies sustained competitiveness as a situation where an organization reflects more than simply financial performance (Day and Wensley, 1988). It is also achieved when the advantage resists erosion by competitor or the resources and capabilities underlying a business's competitive advantage that must resist duplication by other firms (Bharadwaj et al. 1993). Sustained competitiveness can result in superior financial and market advantages and distinctive capabilities (Day and Wensley, 1988).

This study defines sustainable competitive advantage as a firm to gain not only superior financial and market performance but also firm distinctive capabilities that competitor are unable to duplicate due to eco-friendly initiatives.

Theoretical developments in the field of the strategic management has focused to explain how firm attain and sustain competitive advantage. There are many paradigms involved such as a Porter's (1980) Competitive Forces Model, the resource-based view (RBV) (Barney, 2001; Wernerfelt, 1984), a strategic conflict approach (Brandenburger and Nalebuff, 1996). The present study adopts the theoretical framework that underlies natural resource based view (Hart, 1995; Hart & Dowell, 2011) and dynamic capability view of competitive advantage (Teece, Pisano and Shuen, 1997; Wang and Ahmed, 2007) as this framework identifies interrelationship among natural environment, firm resources and capabilities for sustainable performance of firm in a dynamic environment. As per the above literature and theory of Natural Resource based Theory (Hart 1995), green initiatives are argued a way of improving environmental capabilities of the hotels and a route to green based sustainable competitive advantage by sustaining financial and nonfinancial performance of the hotel sector in a dynamic environment.

Green based Intrapreneurship and Strategic Flexibility

Intrapreneurship (entrepreneurship within existing organizations) is an important element in organizational and economic development. Literature views intrapreneurship as a process by which individuals inside organizations pursue opportunities without regard to the resources they currently control (Stevenson and Jarillo 1990), as doing new things and departing from the customary to pursue opportunities (Vesper 1990), and as a spirit of entrepreneurship within the existing organization (Hisrich and Peters 1998). Borrowing from the literature, present study defines green based intrapreneurship as entrepreneurship within an existing organization as it relates to eco-friendly products and services. It refers to a green related process that goes on inside an existing firm, regardless of its size, and leads not only to new business ventures but also to other innovative activities and orientations such as development of new eco-friendly products, services, green technologies, administrative techniques, strategies, and competitive postures (Antoncic and Hisrich, 2001; Menon and Menon, 1997).

Based on conceptualizations of ENTRESCALE (Knight 1997) and the corporate entrepreneurship scale (Zahra 1993), views of intrapreneurship can be classified into four dimensions: (1) new business venturing, (2) innovativeness, (3) self-renewal, and (4) proactiveness. The study adopts these four dimensions as they relates to organizations' green product-markets.

New green business venturing is the most salient characteristic of green based intrapreneurship because it can result in a new business creation within an existing organization (Stopford and Baden-Fuller 1994) by redefining the company's green products or services (Zahra 1991) and/or by developing new markets for green products and services (Zahra 1991). In contrast, the green innovativeness dimension refers to green

product and service innovation with emphasis on development and innovation in technology. The green self-renewal dimension reflects the transformation of organizations through the renewal of key ideas on which they are built towards ecofriendliness (Guth and Ginsberg 1990; Zahra 1991). Green proactiveness is related to aggressive posturing relative to competitors as it relates to the introduction of new green products or services, green operating technologies, and administrative techniques (Covin and Slevin 1986).

Strategic flexibility has been increasingly recognized as a critical organizational competency that enables firms to achieve and maintain competitive advantage and superior performance in today's dynamic and competitive business environment (Hitt et al., 1998; Sanchez, 1995). Strategic flexibility is widely recognized as a key organizational capability associated with the long-term success of a firm (Hitt et al., 1998; Lei et al., 1996; Sanchez, 1995). According to dynamic capability view, intrapreneurial capabilities should be associated with strategic flexibility (Wang and Ahmed 2007) and generate strategic flexibility. Green based intrapreneurial flexibility is the extent to which organizational is able to pro-act or responds quickly to a changing competitive environment through green based intrapreneurial capabilities.

