The Influence of Rational Competency on Business Performance: The Mediating Role of Business Uncertainty among Private Ayurveda Practitioners in Gampaha District, Sri Lanka

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Abstract

Although Ayurveda has a strong cultural foundation and economic opportunities, scholars highlighted that Private Ayurveda Practitioners (PAPs) in Sri Lanka face heavy competition in the marketplace with Western medicine and poor capabilities of strategic decision making. The study attempts to empirically examine how the rational competency of PAPs affects the business uncertainty and thereby the business performance of PAPs in the Gampaha District of Sri Lanka, employing a quantitative method. Data was gleaned through a pre-tested structured questionnaire among 114 PAPs selected employing a multi-stage sampling technique, and the primary data was mainly analyzed with the help of Partial Least Squares Structural Equation Modelling (PLS-SEM). The results show that there is a negative effect of rational competency on business uncertainty, which implies that the greater information access, processing, and decision-making abilities reduce business uncertainty among the PAPs. Further, rational competency displays a positive and significant effect on business performance, as it is proven that evidence-based decision-making ability contributes to improving the business performance among the PAPs. The study further revealed that business uncertainty mediates the relationship between rational competency and the business performance of PAPs. The findings contribute to substantial theoretical, empirical, and contextual knowledge gaps and offer new insights on the Ayurveda healthcare business. The study empirically underlines that rational competency is a viable strategic weapon to mitigate business uncertainties and improve business performance among PAPs in Sri Lanka.

Keywords: Business Performance, Business Uncertainty, Private Ayurveda Practitioners, Rational Competency

INTRODUCTION

One of the distinctive and unique systems of healthcare rooted in Ayurveda, having originated thousands of years ago, occupies an unyielding status in Sri Lanka's cultural and traditional backdrop (Mihiranie et al., 2020). Ayurveda has become a faith among the generations, delivering exclusive and special cures to the people (Jones & Liyanage, 2018). Although the Ayurveda healthcare sector in Sri Lanka holds a lot of importance, it still the sector faces some challenges. Sri Lanka's Ayurveda sector has not received international accreditation to a certain standard, and Western medical practices have steadily encroached on the healthcare market (Suresh, 2018). In the given backdrop of globalization in the sphere of health care, Sri Lanka's Ayurveda sector, therefore, can be considered relatively protected. Competition in the market that challenges Ayurveda practitioners are high because Western medical practices dominate the healthcare market (Jones & Liyanage, 2018). This implies that the Ayurveda healthcare sector has a challenge to compete with Western healthcare sector.

The process of creating of Ayurveda as an efficient business is full of obstacles, the major ones are derived from the business environment, including customer demand and taste, input supply, quality certification, and changes in rules and regulations that are regarded as major constraints (Rajapakshe & Arachchi, 2022). The business environment for the Ayurveda healthcare sector is always uncertain and regularly changed (Rajapakshe & Arachchi, 2022; Simon, 1990). The existing complex business environment led to increased business uncertainty for the Ayurveda healthcare business (James et al., 2020). Ayurveda practitioners need to formulate strategic decisions to manage the regular business uncertainty that improves business performance (Y. Zhang &

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Zhang, 2013). If a business can predict future behavior of the business environment by accessing information, assessing information, and making business decisions based on the information assessed, the business can manage the business uncertainty that helps to increase business performance (Yenidogan, 2013). No empirical evidence in the literature shows whether Ayurveda practitioners have managed business uncertainty successfully by accessing to information, assessing them to make rational decisions. If they fail to manage business uncertainty, they fail to achieve business performance.

On realizing the extent to which human rationality is bound, there is a possibility of decision-making to be more real to manage the uncertainties in the decision-making process (Gigerenzer & Gaissmaier, 2011). Research work conducted on the relationship between rationality, performance, uncertainty, and business results separately, or in bilateral has been conducted in different countries for different businesses (Boubaker & Cellier, 2020). Rationality has been the focus of many papers revealing that it has a positive effect on the performance of organizations and improves business performance (Foss & Pedersen, 2002; Haleblian & Finkelstein, 1993). Likewise, many scholars have investigated the relationship between uncertainty and business performance as they acknowledge the fact that dynamic nature of the external environment, from the occurrence of economic crises to market volatility, have substantial influences on business performance (Madsen et al., 2018; Rajwani et al., 2018). But, as most of these individual examinations are carried out, there appears to be a lacuna in the current literature as it is found that there is no other research study in the extant literature that explores comprehensively how rational competency impacts business uncertainty, and business performance, especially in the PAPs in Sri Lanka. This research will therefore seek to fill this gap by examining the effect of rational competency on business uncertainty and business performance of PAPs in Sri Lanka.

Subsequently, the outcomes of the research will be beneficial for theory validation, providing empirical evidence in the context of Ayurveda practitioners to confirm the existing knowledge about the concept of rationality, the presence of uncertainty, and its impact on business performance. The results of the research will help provide a set of recommendations and prescriptions for the Ayurveda professionals in Sri Lanka in terms of decision-making skills, coping with business uncertainty, and building better business performance. The following section of this paper reviews the theoretical background, then develops a theoretical framework with hypotheses to investigate. The third section of this paper explains the methodology, the fourth section presents the results and discussion, and finally a conclusion is made.

LITERATURE REVIEW

For this study, three theories have been identified, which will act as the theoretical foundation for this work. Firstly, Bounded Rationality Theory advocated by Simon (1990) arise from Porter's Critique of Rationality Theory due to the lack of full rationality in the decision-making process. Secondly, Transaction Cost Theory, as explained by Williamson, (1979), defines Business Uncertainty and gives two dimensions namely Environmental and Behavioral Uncertainty. Third, according to Neely et al. (1995) Business Performance is a rather complex set that, however, contain such kinds of measurements as financial performance, operational performance, market share, customers' satisfaction and employees' productivity, which show the company's efficiency now.

