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ENTREPRENEURIAL ORIENTATION AND BUSINESS PERFORMANCE OF HANDICRAFT INDUSTRY: A STUDY OF NEPALESE HANDICRAFT ENTERPRISES

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ABSTRACT: *This paper represents the role of Entrepreneurial Orientation in business performance of handicraft enterprises in Nepal. The study is conducted among the members of Federation of Handicraft Associations of Nepal. Guided by the post-positivistic paradigm, this study examines the effect of five EO dimensions on handicraft business performance. Simple random sample is employed among 397 population and 196 respondents are asked to respond to the survey questionnaire. Out of 178 responded people, only 161 were found usable. The business performance is measured through the three dimensions, namely efficiency, growth, and profit. The descriptive statistics, correlation and regression analysis are used to analyze the data and to infer results. However, business status, respondents' qualification, national coverage, employment generation, and gender equality seemed good but fertile areas of business were found only in tourist areas of Nepal. The findings of correlation and regression represent that autonomy, risk-taking, and pro-activeness and competitive aggressiveness were positively correlated with business performance. However, innovativeness had no correlation with business performance of handicraft enterprises in Nepal. Further, autonomy and competitive aggressiveness dimensions of entrepreneurial orientation were found only the contributors in handicraft business. The empirical findings of this study recommended that the companies should pay proper attention to expand their business in other States of Nepal as well because Nepal has also other potential areas of tourism. The study also found that the handicraft business is well operated in State 3 and 4 where Kathmandu and Pokhara are situated though they are prominent areas of tourism in Nepal.*

KEYWORDS*:* Entrepreneurship, Entrepreneurial Orientation, Handicraft Business Performance

INTRODUCTION

In today's dynamic business environment, Entrepreneurial Orientation (EO) is a core ingredient for triumphant business. Business organizations, in this cutthroat business scenario, compete to trawl the new business opportunities. The perspective concerning the understanding of EO has multiple concerned. Avlonitis and Salavou (2007) say that EO is innovative, risk-taking and proactive behavior of entrepreneurs. Covin & Slevin (1991) further elaborate that business organizations involve entrepreneurs to innovation, risk-taking, and show proactive behavior for seizing the opportunities for being a success in the business.

This study, based on this concept, has adopted the five dimensions of EO. Lumpkin and Dess had developed these five dimensions in 1996 (Gürbüz & Aykol, 2009). Antoncic and Hisrich (2004) further say that EO is very essential strategic element, which contributes to the economic and organizational growth. Nevertheless, correspondence between EO and organizational success is contentious. A number of researchers believe that EO has an optimistic relationship;

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on the contrary, some others have incongruity on this upshot (Dess& Lumpkin, 2005). Rodrigues and Raposo (2011) further say that the firms with high level of EO show the better-quality performance. Walter, Auer, and Ritter (2006), also make clear to that EO does not contribute to organizational performance. The literature pertaining to EO points the manifold fallout; conversely, Teece (2007) argues unashamedly that the firm needs to be entrepreneurial for exploiting business opportunities.

Fairoz, Hirobumi, and Tanaka (2010) add on EO and say that EO is required to be an entrepreneurial organization. Therefore, this study has studied Handicraft Industry of Nepal in order to examine the interrelation between EO and business performance. In Nepal, Handicraft Industry is the manufacture industries that produce products, which reflects the tradition, art, and culture of the country by using labor-intensive specialized skills, and indigenous raw resources and materials (Handicraft Association of Nepal [HAN], 2015, Article 1.4). Handicraft Industry is one of the most imperative entrepreneurship sectors. Its contribution to economic growth of Nepal is significantly high not only this but also it has contribution to domestic and international trade.

In the same way, Handicraft Industry is the labor-intensive industries and local resources consumers, therefore, the importance of these industries has been realized in the contemporary business scenario as the industry of job creators, and goods, and services producers. Handicrafts business, since 1904, had been transacted in perceptible way. Then its contribution to country's economic growth has counted on the time (HAN, 2015). However, at present, in Nepal, the high business competition, despite its contribution, has been greater than before in Nepalese Handicraft Industries

EO is the major factor in the productivity and growth of organizations (Aloulou and Fayolle, 2005). This research has attempted to examine correlation between EO and performance of handicraft enterprises members of Handicraft Association of Nepal. This study has used Lumpkin and Dess theory of EO to taste the hypothesis (Lumpkin & Dess, 1996). They argued that the five dimensions of EO (autonomy, innovativeness, risk-taking, pro-activeness, and competitiveness) might differ based on environment and organizational context. Therefore, this study has studied Handicraft Enterprises of Nepal and its business performance and examined the correlation between EO and business performance.