Alignment between Green based Intrapreneurial Flexibility and Green based Sustained Competitive Advantage

One important insight generated from research is that sustainable competitive advantage from organizational capabilities may lie in their influence on value-creating, firm-specific and hard-to-copy resources and capabilities (Bharadwaj, 2000; Byrd, 2001; Sambamurthy et al., 2003). In other words, organizational resources and capabilities may enhance a firm's bottom-line performance by supporting its efforts to build and exploit valuable, unique and non-imitable resources and capabilities.

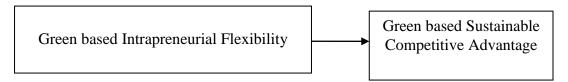
Under dynamic capability perspective, green based intrapreneural flexibility leads firm to develop ability to more creative and new ideas and seeking, forward-looking involving introducing new products or services ahead of the competitor and acting in anticipation of future wants and needs in the marketplace. In addition, firm is brave to take actions such as committing large amounts of resource to operation with uncertain outcomes and willingness to break away from the venture into the unknown (Lumpkin and Dess, 1996). Firm which develops green related intrapreneurial capability may also benefit from the innovative and proactive efforts toward pioneering the development of new products, process, and services related to energy and water, savings, waste reduction and pollution prevention (Chen et al., 2012).

Specifically, firms with green intrapreneurial flexibilities can gain economic benefits as (1) the cost of materials and energy reduce, (2) public pressure minimizes, (3) there is increasing awareness that firms subscribing to triple-bottom line practices can increase consumer demand (Kleindorfer et.al, 2005). These factors would allow the firms to gain a

sustainable competitive advantage that leads to improved results for the business. In addition, for a time-series perspective, intrapreneurship and performance can even be sustainable and long lasting (Wiklund, 1999). In addition, this intrapreneurial capability progress is idiosyncratic resources that can provide sustainable competitive advantage. Hence, the study argues that strategic flexibility in green based intrapreneurial endeavors of the hotel firms would result in green based sustainable competitive advantage in a highly volatile tourism industry.

The above review of literature paved the way to develop the following conceptualization as shown in the figure:1

Figure 1. Simple path model, synthesized from literature review



The study has developed the following hypothesis based on the literature review undertaken above as depicted in the conceptual model.

Hypothesis: Green based Intrapreneurial flexibility of the hotel positively influences sustainable competitive advantage.

METHODOLOGY

Following the positivistic research tradition and the quantitative research approach, survey research strategy was adopted.

Population and Sample of the Study

The population of the study consisted of the 266 local star category and unclassified hotels of Sri Lanka registered with the Sri Lanka Tourism Development Authority. It was decided to select 130 hotels covering different categories (from five star to one star and unclassified) of the hotels as it satisfies rules of thumb proposed by Roscoe, 1975 (cited in Sekaran, 2006, p.295). The random sampling techniques were employed in selecting the hotels in each stratum. The response rate was around 78% as some respondents did not return the completed questionnaire.

Operationalization

Green based intrapreneurial flexibility scale captured the extent to which the hotel's intrapreneurial capabilities are used pro-act or respond quickly to green market demands in changing competitive environment and thereby develop and/or maintain competitive advantage (Hitt et al., 1998; Sanchez, 1995). The scale consisted of a composite measure of four factors adapted from using Antoncic and Hisrich's (2001) Intrapreneurial scale, which included green based new business ventures, green based innovation, green based

self-renewal and green based proactivity. Green based sustained competitive advantage was measured using a composite measure by adapting items developed by Day and Wensley (1988), which consisted of namely financial performance, market place position and inimitability of firm's green strategy and distinctive green capabilities. Self-Administrative Questionnaires were used to collect the predetermined data required to measure the two constructs. A structured questionnaire mainly consisting of 5 point - Likert scales (Strongly Agree – Strongly Disagree) was used to measure the variables. *Reliability and Validity of Constructs*