Rational Competency: Rationality, also known as rational behavior, entails the intellectual skill of performing rational tasks, particularly any involvement in the formulation of sound judgment in civilizing systems (Simon, 1955). Decision making is the capacity to acquire, evaluate, and make effective decisions that conform to one's purposes as well as standards (Williamson, 1985). Rational competency refers to the access and evaluate available information, the capability to think logically, and make strategic decisions to manage uncertainty (Kahneman, 2003). Logical proficiency comprises of several parameters that all put together define the rational competency in people (Yousuf, 2017). Information competence is one of the components that constitute rational competency and refers to a learner's capacity to find, assess, and use information to acquire relevant and credible information (Tewell, 2015). High information literacy enables the persons to find useful information to function in the process of their decision making (Everaert et al., 2010).

Another aspect of rational competency is the evaluation of information source. This skill enables people to evaluate the believability and reliability of information sources, the expertise of the provider of information (Kuhlthau et al., 2008). As a result, authors or publishers of the information, or potential biases, and the level of credibility of the source can be used to assess the reliability and relevance of the source. The other element includes evidence analysis; the capacity to look at evidence, differentiate between fact and opinion, identify fallacies, see merits and demerits, and identify backing up information (Murdoch-Eaton et al., 2010). When evidence is properly critiqued, people will make appropriate decisions, and actions will be based on rationality.

Critical thinking is a remarkable component made up of rational prowess, which entails the application of reasoning mechanisms, weighing of arguments, adoption of other standpoints, and formulation of reasonable verdicts from credible facts (Tewell, 2015). Through critical thinking, an individual can question and or filter information based on certain set criteria or parameters, where he or she will be able to make conclusions that are logical. More importantly, rational abilities pertain to research abilities, where it indicates the mastery of research, involving the creation of research questions, formulation of methodologies or designing the methods of data accumulation and analysis, and the capability to arrive at sound conclusions (Noonan et al., 2011). Holding good research skills, a person can identify an area of interest, analyze information, and contribute to the knowledge base of a given subject area.

Business Uncertainty: Business uncertainty means that at a certain period, one or several aspects of the business environment, organization's operation, or management do not have a specific, clear, or easily predictable picture of the conditions, circumstances, or events that may occur in the future (Postma & Liebl, 2005). It is characterized by information failure, variability, and unpredictable qualities. In a business context, uncertainty can stem from factors, including technology, market trends, new and emerging laws

and/or policies, economic swings, political instability, disasters, events, and others (Yousuf, 2017). Moreover, it should not be confused with occurrences such as new technologies, changes in consumer preferences, modifications to the laws and regulations, fluctuations in the economy, instabilities in political systems, natural disasters, and epidemics (Bennett & Lemoine, 2014). This causes problems for organizations' resource commitments, strategic directions, investments, and risk mitigation anus. Despite the lack of a set of business uncertainty dimensions, there can be defined dimensions or factors that characterize business uncertainty and its effect on businesses (Chen et al., 2018). Environmental uncertainty is one of the dimensions of business uncertainty; other dimensions are economic, technological, market, and regulatory and political uncertainties (Fynes et al., 2005). Economic uncertainty, therefore, refers to the lack of stability within the macro environment, which encompasses market forces. There is the regulatory environment, the technological environment, competitive forces, and the sociopolitical environment (Yousuf, 2017).

The volatility, complexity, and novelty related to technologies that organizations face are captured by technological uncertainty. Market uncertainty covers the nature of the variations in customers and competitors and involves considering factors like customer behavior, trends, competitors, and needs, changes in the trends in the market, and changes in the market environment (Zhou & Li, 2010). The objective aspect that may affect the decisions of firms and corporations is regulatory and political uncertainty, which includes all changes in regulations, policies, and political situations affecting the business, including governmental interferences, shifts in policies, trade agreements, and political conditions (Song & Montoya-Weiss, 2001). One of the forms of business uncertainty can be outlined to be behavioral uncertainty. This includes social and cultural risk, which in turn measures changes in social trends, culture and demographics among others. External conditions that cause behavioral uncertainty include social factors like attitude changes, preferences, and cross-cultural differences. Additionally, the self-interest of customers, suppliers, and the stakeholders may result in business transactions and relations uncertainties. Mitigating these uncertainty dimensions is invaluable for organizations to respond adequately, make effective decisions, and effectively cope with uncertain business environments (Fu, 2023).