LITERATURE REVIEW

This section presents a brief review of relevant literature to develop insight into the concepts of EO, Business Performance.

Entrepreneurial Orientation

In strategic activities of entrepreneurship, since 1983, Entrepreneurial Orientation has been viewed as a prominent thought (Covin& Wales, 2012).It is defined as the strategic dimension for organizational performances (Miller, Breton-Miller, & Lester, 2011). EO is taken as a primary area of entrepreneurship knowledge (Wales, Monsen, &McKelvie, 2011). However, Millar was the first person, who had introduced EO for the first time in 1983 giving more importance on three dimensions of EO such as innovativeness, risk-taking, and pro-activeness.

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Lumpkin and Dess (1996) further introduced the notion of autonomy and competitive aggressiveness and contributed on Miller's concept. Covin and Wales (2012), also added that EO inessential for organizational success. Nonetheless, Lumpkin and Dess's (1996) definition of EO is beached and practical. They defined EO is an entrepreneurial process that reflect manager's practices, and decision-making styles to act entrepreneurially. They further argued that organizations with higher level of EO could perform better than organizations that have lower levels of EO. Therefore, organizations were categorized as two types as Entrepreneurial Organizations, and Conservative Organizations. Entrepreneurial Organizations refer to those organizations that practice innovation frequently and extensively, have strapping risk -taking propensity and are aggressively competitive.

On the other hand, Conservative Organizations are those, which practice the product innovation minimally and use minimal technology, have low risk-taking propensity, and are not reactive (Miller & Friesen, 1982; Covin & Slevin, 1991). EO contributes to the capacity of consuming market information for the organizational issues (Walter, Auer, and Ritter, 2006). Hossain and Deewan (2012) add on EO dimensions for example innovativeness, risk-taking, autonomy, pro-activeness, and competitiveness that help organizations to get triumph convincingly in a shorter time than the organizations, which has not practiced EO. Covin and Lumpkin (2011), concerning further tell that EO is behavioral phenomenon. They opined that the organization's actions develop it entrepreneurial. In different literature of EO, its investigation has targeted organizations' orientation (Atuahene-Gima & Ko, 2001). Size, type, and ages of organizational affect the entrepreneurial activities, relationship between EO and organizational performance (Lee, Lee, & Pennings, 2001). Covin and Selvin (1989) suggested that the organizational level EO adoption could be investigated through subjective data of top managers. Including salient dimensions of Miller (1983), the proposed five dimensions of Lumpkin and Dess (1996) are widely accepted measuring dimensions of EO literature.

According to them, the first dimension 'Autonomy' refers to independent action of an individual or team to achieve organizational objectives, and win the competition. The Second is 'Innovativeness', which means organizational willingness to introduce the novel ideas, and experimentation to develop goods and services, and process. The third, 'Risk-taking' refers to the organization's behavior towards decision-making and taking action without confidence of consequences. The forth, 'Pro-activeness' is forward-looking attitude of organization to seize market opportunity. The fifth dimension, 'Competitive Aggressiveness' basically refers to the organizational combative posture to improve market position.

The extensively used EO scale to measure organizational behavior to entrepreneurship is admired in EO literature (Runyan, Ge, Dong, & Swinney, 2012). It was highly applied in the work of Khandwalla- 1976 and 1977, and Miller, and Friesen 1982, after refining such instruments by Covin and Slevin in 1986, and 1989. Lumpkin and Dess's work of 1996 are the periodic development of EO study. Lumpkin and Dess's (1996) five-dimension EO scale is highly popular in EO research in the recent years. Against the above backdrop, this study considers autonomy, innovativeness, risk-taking, pro-activeness, and competitive aggressiveness as dimensions of EO.