The table 1 depicts the reliability and validity of the measurement scales. Cronbach's alpha was calculated to measure the reliability / internal consistency of the measurement scales. As the alpha values for each scale were above 0.7, the scales were sufficiently reliable (Nunnally, 1967) and supported for the unidimensionality of the composite constructs. The face / content validity of the scales was assured through experts' reviews and literature survey. In order to test the dimensionality of the measurement constructs, an exploratory factor analysis was performed by following the procedure recommended by Churchill (1979). In this procedure, the items with very low corrected item-to-total correlation were dropped whilst some of the items which had poor factor loadings and cross loaded items were also removed from final scale. The final scales items which had factor loadings 0.5 and above were retained and are shown in the table.1.

Table 1. Reliability and Factor Analysis Results

Green Intrapreneurial Flexibility: Cronbach's Alpha =0.71

Factor 1: Green based New Business Ventures: (a)Stimulating new demand for existing services in current green market segments (b) broadening green based business lines /services in the current green segments (c) finding new niches for existing green services (d) pursuing new business in new industries related to current green services (e) entering new businesses by offering green new product lines & services

Factor 2: Capabilities for Green based innovations: (a) company's emphasis on developing or adopting green based innovations in terms of service innovations, process, product, technology, marketing and administrative methods (b) Rate of green based innovations introduced to the green market segments

Factor 3: Green Self-renewal:(a) company redefining mission and business concepts and industry as per the green market needs (b) reorganizing units and coordination of their to enhance green initiatives (c) adopting flexible structures and policies to increase autonomy of units (d) training & rewarding employees for green based creativity (e) designating green idea champions

Factor 4: Green Proactiveness: (a) company's bold & aggressive decision making style for eco-friendly initiatives (b) proactive attitudes towards risk-taking for

green initiatives (c) competitive posture to undo the competitors' green posture

Sustained Competitive Advantage:

Cronbach's Alpha =0.76

Factor 1: Green based Financial Performance: (a) higher return on investment (ROI) (b) gross profit (c) high price premium over our close competitors

Factor 2: Green based Market Place Position: (a) enter new market (b) to increase our market share (c) increased average room occupancy rate (d) customer satisfaction

Factor 3: Green Inimitability: (a) difficulty for competitors to match firm's capability (b) difficulty for competitors to grasp capability to learn through internal experimental activities (c) difficulty match capability to acquire knowledge and technology (d) easy for our competitors to match our marketing mix strategies (e) inimitability of green intrapreneurial capabilities (f) difficulty for competitors to match the green based innovations.

Data Analysis Strategy

Data analysis strategy in the study consisted of both descriptive statistical analysis and inferential statistical analysis. The hypothesis test was carried out using multiple linear regression analysis. The Statistical Package for Social Sciences (SPSS^R) version 17.0 was used for data analysis. All of the data measuring independent and dependent variables were obtained from the same source (i.e. managers) using the same method. The issue arises therefore as to whether the covariance between the constructs is an artifact of single-source common method bias. To address this issue, Harman's single-factor test was conducted on all of the items used to measure both the independent and dependent variables that were obtained from managers, (green based intrapreneurial flexibility and green based sustained competitive advantage). The results from this analysis revealed that the first factor accounted for 28 per cent of the total variance in the items, which indicates that common source/method variance does not explain the majority of the covariance between the scales (Podsakoff et al., 2003).

RESULTS

In order to achieve the objective- one and two of the study, a descriptive analysis based on mean values were carried out. The results revealed the following as depicted in the table 2.