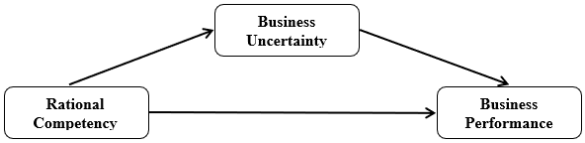
Business Performance: It can be defined as the assessment and accomplishment of an organization's objectives. It extends to the different facets of business performance, such as financial returns, performance efficiency, market niche, consumer satisfaction, and personnel output (Zollo & Meier, 2008). Business performance can be defined as the level of achievement of business strategies, the efficient use of organizational assets, goals, and objectives. Business performance management refers to the systematic and comprehensive evaluation of the organizational effectiveness and efficiency in creating and communicating value to the stakeholders (Franco-Santos et al., 2007). Business performance can be measured using various key dimensions. The financial position of an organization is analyzed using its solvency, sustainability, revenue generation, return on investment, and cash position. This dimension includes revenue, profitability, or gross return on asset and or marking and stakeholder value (Badri et al., 2000). The next is operational performance, more narrowly defined, which signifies the smooth efficiency of the key processes that support an organization's center. This entails production, supply chain, quality assurance and even distribution. This dimension includes general measures such as cycle time, yield rate, delivery time, and inventory turnover to name a few. Customer performance check how well an organization performs on its customers' expectations. Customer satisfaction, customer loyalty, customer retention rates, market share, and customer acquisition are all within it. The employees' productivity, commitment, and satisfaction are captured in this dimension concerning the organization that has delivered excellent customer experiences (Abu Kasim & Minai, 2009). This dimension of major measures include employee turnover, employees' absenteeism, training and development activities, and employee satisfaction questionnaires. This dimension recognizes the importance of a motivated and competent staff to enhance total organizational performance. Innovation performance refers to the extent of innovativeness of an organization and its capacity to produce new products or services or its capability in responding to changes in the market environment. Key dimensions include research and development investment; new products; patents; and innovation capability, which measured the ability of an organization to support innovativeness (Dong et al., 2021). These business performance indicators offer detailed insights into the general efficiency of an organization. It is possible to make a precise performance evaluation by considering financial, operational, customer, employee, as well as innovation perspectives, and make the right decision for the sustainable development of any organization (Richard et al., 2009).

Conceptual Framework and Hypotheses

Many research studies have shown that uncertainty, especially in a business environment, prevents overall performance (Hitt et al., 2001). As a result, organizations operating in environments with high levels of uncertainty initiate negative financial, operational, and customer satisfaction (Benner & Tushman, 2003). To find a way to deal with uncertainty and its implications for the performance of businesses rational competency comes into the picture. Rational competency relates to the extent that employees are capable of logical thinking, problem solving and analytical problem solving and decision making in a complex or an uncertain environment (Ployhart & Bliese, 2006). The authors have observed that there is a positive correlation between rational competency and performance outcomes across an array of contexts in the studies of Ployhart and Bliese (2006). When the effect of uncertainty is considered, it is found that rational competency increases business performance because of the mediating effect of uncertainty. Since rational competency empowers people to gather information, evaluate it, infer from it, and apply it, depending on the situation that may prevail at any one time (Peng & Kievit, 2020), it becomes a way of overcoming the adverse effects of uncertainty. Thus, the higher rational competency means that specific individuals are better equipped to minimize the negative impact of uncertainty on their business outcomes (Song et al., 2018). Based on the above evidence, this study hypothesizes that rational competency has a direct causal relationship with business performance and that this relationship is moderated by the level of uncertainty. Figure 1 shows the conceptual framework applied in this research; rational competency is the independent variable, business

performance is the dependent variable, and uncertainty is the mediating variable. Thus, this research seeks to uncover how this relationship can be helpful for a better understanding of rational competency's contributions to minimize the impact of uncertainty on business outcomes.

Figure 1: Conceptual Research Model



Source: Developed by the Researcher, 2025.

Rationality as competency and business performance: A similar logical competency has been positively and significantly correlated with numerous types of business performances in empirical research of diverse fields of study. Research has done a good job of showing that an increased rational competency causes employees to possess decision-making skills that have a positive impact on various aspects of business (Ployhart & Bliese, 2006). For example, Smith & Johnson (2010) when testing rational thinking among the managers, it was established that those with high rationality made sound decisions that positively impacted on financial returns and operational effectiveness. Moreover, rational competency research indicates that it strengthens the capability for problem-solving and versatility, which are vital to plan and manage resource utilization, create and implement innovations to drive business success (Min et al., 2014; Peng & Kievit, 2020). Chen et al. (2018) also affirm that rational competency in organizational employees makes it easy for organizations to establish market opportunities that enhance market shares and growth.

Based on such cross-industry and context replications, it is logical to expect such a rational competency-business performance association among the Ayurveda practitioners owning private clinics in Sri Lanka. While the sector of Ayurveda is different, primary forms of rational competency that include critical thinking, efficient decision making, and flexibility are also likely to improve a business position in this area as well. In addition, economic risk conditions and the rise of comprehensive and medical evidence requirements meet the criteria for rational competency. As with other fields, those dedicated to Ayurveda will also have to manage different scenarios, make proper decisions, and use resources more efficiently to have a successful practice. Consequently, the association identified between rational competency and business performance in prior literature fits logically when transferring the connection to Sri Lankan Ayurveda private practitioners. Therefore, the study assumes that.

H1: Rational competency is positively related to the business performance of private Ayurveda practitioners.

Rational Competency and business Uncertainty: In general, results gained from empirical studies have pointed out that rational competency is highly correlated with business uncertainty. Many works prove that the possession of higher levels of rational competency ensures effectiveness in working in conditions of higher uncertainty and business complexity. For instance, Min et al. (2013) determine a positive relationship between rational thinking disposition and decision-making style, which makes an individual to make more rational decisions. This inclination towards rational decision making has been related to lower uncertainty in different other organizational environments (Ployhart & Bliese, 2006). Further, Smith and Johnson (2010) also embraced the concept of individual adaptability as the means of reducing the effects of uncertainty on the strategies of an organization. They suggested their study showed that more adaptable employees would be able to manage and react to the uncertain environment better, and accordingly, organizational outcomes would be better. This is in line with Peng and Kievit's (2020) work, which noted that people's personality determines how their thinking process and their approach to dealing with vagueness and doubt. Considering these empirical findings, it can be hypothesized that a similar path exists between rational competency and business uncertainty regarding Ayurveda practitioners in Sri Lanka with their own businesses. The Ayurvedic industry, like any other field of manufacturing, trade, and services, can face up to economic changes and uncertain conditions. Thus, the improved rational competency may help practitioners to address the issues connected to unpredictable market conditions, changes of regulations, and shifts in customers' preferences.