Business Performance

Improving performance is the major target of entrepreneurial organization (Wiklund& Shepherd, 2003). Entrepreneurship is macroeconomic outcomes. It is equally essential in business performance too (Kusumawardhani, 2013).Despite various performance measurements, which

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are applied in different entrepreneurship study, however, studies do not provide any justification of selecting measures (Murphy, Trailer, & Hill, 1996). The business performance is a compartment of organizational effectiveness (Venkatraman and Ramanujun (1996). They said that inclusive business performance includes the financial performance and operational performance both.

Indeed, the financial performance of organization is very important, conversely, it not only the represents the overall performances (Venkatraman&Ramanujun, 1996).To cover all areas, both the financial, and non-financial performances are essential to measure. According to Murphyet al. (1996), most of the empirical study of EO research employed performance as a dependent variable. They found it on their literature survey of fifty-one published entrepreneurship studies between 1987 and 1993. Based on the study, they further added and introduced the three dimensions of financial performance such as the efficiency, growth, and profit.Venkatraman and Ramanujun's (1996) have applied these dimensions to measures of financial and operational performances

On the other hand, Stam an Elfring (2008) contributed technological performance as measurement of organizational performance through speed of service delivery and O'Sullivan and Abela's (2007) contribution of market share as measurement dimension, the performance measurement seemed contextual. The performance measurement dimensions vary because of context. Literature shows that the measurement can be done subjectively and objectively save for many researchers realized that the self-reported data or subjective measurements is easier (Stam&Elfring, 2008). Dess, Lumpkin, and Covin (1997) also supported this method.

In the same way, Venkatraman and Ramanujun (1996) concerning method speak that subjective measures of performance are consistent with objective measures. Thus, this study has also used the subjective measurement to measure three performance measurement dimensions of Murphy et al. (1996).

EO and Performance

Some studies show that EO and organizational performance have positive relationship (Rauch et al., 2009) whereas many other studies indicate negative relationship between them (Matsuno, Mentzer, & Ozsomer, 2002; Morgan& Strong, 2003). On the other hand, it is said that EO and organizational performances. Wales et al. (2011) further argue that organizations that adopt EO perform better than conservative organizations. This study, in order to observe the correlation between EO, and business performance in Nepali Handicraft Business context, has applied the five dimensions of Lumpkin and Dess (1996) as independent variables and three dimensions of Murphy et al. (1996) as dependent variable.

On this ground, the following research hypotheses are developed:

H1: There is positive relationship between innovativeness and business performance.
H2: There is positive relationship between risk-taking and business performance.
H3: There is positive relationship between autonomy and business performance
H4: There is positive relationship between pro-activeness and business performance.
H5: There is positive relationship between competitive aggressiveness and business performance.

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RESEARCH METHODOLOGY

In this study, the quantitative methodology and questionnaires are used to conduct the survey of 397 industrial members of Handicraft Association of Nepal. In the same way, in the survey study, in total, only 196 questionnaires were distributed to the managers/owners of sample industrial members (Handicraft Enterprises). Only in total, 178 participants responded, out of them, only 161 responses were found very useful with 40.5 % response rate. A sample size between 30 and 500 is sufficient to carry out the research Roscoe (1975).

Therefore, in this study, Yang's view (2008) has been adopted to select the owners of Handicraft Enterprises as informed individuals concerning organization's overall operational activities. The close-ended questionnaire was used as the measuring instrument for collecting data. The 7-point Likert scale was used in questionnaire to gather perceptions of respondents. Based on earlier studies of Miller, 1983; Covin & Slevin 1986; 1989; Lumpkin & Dess, 1996), EO was, in this study, measured with the five dimensions: innovativeness, risk-taking, pro-activeness, autonomy land competitive aggressiveness.

The questionnaire was divided into the three sections with 29 questions. Section 1 has been designed to gather the organizational information with respondent's individual information without question. The Section 2 designed for measuring EO with 20 questions of five dimensions. The section 3 is related to measure business performance with 9 questions of three performance dimensions. The range of seven point Likert style represents 1= "strongly disagree", 2= "mostly disagree", 3= "somewhat disagree", 4= "neither agree nor disagree", and 5 = "somewhat agree", 6= "mostly agree", and 7= "entirely agree".

In this study, Statistical Package for Social Science (SPSS) 20.0 is used to analyze the data collected from the sample. Frequency distribution, mean, standard deviation, minimum, maximum, correlation, reliability and regression analysis are used as data analysis tools.