Table 2. Descriptive Analysis

Variable	Mean	Standard
		Deviatio
		n
Overall Green based Intrapreneurial	4.07	0.51
Flexibility		
- Green based new business ventures	3.76	0.56
- Green innovation	4.08	0.44
- Green self-renewal	4.26	0.24
- Green proactiveness	4.16	0.62
Green based Sustained competitive	4.16	0.48
advantage		

Source: Survey Data

The overall mean value of 4.7 for the green based intrapreneurial flexibility implies that hotels have strategic flexibility from green initiatives to a sufficient level. However, the mean analysis of the sub scales of green based intrapreneurial flexibility highlights that the hotels in the sample have less flexibility in green based new business ventures (3.76 on a Five point Likert scale) whilst they have satisfactory level of flexibility in the areas of green innovation, green self-renewal and green proactivity (respectively 4.08, 4.26 and 4.16 on five point Likert scale). The mean value for the green based sustained competitive advantage is 4.16 (on a five point Likert scale) which describes that the average hotel in the sample enjoy green based sustained competitive advantage to a considerable extent.

As a way of fulfilling the objective-three, first Pearson correlation analysis was calculated to identify the association among the constructs and then linear regression analysis was performed to test the directional hypothesis. According to the Pearson correlation analysis, it was evident that green based intrapreneurial flexibility had a significantly moderate and positive association with green based sustainable competitive advantage (r=0.46). In testing the hypothesis depicted the conceptual model, the linear regression analysis revealed the following results as shown in the table: 3.

Table 3. Linear Regression Results

	Green based sustainable competitive		
	advantage		
Independent Variable	β	"P" value	
Green intrapreneurial	0.31	0.01	
flexibility			
\mathbb{R}^2	0.22		

^{*}Dependent variable is green based sustainable competitive advantage

Source: Survey Data

According to the above analysis, hypothesized claim is accepted and there is significant evidence (at significance level of 0.05) to conclude that the green based intrapreneurial flexibility positively influences the green based sustained competitive advantage of the hotels in Sri Lanka. This reveals that green based intrapreneurial flexibility in overall positively affects green based sustained competitiveness of the hotels. The regression coefficient (β =0.31) confirms that hotel's green based intrapreneurial flexibility are positively related green based financial performance, market place position and inimitability of distinctive capabilities. This implies that the hotel's green strategy flexibility resulting from intrapreneurial perspective can be a predictor of green based sustained competitive advantage in the Sri Lankan hotel industry. These findings, in overall, can be validated as these are consistent with the argument of the general literature related to dynamic capabilities, strategic flexibility and intrapreneurship (Bharadwaj, 2000; Byrd, 2001; and Sambamurthy et al., 2003).

The findings empirically support that the hotels have undertaken green initiatives which reflect intrapreneurail capabilities and their associated strategic flexibilities in order to quickly respond to the green market demands in the hotel industry in Sri Lanka. These have paved the way forward to improve green based financial performance, inimitability of green based capabilities and competitive position of the hotels. In the regression model predicting sustained competitive advantage, the goodness of fit is predicted using R² which is 0.22. This implies that green based intrapreneurail flexibility can predict only 22% of the total change of green based sustained competitive advantage whilst there are other important factors that predict green based sustained competitive advantage of the industry.

DISCUSION, CONCLUSION AND IMPLICATIONS

Based on the above empirical findings, it is evident that in the Sri Lankan context, the hotels have adopted green initiatives and been able to maintain their green based competitive advantage. These results also are consistent with the findings of the study of Samarasinghe and Ahsan (2013), which revealed the important role of adopting green market focused learning for sustaining the competitiveness in the industry. The hotels have concerned on green based intrapreneurial perspectives in implementing green initiatives in terms of green based new business ventures, green based innovation, green based self-renewal and green based proactivity. Further, the hotels have gained strategic flexibility by green intrapreneurial focus in the Sri Lankan tourism industry. Furthermore, the associated strategic flexibility of green based intrapreneurial capabilities has enabled the hotel to sustain their competitive advantage during the recent past. In final analysis, developing green market based capabilities from an intrapreneurial perspective is a prerequisite to implement the resource- productivity model and acquire sustained

competitive advantage in green based product markets (Johannessen and Olsen, 2003) of the hotel sector in Sri Lanka.