H2: Rational competency has a negative influence of the business uncertainty of private Ayuruveda practices.

Business uncertainty and business performance: The results obtained from empirical analysis of the relationship between business uncertainty and business performance also suggest a complex and strong positive correlation that holds across industries and settings. Smith and Johnson (2010) reveal that if business uncertainty increases, business performance will decrease. This was found to hold across sectors, which showed that uncertainty affects the business success and efficiency (Smith & Johnson, 2010). Furthermore, Ployhart and Bliese (2006) established that when operations were more uncertain, business organizations are likely to encounter some level of disruption affecting productivity and financial performance (Ployhart & Bliese, 2006). The rationale is based on the argument that the characteristics of business uncertainty and, consequently, the effect on performance can be transferred to the analysis of other industries, including the Ayurveda sector in Sri Lanka.

H3: Business Uncertainty has a negative relationship with the business performance among private Ayurveda practitioners.

Mediating role of business uncertainty: Applied studies have always supported the relationship between rational competency, business uncertainty, and business performance. Lee et al. (2015) have it that increased rational competency among the business leaders enhances on uncertainty management. This is due to a capacity to understand contexts, evaluate hazards, and make proper decisions, thereby moderating the influence of uncertainty in a negative manner (Lee et al., 2015). Also, Song et al., (2018) concluded that lower uncertainty was associated with better business performance, implying that managing uncertainty boosts benefits (Song et al., 2018). This logical connection implies that rational competency moderates between uncertainty and

business performance. Since rational competency helps individuals to perform well under conditions of risk and uncertainty, it automatically reduces uncertainty, which in turn boosts business performance (Lee et al., 2015; Song et al., 2018). This mediation underscores the reason why the negative impacts of uncertainty on performance are minimized. Because similar observations have been made in various business environments, it would be reasonable to hypothesize that the same relationship holds for the Ayurveda business environment as well. Therefore, it is expected that the mediating effect of rational competency would similarly apply to practitioners of Ayurveda in Sri Lanka.

H4: Business uncertainty has a mediating effect on the relationship between rational competency and the business performance of private Ayurveda practitioners.

METHODOLOGY

The study is a positivist paradigm, and the approach is deductive and explanatory since the study variables, i.e., rational competency, business uncertainty, and business performance, have a strong theoretical base, and the study hypotheses have been developed by integrating those theories. Therefore, the study employed a quantitative method. The survey method was conducted to collect data from the Ayurveda practitioners, which is the unit of analysis of the study. The study uses a multi-stage sampling to select the sample from PAPs in Sri Lanka. Firstly, the Gampaha District was selected using a simple random sampling method out of 25 districts to represent the whole of Sri Lanka. According to the Department of Ayurveda - Western Province, there are 644 PAPs in the Gampaha District. Secondly, the sample size from the population was calculated using the sample size determination formula with the support of Raosoft.com (Krejcie & Morgan, 1970). From the total, the sample size was 114 PAPs. The selected sample size was sufficient based on PLS-SEM guidelines, which explained that the minimum sample size should be at least 10 times of the number of structural paths managed at any endogenous constructs or the largest number of indicators employed to evaluate a construct (Hair et al., 2014). In this study, only 02 structural paths are directed to the endogenous constructs, and 07 indicators were used to measure business uncertainty. Therefore, 90 cases were enough for the sample, and 114 cases exceeded the threshold. Finally, the sample units were selected using simple random sampling techniques. Data were collected from PAPs for a pre-tested structural questionnaire having face to face interviews with the participants.

As demonstrated in Table 1, the study measured rational competency of PAPs using 3 dimensions, i.e., ability to access information (using 4 items), assess information (using 3 items), and ability to make business decisions (using 3 items), adopted by Priyanath and Premaratne (2017a), Williamson (1981), Williamson (1985) and Zhang (2009). Business uncertainty was measured using two dimensions, i.e., environmental uncertainty and behavioural uncertainty, as shown in Table 1. Environmental uncertainty was evaluated using demand uncertainty (using 4 items), supply uncertainty (using 3 items), political uncertainty (using 3 items), and technological uncertainty (2 items), adopted by Priyanath & Premaratne (2017b);Schneider et al. (2010); and Sorrentino et al. (2003). Table 03 further displays that the behavioural uncertainty was measured employing opportunistic behaviour of customers, suppliers, and stakeholders adopted by Anderson and Weitz (1992), Heide and John (1992), and Sorrentino et al. (2003). Finally, the table 01 shows that the business performance was measured using financial performance (using 4 items), growth performance (using 4 items), customer satisfaction (using 7 items), employee performance (using 5 items), and social performance (using 3 items) adopted by; (Liang et al., 2007; Priyanath & Buthsala, 2017; Tarutė & Gatautis, 2014). All the items were measured employing a 7-point Likert scale from 01 = strongly disagree and 07 = strongly agree.