Descriptive Statistics of the Sample

In the first part of the questionnaire, the respondents were requested to provide answer to manager/owner and business background, such as education background, work experience, number of employees and year of establishment, region, and company size. The characteristics of the sample study are as follows:

Gender and age of owner/manager: As per the facts in figures in following table, the out of 161-sample study, 57.1% were found male respondents, and 42.9 % were female. However, the gender value is considered in the Constitution of Nepal (Ministry of Law,Justic,Constituent Assembley and Parliyament Affairs, 2015), data show that percentage of female respondents is lower than the male percentage. The male dominated data were found, however, the difference is not a big. The respondents' age varied from 22 to 74 years old (mean 41.02 and standard deviation is 9.78).Only 8% respondents were less than 30 years old and 3.72% were more than 60 years. Most of the respondents were found more than 30 years old, and below than 50 years old. 35. 4% respondents were between age of 30-39 years and 29% respondents were found between the ages of 40-49 years.

This means that the age between 30 and 50 is the prominent age of manager/owner of handicraft enterprises.

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Table 1: Gender and age of owner/manager

Description		Frequency	%
Gender			
Male		92	57.1
Female		69	42.9
Total		161	100
Age			
Less than 30		13	8.0
30-39		57	35.4
40-49		47	29.1
50-59		38	23.6
60 and above		6	3.72
Total		161	100
Mean (age)	41.02		
Std. deviation (age)	9.78		

(Source: Primary data)

Education background: Nepali Educational level is categorized in 6 categories (Ministry of Education, 2015). According to the policy, 10 years of schooling is called SLC (School Leaving Certificate). Then after, students have to pass further (2 years) Higher Secondary Level (10+2) to complete 12 years schooling and after completing the 12 years of schooling, students must pass either 3 years of bachelor program or 4 years of bachelor's program. Then only, student will be eligible to get Master's level program. There, they should complete two years of study to get the degree. For the M. Phil degree, minimum 1.5 years of study is required and for PhD, minimum 3 years of study is necessary and mandatory in our context.

The following table shows educational background of 161 respondents. Among these respondents, having 10+2 certificate was found in the highest percentage (40.4%).There was no single respondent with M. Phil or PhD degree. In the same way, Bachelor degree holders' respondents were found in the second higher position by 26%. Below SLC and Masters Level holder degree were seemed quite similar with 16.4 percent and 17.2 percentages.

Form this educational status of respondents, it is understood that the higher education (M. Phil and PhD) holders have fewer interest in handicraft production. Nevertheless, most of middle level educational (10+2 and Bachelors) holders are keeping their interest in handicraft business. Therefore, intervention in handicraft business can be good way to implement target of the government to promote self-employment because young people's involvement in this business might be the good contributor for the government policy (Bushell, 2008).

Table 2: Educational Background of Owner/Manager

Description	Frequency	%
Below SLC	26	16.4
Higher Secondary School (10+2)	65	40.4
Bachelor Level	42	26.0
Masters Level	28	17.2
M. Phil	0	0

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PhD	0	0
Total	161	100

(Source: Primary data)

Work experience: Most of the respondents were found experienced in related fields. 49. 1% respondents were found experienced in working handicraft business. Only 15.5 % respondents were found not experienced when they started their business. Noticeable fact of this study is that, 35.4% respondents were found operating handicraft business with having experiences working in the different sectors. In the same way, the percentage of non-handicraft business respondents were seemed below 50%, more than 35% with non-related sector involvement is representing the trend of shifting business to handicraft business, which is in higher than the involvement of those without having business experiences in Nepal.

Table 3: Work Experience of Owner/Manage

Description	Frequency	%
No work experience	25	15.5
Worked in non-handicraft enterprises	57	35.4
Worked in handicraft enterprises	79	49.1
Total	161	100

(Source: Primary data)

Business background: The profile of the handicraft enterprises in this study is presented in Table 4 below.