As managerial implications, Sri Lankan hoteliers can adopt green initiatives and implement them to win the long run competitive advantage by focusing on intrapreneurial competencies such as creating new business ventures linked to green / eco-friendly alternatives, eco- friendly innovations at hotels, renewing current skills and technologies related to environmental management of hotels as well as introducing more proactive measures to deal with environmental standards, regulations and stakeholders pressures. Mere adoption of green based intraprenurial pitfalls are not sufficient for winning and sustaining green based competitive advantage in a highly volatile tourism industry but it requires linking intrapreneurial capabilities to create flexibility by introducing and modifying its systems and structures to accommodate an environmental program, covering environmental policy, establish environmental objectives and targets, evaluate the firm's environmental performance in a regular basis, delegates environmental responsibilities and provides environmental training for employees.

In addition to the organizational level flexibilities, the hotel managers should focus on operational factors related to green based initiatives that cut operating costs and minimize resource consumption. In this respect, the hotel managers can revisit main areas causing operational costs, that is, water and wastewater management, energy management, solid waste reduction and management, and green purchasing. Around these operational areas, the needed flexibilities and competencies can be generated as they are important for developing creative and innovative green initiatives for low cost advantage, financial performance and inimitability of distinctive capabilities at the individual hotel level. However, in order to accomplish these targets, the hotel management could develop broader policy framework that guide identification of environmental issues and linking them to the hotels overall value creating activities. It requires hotels have to develop their own unique balanced score cards containing environmental parameters and key performance indicators that shows resource - productivity link.

Further, the present study theoretically contribute to the existing body of literature as it explains the linkage of green based intrapreneurial practices and sustainable competitive advantage in the light of green initiatives. I.e. the study links green based initiatives in the Sri Lankan hotel industry to the theory of sustainable competitive advantage by applying intrapreneurial flexibility as a distinctive capability in a highly dynamic market. It adds novelty to environmental management and marketing literature as the study provides a perspective to the hotel managers to plan and implement innovation-based, productivity-enhancing solutions including beneficial product and service design, packaging, raw material, or process changes as per the argument proposed by Porter and van der Linde (1995).

Future studies should explore additional factors other than green based intrapreneurial flexibility that influence green based sustained competitive advantage of hotels in an emerging market like Sri Lanka. R^2 value of the regression model ($R^2 = 0.22$) implies this possibility to explore other unique factors such as green based supply chain practices, and

other types of green market relating dynamic capabilities leading to green based sustained competitiveness in Sri Lankan context for future research. It is also need to identify hotel's reputation, star category, global network, main countries of tourists' arrival, size, and years of experience as controlling variables of green based sustained competitive advantage. Further, it is important to identify competitive intensity, market turbulences, technological, regulatory and stakeholder pressure as moderators to the relationship between green based intrapreneurial flexibility and green based sustained competitiveness advantage in the conceptual model so as to make the findings more conclusive and robust.

REFERENCES

Aharoni Y. (1993). In search for the unique: can firm-specific advantages be evaluated?. *Journal of Management Studies*, 30 (01).

Antoncic, B., & Hisrich, R.D. (2001). Intrapreneurship: Construct refinement and cross-cultural validation. *Journal of Business Venturing*, 16, 495-527.

Atuahene-Gima, K., Ko, A. (2001). An Empirical Investigation of the Effect of Market Orientation and Entrepreneurial. *Organization Science*, 12 (1), 54-74.

Barberán, R., Egea, P., Gracia-de-Rentería, P., & Salvador, M. (2013). Evaluation of water saving measures in hotels: A Spanish case study. *International Journal of Hospitality Management*, *34*, 181-191.

Barney, J. B. (2001). Resource-based Theories of Competitive Advantage: A Ten Year Retrospective on the Resource-based View. *Journal of Management* 27, 643-650.

Bharadwaj, S. G., Varadarajan, R. P. & Fahy, J. (1993). Sustainable Competitive Advantage in Service Industries: A Conceptual Model and Research Propositions. *Journal of Marketing*, 57, 83-99.

Bharadwaj, A.S., (2000). A resource-based perspective on information technology capability and firm performance: an empirical investigation. *MIS Quarterly*, 24 (1), pp. 169–196.