Data were analysed mainly using PLS-SEM, which helps to test the study hypotheses in a reliable and valid manner. The analysis was based on a two-step procedure, first the study developed variables testing the reliability and validity of the variables. Indicator reliability of each questionnaire item was tested using factor loadings, which were greater than 0.7, and t-statistics, which were greater than 1.96. Internal consistency reliability of each construct was evaluated using Composite Reliability (CR), which was greater than 0.7, and Cronbach's Alpha (CA), which was greater than 0.5. Convergent validity and discriminant validity were used to decide the validity of each construct. Second, the study tests hypotheses using a structural model following the steps suggested by Hair et al. (2014). First, the Variance Inflation Factor (VIF) was used to assess multicollinearity in the structural model. Next, the path coefficients were checked, and t-statistics and p-values were used to assess the path coefficients. Finally, the section also consists of the evaluation of the explanatory power of the model based on R-squared values.

RESULTS AND DISCUSSION

The sample for this study consists of 114 Ayurveda practitioners who operate private practices within the Gampaha District, Sri Lanka. Regarding the type of services offered, the sample includes both general Ayurveda practitioners, who offer a wide range of traditional treatments, and specialists, who focus on areas such as Panchakarma therapy, dermatological care, or musculoskeletal treatments. This ensures the inclusion of diverse practice types and therapeutic approaches within the Ayurvedic field. The sample also includes practitioners with varying levels of professional experience, ranging from early-career professionals with 1-5 years of practice, to mid-career practitioners with 6-15 years of experience, and highly experienced practitioners with over 15 years of practice. This mix allows the study to capture insights from different stages of professional development and how rational competency may influence business outcomes at each level. Additionally, the sample includes a balance of gender and age groups, although gender was not a primary stratification factor. Most participants hold formal qualifications in Ayurveda, such as the Bachelor of Ayurvedic Medicine and Surgery, and some also possess postgraduate training or certifications in specific Ayurvedic therapies.

Inferential analysis was done using PLS-SEM with the support of smartPLS -Version 4. The analysis process is followed a two-step procedure: measurement model (develop variables in a reliable and accepted manner) and the structural model (hypotheses testing).

First-Order Measurements: The first-order measurements were evaluated by means of four main criterion points that are indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. Table 01 demonstrates the indicator reliability, showing factor loadings which are greater than 0.7 and t-stat that was greater than 1.96. Convergent validity was measured using the values of Average Variance Extracted (AVE). Table 01 further shows that all the AVE values of variables were found to be greater than 0.50, which validated that the convergent validity of the latent variables are satisfied.

Table 01: Reliability and Convergent Validity of First-Order Constructs.

Construct	**Construct**	**Indicator Reliability**		**Internal Consistency Reliability**	**Internal Consistency Reliability**	**Convergent validity**
Construct	**Construct**	***Loading***	***t-statistics***	***CA***	***CR***	***AVE***
B1	**Demand Uncertainty**			0.836	0.891	0.772
B1	I can predict how many patients will want to see me at my private clinic in the future	0.874	47.614			
B1	I can predict my private clinic's future sales income with ease.	0.828	21.843			
B1	I can predict how my service(s)' price will behave in the future with ease.	0.801	22.951			
B1	For my own practice, I have a steady clientele.	0.771	17.545			
B2	**Supply Uncertainty**			0.807	0.886	0.722
B2	I have no trouble predicting how the market will behave in relation to the inputs I utilize at the clinic to provide services (drugs, equipment, etc.).	0.884	44.705			
B2	I am able to forecast market pricing for inputs (drugs, equipment, etc.) that the clinic uses to provide services with ease.	0.824	36.672			
B2	I can always find materials for my private clinic.	0.839	41.139			
B3	**Political Uncertainty**			0.776	0.870	0.690
B3	I am able to forecast how government tax regulations will act in the future.	0.806	21.087			
B3	I am able to forecast how the government will act in the future when it comes to trade, price, and market regulation.	0.858	45.849			
B3	I am able to forecast how government environmental policies will act in the future.	0.827	29.433			
B4	**Technological Uncertainty**			0.670	0.858	0.752
B4	I am able to forecast how technology will behave in the future.	0.860	37.734			
B4	I can deal with the challenges of adjusting to new technology.	0.874	44.623			
C1	**Supplier Behavior**			0.918	0.936	0.711

	My input providers don't give us clear information when they offer us inputs, thus I can't trust them.	0.761	16.518			
	Input providers consistently modify agreements in order to reap further rewards.	0.826	25.598			
	The majority of input providers are typically dishonest during transactions.	0.838	31.418			
	In general, the majority of input providers perform poorly in transactional operations.	0.824	28.728			
	There is a significant chance that my input suppliers may act opportunistically.	0.892	48.877			
D1	**Buyer Opportunism**			0.804	0.872	0.631
	Most of the time, during transaction execution, patients alter the pre-agreed facts.	0.856	36.938			
	In general, the majority of patients engage in dishonesty during transactions.	0.781	19.573			
	The majority of the time, patients alter their transactions unfairly while carrying out the transaction.	0.801	27.809			
	Most patients typically try to violate the terms of the agreement.	0.733	11.118			
D2	**Supplier Opportunism**			0.824	0.884	0.655
	When negotiating the transaction, input suppliers don't always provide the real information regarding the agreement.	0.864	31.008			
	During transaction negotiations, input suppliers do not act honest.	0.753	14.894			
	I can expect our input providers to make requests for reductions.	0.802	24.823			
	Suppliers frequently alter the terms of the transaction unfairly while it is being carried out.	0.815	28.805			
E1	**Access to Information**			0.760	0.848	0.582
	I can easily find new markets and patients for my clinic.	0.763	17.814			
	I can easily find information about patients for my clinic.	0.732	16.514			
	I can easily identify the activities of the competitors.	0.798	20.655			
	I can easily find accurate information about raw materials and inputs.	0.757	16.604			
E2	**Assessment of Information**			0.691	0.829	0.618
	I am competent at analyzing the data required to determine how my service's market price behaves.	0.838	40.421			