Table 4: Handicraft Product Details

Product	Frequency	%
Bags, Basketry, Ceramics	28	18
Handmade Paper	9	5
Jewelry	10	6
Metal Craft	10	6
Metal Statue	11	7
Others	93	58
Total	161	100

(Source: Primary data)

The above table shows 17-percentage handicraft business is marketed by the Bags, Basketry, and Ceramics production sector. The Metal Statue production sector is second highest sector with 7%. Likewise, Jewelry production sector and Metal Craft production sectors are carrying 6 %each and Handmade Paper enterprises are carrying 5 %. Rests of other enterprises are not over 5 percent in the sample study and all are mentioned in other sector, which carries 58%. It shows that the Bags, Basketry, and Ceramics enterprises are highly adopted and popular sectors within handicraft industry. Some of the products are carrying very little portion of percentage 1 or below 1. It indicates some interventions are needed to develop the current position for such products.

Company size: The company size is presented in Table 5 below.

Table 5: Investment Details of Sample Enterprises

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Capital	Frequency	%
Less than 0.5 million	40	25
0.5 million - 1 million	21	13
1 million - 5 million	14	8
5 million -10 million	16	11
10 million and above	70	43
Total	161	100

(Source: Primary data)

The above table shows that 43 % enterprises are found to have invested more than 10 million among sample. Only 8 %enterprises have invested in-between 1 million to 5 million. The status of 0.5 million to 1 million and 1 million to 5 million invested enterprises are 13% and 11% respectively. A different big percent carried by less than 0.5 million invested enterprises. It means that handicraft industry has multi-invested types of enterprises in Nepal. Based on this data, it can be generalized that the small investors also can perform handicraft business in Nepal.

Employees: The information on the number of employees is presented in Table 6 below. Information was asked in four ranges.

Table 6: Employment Details of sample Enterprises

No of employees	Frequency	%
Less than 10	61	38
10 to 50	55	34
50 to 100	30	19
100 and above	15	9

(Source: Primary data)

The Nepali Handicraft Enterprises are seemed flourishing to generate employment in a good way. Table above shows that the 38 % enterprises are providing less than 10 numbers of employments with higher percentage. 10 to 50 employments providing enterprises are also not so far behind from the highest but 100 and above employment generators are only 9%.50 to 100 are second lowest job providers with 19% in range. All of this information represents that the Nepalese Handicraft Enterprises are contributing in both high and low number to the employment in Nepali job market. However, almost all of jobs are skillful and creative. This means that the Handicraft Industry is not providing only the job, it is rather enhancing skillful jobs which are quite essential to sustainable entrepreneurship and self employment as well (Crals& Vereeck, 2004).

Enterprises: The information about the firm age is presented in Table 7 below.

Table 7: Age of the sample enterprises

Firm Age	Frequency	%
Less than 4 years	83	52
5-8 years	35	22
9-15 years	25	15
Above 15 years	18	11

(Source: Primary data)

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Since the establishment of Nepal Handicraft Association, the numbers of its members have been increased. This shows that the trend of new entrepreneurs joining industries, which is appreciable. The above table shows that 15 years older members are only 11%, and 4 years old, members carry more than 50 %. It means that joining rate of the new entrepreneurs since last 4 years is quite higher than other age. Data show that the positive tendency of increasing numbers of enterprises may contribute in creating skillful jobs and enhancing national economy.

Nationwide coverage: The information about the coverage of the handicraft enterprises nationwide is presented in Table 8 below.

Table 8: Nationwide Coverage of Sample Enterprises

Nationwide Coverage	Frequency	%
State 1	11	8
State 2	18	10
State 3	80	50
State 4	35	22
State 5	9	5
State 6	5	3
State 7	3	2

(Source: Primary data)

Location wise coverage of handicraft enterprises is found in unequal distribution. 50% of handicraft businesses were found to be operational in State 3 of the newly designed state by the Constitution of Nepal 2015 (Ministry of Law, Justic, Constituent Assembley and Parliyament Affairs, 2015). The Second highest percentage was found in State 4 with 22 % and the 10 % in State 2, 8% in State 2, 5% in State 5, 3% in State 6 and only 2% in State 7. The interesting thing is that the capital of Nepal (Kathmandu) lies in State 3 and famous tourist area Pokhara lies in State 4. It means that the handicraft businesses are blooming in tourist areas of Nepal. The Mithila art is famous in State 2 and it carries 10 % among the States. Therefore, it can be generalized that the handicraft enterprises are operating highly in tourist areas of Nepal.