Nalebuff, B. J., Brandenburger, A., & Maulana, A. (1996). *Co-opetition*. HarperCollinsBusiness.

Burgelman, R.A. (1983). Corporate entrepreneurship and strategic management: Insights from a process study. *Management Science* 29(12):1349–1364.

Byrd, T.A. (2001). Information technology: core competencies, and sustained competitive advantage. *Information Resources Management Journal* 14 (2), 27–36.

Center for Sustainable Enterprise (2010). About the center for sustainable enterprise (Retrieved June 15, 2010 from www. kenan-flagler.unc.edu).

Chen, Y.S., Chang, C.H. & Wu, F.S. (2012). Origins of green innovations: the differences between proactive and reactive green innovations. *Management Decision*, 50 (3), 368 – 398.

Churchill, G. A. (1979). A paradigm for developing better measures of marketing constructs. *Journal of Marketing Research*, 16, 64-73.

Covin, J. G., & Slevin, D. P. (1986). The development and testing of an organizational-level entrepreneurship scale. *Frontiers of entrepreneurship research*, 1(1986), 626-639.

Cronin, J.J., Smith, J.S., Gleim, M.R., Ramirez, E., & Martinez, J.W. (2010). Green Marketing Strategies: An Examination of Stakeholders and the opportunities they present. *Journal of the Academy of Marketing Science*, October 2010.

Day G. S. & Wensley R. (1988). Assessing advantage: a framework for diagnosing competitive superiority. *Journal of Marketing*, 52, 1-20.

Guth, W.D., & Ginsberg, A. (1990). Guest editors' introduction: Corporate entrepreneurship. *Strategic Management Journal* 11:5–15.

Hart, S.L. (1995). The Natural Resource-based View of the Firm. *Academy of Management Review*, 20(4), 986–1014.

Hart, S.L. & Dowell, G. (2011). Invited editorial: A natural-resource-based view of the firm: Fifteen years after. *Journal of Management*, 37, 1464-1479.

Hisrich, R.D., & Peters, M.P. (1998). Entrepreneurship: Starting, Developing, and Managing a New Enterprise (4th Ed.). Chicago, IL: Irwin.

Hitt, M. A., Barbara W. K., & Samuel M. D.M. (1998). Navigating in the New Competitive Landscape: Building Strategic Flexibility and Competitive Advantage in the 21st Century. *Academy of Management Executive* 12, 22-42.

Hunt S.D. & Morgan R.M. (1995). The Comparative Theory of Competition. *Journal of Marketing*, 59: 1-15.

Jacobson R. (1988). The persistence of abnormal returns. *Strategic Management Journal*, 9,41-58.

Jayawardena, C., & Miththapala, S. (2013c). Satisfying Environmentally-Friendly Tourist's Expectations through Innovation in 'Greening' Sri Lankan Hotels. *In proceedings of the 1st International Conference on Hospitality and Tourism Management: The way forward to tourism, ICOHT 2013'*. Colombo, Sri Lanka, 155-171. Johannessen, J.A. & Olsen, B. (2003). Knowledge Management and Sustainable Competitive Advantages: The Impact of Dynamic Contextual Training. *International Journal of Information Management*, 23, 277-289.

Kassinis G., & Vafeas N. (2006). Stakeholder pressures and environmental performance. *Academy of Management Journal*, 49,145–159.

King, A., & Lenox, M. (2002). Exploring the locus of profitable pollution reduction. *Management Science*, 48(2), 289-299.

Klassen R. D. & Whybark D. C. (1999). The impact of environmental technologies on manufacturing performance. *Academy of Management Journal* 42(6), 599–615.

Kleindorfer, P. R., Singhal, K., & Wassenhove, L. N. V. (2005). Sustainable operations management. Production and Operations Management, 14(4), 482–492.

Knight, G.A. (1997). Cross-cultural reliability and validity of a scale to measure firm entrepreneurial orientation. *Journal of Business Venturing* 12(3), 213–225.

Lei, D., Michael A., & Joel D. (1996). Advanced Manufacturing Technology: Organizational Design and Strategic Flexibility. *Organization Studies*, 17 (3), 501-517.