	When buying raw materials for my clinic, I am able to assess the necessary information on the behavior of market prices quite well.	0.754	12.381			
	Regarding the threats posed by competitors in my service industry, I have a good assessment.	0.764	13.660			
E3	**Decision Making Ability**			0.789	0.864	0.614
	I have a good capability to make proper decisions.	0.782	21.580			
	I have a good capability to identify the market behaviour of the raw materials and make the proper decision on purchasing them.	0.832	29.717			
	I have a good capability to make the decision to avoid threats from competitors.	0.718	15.656			
F1	**Financial Performance**			0.913	0.933	0.699
	My monthly sales volume has increased during the last few years.	0.839	30.209			
	My monthly income has increased during the last few years.	0.853	40.801			
	My profit has increased during last few years.	0.750	17.928			
	Over the past few years, my number of service complaints has decreased.	0.833	28.036			
	My stock movement has increased during the last few years.	0.857	38.109			
G1	**Growth Performance**			0.842	0.888	0.614
	I opened a new center last year.	0.728	17.005			
	The number of employees working in my clinic increased during the last few years.	0.786	21.793			
	I have established new buildings for the clinic in the last few years.	0.854	36.002			
	I established new equipment for my clinic last year.	0.769	18.781			
	I have increased my investments in the clinic in the last few years.	0.776	20.099			
H1	**Customer Satisfaction**			0.933	0.945	0.681
	My customer feedback on our service has been increased for last year.	0.830	31.912			
	I always accept the customer's requests and change the quality of service accordingly to achieve their satisfaction.	0.738	16.742			
	I introduce new services to the market according to the customer request during last few years.	0.826	31.359			
	The number of customers in each marketing area has	0.838	33.914			

	been increased during the last few years.					
	The number of complaints on my service(s) received from customers has decreased in the last few years.	0.860	40.475			
	The frequency of repeating clients has been increased in the last few years.	0.838	39.253			
	The popularity of my trade-name has been increased during the last few years.	0.811	22.968			
I1	**Employee Satisfaction**			0.861	0.900	0.644
	I have increased the expenditure for training programs for my employees during the last few years.	0.798	27.323			
	I provide gifts and bonuses for my employees and increase them every year.	0.778	23.217			
	The resignations from employees have been decreased during the last few years.	0.856	34.010			
	I increase employees' salaries in every year.	0.762	22.607			
	I increase investments for employee's welfare every year.	0.813	26.618			
J1	**Environmental Performance**			0.821	0.894	0.738
	I have established a policy on environmental protection and continue it.	0.854	32.040			
	I have increased the investment in controlling environmental pollution during the last few years.	0.813	24.765			
	I follow the government rules and regulations on environmental protection and changed my practice accordingly.	0.908	77.056			
K1	**Social Performance**			0.811	0.913	0.841
	I allocate a portion of job opportunities for employees who represent less income groups.	0.903	58.438			
	I allocate the amount of money for social welfare activities each year.	0.931	109.659			

Source: Survey Data Analysis, 2025.

The Fornell-Larcker criterion was deployed in assessing the discriminant validity, i.e., the square root of AVE of each construct had to be higher than the correlation of any construct with the remaining constructs. This condition was met, as can be seen in Table 2, which means that every construct is unique and that it gauges the intended latent concept.

Table 2: Discriminant Validity- First Order.

	B1	B2	B3	B4	C1	D1	D2	E1	E2	E3	F1	G1	H1	I1	J1	K1
B1	.87															
B2	.84	.84														
B3	.82	.79	.83													
B4	.79	.69	.65	.86												
C1	.82	.82	.82	.79	.84											
D1	.68	.69	.60	.60	.64	.79										
D2	.68	.66	.62	.64	.68	.73	.81									
E1	.65	.70	.65	.57	.71	.62	.63	.76								
E2	.70	.69	.75	.64	.76	.59	.71	.73	.78							
E3	.77	.73	.70	.67	.80	.67	.67	.71	.83	.78						
F1	.82	.76	.78	.75	.83	.72	.78	.77	.80	.73	.83					
G1	.72	.70	.78	.69	.74	.68	.66	.73	.73	.74	.76	.78				
H1	.81	.82	.81	.76	.82	.71	.79	.61	.81	.76	.71	.73	.82			
I1	.75	.75	.76	.78	.72	.67	.67	.71	.72	.72	.65	.72	.78	.80		
J1	.79	.77	.72	.73	.81	.61	.65	.72	.72	.78	.78	.70	.74	.83	.85	
K1	.84	.76	.75	.79	.80	.68	.71	.69	.74	.75	.64	.73	.77	.89	.83	.91

Source: Survey Data Analysis, 2025.

Second-Order Measurements: Over and above their first-order validations, higher-order (second order) constructs were fitted, being able to describe larger dimensions like overall environmental uncertainty, behavioral uncertainty, rational ability, and business performance (see Table 03). The validity of these second-order constructs was addressed by a reflective-reflective method in the sense that the lower-order items are sound in their depiction of the higher-order construction.

Table 03: Reliability and Convergent Validity of Second-Order Constructs.