Reliability and Validity

The study used Cronbach alphas for maintaining reliability of multi-item scale. The reliability measures were found above the recommended minimum standard of 0.60 (Bagozzi & Yi, 1988; Parasuraman, Grewal, & Voss, 2002) .Above 0.70 values of eight dimensions in reliabilities measures indicates the internal consistency. Measurement items, Cronobach's alpha, and their measures are presented in table 9 below.

Table 9: Measurement Items and Reliabilities

Dimension	Item	Cronbach's Alpha
Autonomy		0.86

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	My organization usually gives freedom to employees for deciding their own way of doing their work without depending on manager's direction. In my organization, the employees play a major role to identify and select entrepreneurial opportunities rather than top management team. My organization believes, the best result happens when the employees are able to decide what business opportunities to pursue. In my organization, individuals and team can pursue business opportunities without taking approval from their manager. The top managers of my organization believe that the employees will work in high productivity if they decide their own target. In my organization, the employees have full authority and responsibility to act alone for the best interests of the business.	
Innovativeness		0.84
	My organization usually adopts the creative method of operation. My organization usually designs own new methods of production rather adopting others. My organization marketed new lines of products or services since last three years. My organization usually adopts own problem solving method rather organization used.	
Risk-taking		0.84
	My organization usually adopts the 'wait-and-see' posture in uncertainty situation before making costly decision. In my organization, employees are encouraged to take calculated risk with new ideas. My organization usually has strong proclivity for high-risk projects.	
Pro-activeness		0.74
	In competition, my organization typically initiates actions to which competitors then respond. My organization is often the first for introducing new products/services than the competitors. My organization has no tendency to "follow the leader" in introducing new product. My organization is usually ready to confront with the competitors to exploit the business opportunities.	
Competitive aggressiveness		0.79
	My organization usually adopts "undo-the-competitors" posture at the time of competition.	

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	My organization usually takes a bold and aggressive approach when competition.	
	My organization intensely competes in handicraft industry.	
Efficiency		0.84
	My organization is usually satisfied with return on investment.	
	My organization is usually satisfied with return on equity.	
	My organization is usually satisfied with return on assets	
Growth		0.78
	My organization is usually satisfied with sale growth.	
	My organization is usually satisfied with employee growth.	
	My organization is usually satisfied with market share growth.	
Profit		0.73
	My organization is usually satisfied with return on sales.	
	My organization is usually satisfied with net profit margin.	
	My organization is usually satisfied with gross profit margin.	

All items were measured with seven-point Likert scale

Correlation

The correlation between EO dimensions and Business Performance is presented below.

Table 10: Target Variable: Business Performance

	Business Performance
Autonomy	.348**
Innovativeness	.046
Risk-taking	.269**
Pro-activeness	.261**
Competitive Aggressiveness	.345**

**.Correlation is significant at the 0.01 level (2-tailed).

*.Correlation is significant at the 0.05 leve (2-tailed).

The above table shows that correlation analysis between the five dimensions of EO in addition, business performance of handicraft enterprises. In this analysis, Pearson correlation between autonomy and business performance is found significant at .348 in 0.01 level. In the same way, risk-taking, pro-activeness and competitive aggressiveness were also found significant at .269, .261 and .345 respectively in 0.01 level. However, the correlations of innovativeness with business performance was found insignificant with the values of .046.It means that there is no correlation between the innovativeness and business performance.

Regression Analysis

The multiple regression analysis is used to examine the relationship between EO and business performance. The table below shows the results of multiple regression analysis on the five dimensions of EO with business performance. In this analysis, the R square value is .212, which

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means that 21.2% of variance in business performance of handicraft enterprises has been significantly explained by all five EO dimensions.

Table 11: Regression Model Summary Statistics

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.460 [a]	.212	.187	4.73307

a. Predictors: (Constant),Competitive Aggressiveness,Innovativeness,Autonoomy,Risk-taking,Proactiveness

The table below shows that the results about strength of individuals component on EO in opposition to business performance of handicraft enterprises. The coefficients represent the independent variables influence on most of the variance in business performance. The Beta column under Standardized Coefficients represents that the highest numbers in beta is 0.270 for autonomy, which is significant at 0.007. Competitive aggressiveness is ranked second with beta 0.217, at the significance 0.011 at the level of 0.05.