Lumpkin, G. T. & Dess, G. (1996). Clarifying the Entrepreneurial Orientation Construct and Linking it to Performance. *Academy of Management Review*, 21, (1), 135-172.

Majumdar S., & Marcus M. A. (2001). Rules vs. discretion: the productivity consequences of flexible regulation. *Academy of Management Journal* 44(1), 170–179.

Menon A., & Menon A. (1997). Enviroprenerial marketing strategy: the emergence of corporate environmentalism as market strategy. *Journal of Marketing* 61(1), 51–67.

Miththapala, S. (2011). Good practice guidelines on environmental management for Sri Lankan hoteliers. Colombo: SWITCH Asia Greening Sri Lanka Hotels Project, C C Solutions.

Morgan, N.A., Vorhies, D.W., & Mason, C.S. (2009). Market orientation, marketing capabilities and firm performance. *Strategic Management Journal*, *30*, 909–920.

Nunnally, J. C., Bernstein, I. H., & Berge, J. M. T. (1967). *Psychometric theory* (Vol. 226). New York: McGraw-Hill.

Podsakoff, P. M., MacKenzie, S. B., Lee, J. Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88, 879-903.

Porter, M. E. (1980). Competitive strategies. *New York*.

Porter M.E., & Van Der Linde C. (1995). Green and Competitive. *Harvard Business Review*, September/October, 120–134.

Samarasinghe, G.D., & Ahsan, F.J. (2013). Role of Green Market Focused Learning in achieving Sustained Competitiveness: Empirical Evidence from Hotel Industry in Sri Lanka. *International Journal of Information Technology and Business Management*, 18(1), 35–44.

Sambamurthy, V., Bharadwaj, A., & Grover, V. (2003). Shaping agility through digital options: reconceptualizing the role of information technology in contemporary firms. *MIS Quarterly*, 27 (2), 237–263.

Sanchez, R. (1995). Strategic Flexibility in Product Competition. *Strategic Management Journal* 16 (summer), 135-159.

Sekaran, U. (2006). Research Methods for Business, India: Wiley.

Sri Lanka Tourism Development Authority. Annual Report-2013 .Colombo, Sri Lanka.

Stevenson, H.H., & Jarillo, J.C. (1990). A paradigm of entrepreneurship: Entrepreneurial management. *Strategic Management Journal*, 11, 17–27.

Stopford, J.M., & Baden-Fuller, C.W.F. (1994). Creating corporate entrepreneurship. *Strategic Management Journal*, 15(7), 521–536.

Teece, D.J., Pisano, G. & Shuen, A. (1997). Dynamic capabilities and strategic management. Strategic Management Journal, 18 (7), 509-33.

Vesper, K.H. (1990). New Venture Strategies (*Rev. Ed.*). Englewood Cliffs, NJ: Prentice-Hall.

Wang, Catherine L. & Ahmed, Pervaiz K. (2007). Dynamic Capabilities: A Review and Research Agenda. International Journal of Management Reviews, 9(1), 31-51.

Wernefelt B. (1984). A Resource-Based View of the Firm. *Strategic Management Journal*, 5(2), 171-180.

Wickramasinghe, K. (2013). Environmental Management Practices in the Hotel Sector in Sri Lanka. *In proceedings of the 1st International Conference on Hospitality and Tourism Management: The way forward to tourism, ICOHT 2013*, Colombo, Sri Lanka, 144-154.

Wiklund, J. (1999). The sustainability of the entrepreneurial orientation- performance relationship. *A paper presented at the 1999 Babson College- Kauffman Foundation Research Conference*, Columbia, NC.

Zahra, S.A. (1991). Predictors and financial outcomes of corporate entrepreneurship: An exploratory study. *Journal of Business Venturing*, 6(4), 259–285.

Zahra, S.A. (1993). Environment, corporate entrepreneurship, and financial performance: A taxonomic approach. *Journal of Business Venturing*, 8(4),319–340.