Con-struct	**Construct**	**Indicator Re-liability**	**Indicator Relia-bility**	**Internal Con-sistency Relia-bility**	**Internal Con-sistency Relia-bility**	**Con-ver-gent valid-ity**
Con-struct	**Construct**	***Loading***	***t-statistics***	***CA***	***CR***	***AVE***
1	**Uncertainty**			0.951	0.960	0.774
	B1. Demand	0.940	103.818			
	B2. Supply	0.910	59.460			
	B3. Economic /Political	0.878	33.597			
	B4. Technological Uncertainty	0.840	29.334			
	C1. Behavioural Uncertainty from Supplier	0.945	128.953			
	D1. Behavioural Uncertainty from Oppor-tunism of Buyer	0.814	17.753			
	D2. Opportunism of Supplier	0.824	20.094			
2	**Rational Ability**					
	E1. Access to the information	0.949	64.499	0.943	0.963	0.897
	E2. Assess information	0.924	167.01			
	E3. Good decision making from Evaluated Information	0.968	81.803			
3	**Business Performance**			0.973	0.978	0.881
	F1. Financial Performance- Profitability	0.935	218.64			
	G1. Growth	0.936	80.207			
	H1. Operational Performance – Customer Satisfaction	0.970	57.755			
	I1. Operational Performance – Employee Satisfaction	0.944	94.674			
	J1. Environmental Performance	0.910	103.81			
	K1. Social Performance	0.935	59.460			

Source: Survey Data Analysis, 2025.

In the same way that first-order measurements were done, Table 04 shows the second-order constructs passed the Fornell-Larcker criterion since the square root of AVE was high beyond the inter-construct correlation. This proves that there is conceptual and statistical independence between the higher-order construct

Table 04: Discriminant Validity of Second Order.

	BP	Rational Ability	Uncertainty
BP	0.939		
Rational Ability	0.880	0.947	
uncertainty	0.830	-0.827	0.880

Source: Survey Data Analysis, 2025.

The structural model assessment: As coined by Hair et.al (2014) the structural model is grounded in four steps that provide a pathway for a productive analysis. The first step is assessing the structural model for identifying collinearity issues. The second step is testing hypotheses and examining the Beta values and their significance. The third step of this pathway is assessing the level of R-Squared, and the fourth step is assessing the effect sizes (f-squared). VIF values range from 1.090 to 2.555. Hence, it is apparent that there is no potential collinearity problems related to the corresponding indicators. The second step of assessing the structural model is testing hypotheses and examining the Beta values and their significance. Table 05 shows that hypothesis testing is utilized to evaluate the strength of evidence from the sample. All T-statistic values are greater than the threshold of 1.96, and all the hypotheses are accepted in this study. P-value must be smaller than 0.05 to provide the inter-connection under consideration as significant. Accordingly, all the hypotheses can be recognized as statistically significant. The study measures the mediating effect of business uncertainty on the relationship between rational competency and business performance. Table 05 further shows that the mediating effect of uncertainty partially contributes to the business performance.

Table 05: Assess the Significance and Relevance of the Structural Model Relationships.

Hypotheses	Path coefficients	T statistics	P values	Decision
Direct Effects				
Rational Competency -> BP	0.353	5.751	0.000	Accepted
Rational Competency -> Uncertainty	-0.827	28.227	0.000	Accepted
uncertainty -> BP	-0.638	10.823	0.000	Accepted
Mediating Effect of Business Uncertainty				
Rational Competency -> Uncertainty -> BP	0.527	11.265	0.000	Partial Mediating

Source: Survey Data Analysis, 2025.

The model has a high value of explanatory power expressed with the high percentage of the variance described by the independent variables (R-squared value of business performance is 0.702, while that of business uncertainty is 0.681). This implies that the predictors that have been employed in the analysis have been able to explain a substantial percentage of the variation in the dependent variable.

DISCUSSION

Table 05 demonstrates that rational competency has a strong influence on the business performance of the Ayurveda practitioners with their own practice. The hypothesis used in this paper is that a higher rational competency, i.e., higher competence in logical planning, analysis, and decision-making, is likely to bring a higher business performance outcome of Ayurveda practitioners. The coefficient of the path that ran between the rational ability and the business performance was 0.353 with its t-statistic of 5.751 and $p < 0.001$, and thus it was statistically significant and positive. It further implies that PAPs who possess good rational skills like access to information, the ability to analyze, and make a good decision, are bound to perform better in business. The results of these analyses are consistent with the ones that were obtained in past research on how rational decision-making contributes to improving profitability, customer retention, and the overall operational effectiveness (Priyanath & Premaratne, 2017b). Logical practitioners can assess the trends, forecast changes in the market, and make decisions backed by evidence that lead to earning financial stability and sustainable growth. That having said, it is more crucial in the case of PAPs, where the professionals tend to have to combine the clinical as well as the business roles. This conclusion is consistent with the theory of entrepreneurial cognition; it is stated that rational thinking processes play an important role in identifying opportunities and seizing them in unpredictable contexts (Priyanath & Buthsala, 2017). Therefore, the problem of rational ability develops not only as a set of skills but as one of the strategies that determine the success of small health-based organizations in general.

Rational competency and business uncertainty have significant negative relationships with each other among Ayurveda practitioners in their course of practice. According to this hypothesis 02, the greater the rational competency of practitioners of Ayurveda is, i.e., their ability to plan, evaluation, and make logical decision-making; the lesser the business uncertainty level to which they will be subjected. The structural model also showed a negative relationship between rational ability and business uncertainty (beta = -0.827, t = 28.227, and $p < 0.001$) was strong with a negative effect. It shows that the growth of rational competencies in Ayurveda practitioners gives them a better capability of negotiating and limiting uncertainty in their business environments. Rational ability allows them to gather credible information, evaluate risks, and make time-sensitive decisions, therefore, minimizing sources of unpredictability when dealing with supply chains, patient behavior, or changes in regulations. Such results correspond to those in previous papers by (Ranatunga et al., 2020), which concluded that rational

competency contributed to the prevention of external threats within micro-enterprises through the quality of proactive decision-making. Further, it was found that the perceived uncertainty in the environment goes down with a perceived feeling of being much aware and able to analyze by the decision-makers. Practitioners can make accurate market predictions by filtering and interpreting exterior signals correctly so that they can put up contingency plans and be flexible in operations.