These two dimensions are only predictors, which influence the business performance of handicraft enterprises. Therefore, Hypothesis 1, and 5 are supported whereas innovativeness (B=.024, p= .745), risk-taking (B=-.141, p=.091) and pro-activeness (B=.016, p=.859) represented no significance with business performance. Therefore, H2,H3 and H4 are rejected.

Table 12: Coefficients Detail

Coefficients [a]					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	11.712	4.267		2.745	.007
Autonomy	.331	.092	.270	3.616	.000
Innovativeness	.044	.134	.024	.326	.745
Risk-taking	.386	.227	.141	1.700	.091
Pro-activeness	.046	.260	.016	.177	.859
Competitive Aggressiveness	.700	.272	.217	2.578	.011

Dependent Variable: Business Performance of Handicraft Enterprises

DISCUSSION AND CONCLUSION

The finding of this study has been derived from the survey-based questionnaires from handicraft enterprises. The handicraft business represents business of Bags, Basketry, Ceramics, Handmade Paper, Jewelry, Metal Craft, Metal Statue and other tradition, art and culture reflecting products. The main purpose of this paper was to examine relationship between EO and business performance of Nepali Handicraft Enterprises. In this study, EO represents five dimensions

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(Innovativeness, Risk-taking, Pro-activeness, Autonomy, and Competitive Aggressiveness) whereas business performance was measured against three dimensions (Efficiency, Growth, and Profit) .The profile of respondents, and enterprises showed that it was not a neglected sector of Nepali business. Because, the middle level educated persons' involvement in this type of business and higher percentages of 10 million and above capital invested enterprises with 43% showed that it is a popular and well invested area. Out of other production, Bags, Basketry, and Ceramics products were found to hold a strong position with 18% of market whereas other categories represented 58%, which held below 5% status among the total products.

It means, Nepal's handicraft industries are exceedingly based on Bags, Basketry, and Ceramics production. Nonetheless, contribution of industry on employment generation seems very good. Though percentage of low employment generator is higher, 9% of 100 and more than 100 employment generators indicate that big enterprises also exist in handicraft industry in Nepal. The ages of enterprises were found varied. The older and younger both enterprises were found functioning. It underscores that the handicraft business is sustainable in Nepalese business. Despite national coverage, only State 3 and 4 were found highly fertile areas for this type of business.

Both covered 72% of total business where other states were found to hold below 20% of total handicraft business. An interesting part is that this business is only suitable in tourist areas because Kathmandu and Pokhara of State 3 and 4 carry 50% and 22% of total business respectively and both have strength of tourism business. Same thing is also proved in State 2, in view of the fact that Mitila (Janakpur) lies in the State 2, which is also one of the tourist areas in Nepal. Based on this, it could be concluded that the handicraft business is a good in tourist areas of Nepal.

In order to fulfill the main purpose of this study, correlation and regression analysis were conducted. The correlation analysis presented varied results between the variables with medium to small correlations. The two dimensions of EO, autonomy and competitive aggressiveness were found significant to the business performance. It means that these two dimensions are affecting business performance of handicraft enterprises in Nepal. However, no correlation was found in Business performance of Innovativeness.

Indeed, the contribution of handicraft industry in economy is significant but this study is only related to the role of EO in Business Performance. The perceptions of manager/owner in specific time are the limitations of this study. The perception may differ based on context, business environment and business operation (Kuan & Chau, 2001). Ioannidis (2005) argues that the small sample size and exploratory nature of the study might be bias the study. Thus, future researchers must study this context in large sample size to validate study. Furthermore, this is the study based on the context of Nepal. Scott (2004) says that the tradition, art, and culture reflecting products help to diffuse the national culture in the world. Consequently, the study of handicraft business is not only important to Nepal but also it is essential to examine the manager/owner's EO towards performance of such types of organizations. Lumpkin and Dess's (1996) theory is proved in this research. The findings of this paper shows that the EO dimensions vary in different environment. No similar results were found in Nepali context and other international studies.

In Nepal, only two dimensions (autonomy and competitiveness) have been found influencing dimensions to business performance of handicraft business. It might differ in other business and environment. Therefore, EO is critical due to inconsistent results. Due to an important role of

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business organizations in economic growth, a comprehensive research can be carried out in future from the perspective of national culture and networking.

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