Business uncertainty and the business performance of Ayurveda practitioners with private practice in Sri Lanka are significantly related. According to this hypothesis, the magnitude of uncertainty experienced by the practitioners in his or her business environment, including unpredictable demand, upcoming and varying government policies, competition in the marketplace, and reliability of suppliers, can be measured to indicate the degree to which his/her practice operates successfully. The business uncertainty and performance path coefficient were highly significant and negative (-0.638, $t = 10.823$, $p < 0.001$), indicating that the measured level of uncertainty with the level of business performance is negatively related in hypothesis 3. If the PAPs are faced with uncertainty, i.e., uncertain patient flows, unreliable suppliers, or poor government policies, they can become disrupted in their service delivery, wasteful in their resource allocation, and unsatisfactory to their clients. This conclusion has been supported by the research findings made in the field of strategic management since it has long been asserted that uncertainty is a limiting factor to the process of decision-making, operations planning, and performance (Priyanath & Samarathunga, 2024; Ranatunga et al., 2023). Similar associations have been found in the health care industry, where unsettled operations have been associated with a reduction in patient confidence and inefficiency (Vaughn et al., 2018). The authors of this study established that not only environmental but also behavioral uncertainties adversely affect several dimensions of performance, such as financial growth, customer satisfaction, and employee engagement.

The medium variable between the rational competency and the business performance of Ayurveda practitioners with a Sri Lankan private practice is business uncertainty. This hypothesis shows that business uncertainty is an intermediate variable regarding how or why rational competency affects business performance. That is, Ayurveda practitioners who possess high rational competency, as far as they possess positive planning, information processing, problem-solving, and decision-making skills, might be in a better position to minimize or level out these uncertainties that have occurred in their business environment. Addressing the uncertainty will position them in a more stable and predictable environment in which they operate and, at the same time, enhance the performance of businesses like financial performance, customer satisfaction, and operational effectiveness.

CONCLUSION

The issue that has been investigated in this research is that Ayurveda practitioners using their own private practices in Sri Lanka tend to encounter major problems in sustaining a steady business performance since there are numerous sources of business uncertainty in their complex business environment. Although these practitioners have sound knowledge in traditional medicine, most of them do not have the rational competencies required to enable them to plan and evaluate and make decisions to mitigate the business uncertainties that affect businesses performance. The primary purpose of the study is to analyze the influence of rational competency on the business uncertainty, thereby business performance of PAPs in Sri Lanka. The results show that there is a negative effect of rational competency on business uncertainty, which implies that the more information access ability, information processing ability, and decision-making competencies, the less the business uncertainty among the PAPs. Furthermore, rational competency displays a significant positive effect on business performance, as it has been proven that the evidence-based decision-making ability of PAPs contributes to improving business performance. The study further revealed that business uncertainty mediates the connection between rational competency and business performance of PAPs, as uncertainty is one of the most important channels through which rational competency influences business performance.

The study presents a tremendous contribution in closing some of the existing knowledge gaps as captured in the literature review. First, the study validates the theoretical basis of rational competency, business uncertainty, and business performance testing integrated model empirically in the individual private Ayurveda practice context in Sri Lanka. Secondly, it fills an empirical gap because it offers statistically confirmed support to the idea of how rational competency directly and indirectly affects business performance in a real business environment. Finally, it addresses an obvious contextual gap in that it specifically targets the Ayurveda privately-run practice arena in Sri Lanka, which has not received enough scrutiny regarding how practitioners deal with uncertainty to maintain and develop their businesses. It is through closing these gaps that this study contributes to generating new knowledge.

Considering the results, some specific measures are suggested to empower the rational competence of PAPs, as well as to diminish the business uncertainty that they must cope with. To start with, the rational decision-making training ought to be given to PAPs. To overcome the above-mentioned situation, short-term courses can be created to help practitioners acquire practical skills in information access, data analysis, financial forecasting, and data interpretation, so that they are more knowledgeable in making the right decision in a challenging healthcare market. Secondly, information asymmetry would also be substantially curtailed with the creation of centralized information portals. An exclusive and well-maintained digital tool will have to be created that will allow the user to get access to the necessary information at any given time (real-time) to crucial information, including medicine costs, evolving government regulations, patient populations, and vetted supply networks. High-quality, up-to-date information at hand, Ayurveda practitioners will be able to rely on faster but evidence-based decisions, which would reduce uncertainty and increase the efficiency of operations. Finally, uncertainty governance awareness ought to be regularly organized to enable practitioners to acquire operational skills in managing their behavior and environmental uncertainties.

Although the study is of great contribution, it has some shortcomings. To start with, only PAPs were used to collect the data, and this makes it limited in generalizability. Sec-

ondly, the study concentrated on the smaller group of people, which was the private practitioners, and did not include the doctors working in government. Third, it uses cross-sectional data, which cannot be used in a causal manner. Future studies may repeat the model in other parts along with other healthcare disciplines to pinpoint the applicability of the model. The longitudinal studies would also prove helpful in studying the changes in rational power and uncertainty in the course of time. Qualitative methods may add insight into the role of personal experiences and context specific items that inflate or reduce perceived uncertainty and different decision-making actions.

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