Expert Insights on the Determinants of Cooperation in Family Firms in Tourism and Hospitality Sector

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Abstract:

Despite the inherent differences between family and non-family firms and heterogeneity among family companies, family involvement is under-researched in organizational studies, which limits the generalization of findings and leads to theoretical ambiguity. However, we do not know enough about the family firm specific determinants of inter-firm cooperation and how this may affect firm performance. Thus, we examine formal and informal cooperative strategies of family firms in the tourism and hospitality sector in the metropolitan area of Hamburg (Germany) by drawing upon networks and social capital theories and the extant family firm literature. Since cooperation is a strategic action which can be influenced by outsiders' perceptions, we do not solely focus on family firm owners' attitude towards collaboration. Instead, we develop propositions about family firms' cooperative behavior derived from an initially conducted online survey with tourism experts. We find support for our propositions that tourism experts expect family involvement to drive firms' cooperative behavior which in turn can influence firm performance. Thereby, personal attributes of the cooperation partner seem to be more salient in family firms than in non-family firms.

Keywords: Family firms | Cooperation behavior | Competition between companies | Firm performance | Qualitative expert survey

Article:

1. Introduction

Collaborative agreements have been an important component of firms' strategic management since such activities ensure the long-term survival in a highly interconnected global market (Rong, Dekker, & Groot, 2010). Firms can benefit from the exchange of resources, knowledge and employees as well as from the access to foreign markets, new costumers and technologies. Thus, firms are able to reduce risks and achieve their business goals. Inter- firm cooperation can help coping with cyclical fluctuations and changes in market conditions (Hagedoorn, 1993). Strategic decisions with regard to inter-firm cooperation and associated activities may be the key in understanding differences between family and non-family firms as well as the heterogeneity

among family firms. Particularly family firms, which generally rely on long-term relationships with trusted partners (Memili, Chrisman, Chua, Chang, & Kellermanns, 2011), might utilize cooperation as a strategy tool. Family firms tend to refrain from bundling their unique resources with those of other companies. Owing to various reasons, such as their risk-averse nature or the confidence in firm strengths, family firms work with partners less frequently than their non-family counterparts (Roessl, 2005). However, the need to collaborate with partners increased in recent years to maintain the competitive- ness of the company in globally interdependent market structures. Hence, family firms are pressured to intensify their cooperation activities instead of following path-dependent strategies (Rong et al., 2010). Since decisions concerning the configuration of cooperation and subsequent actions might have substantial implications for the competitiveness of a firm (Ritala & Ellonen, 2010), cooperation issues become a major topic in research as well as in practice. However, only few studies focus on family firms' cooperative behavior and its subsequent effects on companies' strategic orientation and performance.

Our study intends to contribute to the debate on firms' cooperative behavior and its relevance to firm performance by investigating the differences between family and non-family firms, gaining insights about disparities between the external and internal perspective, and addressing the potential influence channels through which cooperation activities might affect family firm performance. Thereby, our purpose is to provide preliminary insights in regards to family firms' cooperative behavior evaluated by industry experts. This assessment should demonstrate which determinants are considered as crucial elements for a successful family firm cooperation management and might help companies to judge which elements have to be reviewed to enhance their cooperation success. Furthermore, we set the agenda for a phenomenon which has been under-researched to date in family firm and cooperation research, which might enrich both fields.

To support the development of family firm literature, we ground our analysis on well-established concepts in cooperation and family firm literature, but combine the findings from both fields. Besides, our methodological approach is, to the best of our knowledge, one of the first attempts to evaluate family firms' cooperative behavior on the basis of not only the self-perception of family firm members, but also the external perspective of industry experts. Thus, we apply a mixed-method approach to qualitatively illustrate differences between the external and internal view on family firms' cooperation behavior, combined with a quantitative analysis of financial aspects to provide some preliminary insights about the cooperation differences between family and non-family firms. We initially identified proven experts in the hotel and gastronomy sector which were requested to complete a questionnaire. Subsequently, we compared the results with the previously developed propositions by drawing upon the extant family firm and cooperation strategy literature and discuss possible implications for family firms' cooperation. Thus, future research might benefit from analyzing a sample of different groups of firms to empirically examine our findings, especially by comparing the external expert opinion we provide to the data collected from family firm owners and managers.

The article is structured as follows: in Section 2, we provide a short review of the literature on cooperation and family firm characteristics. Thereby, we focus on the differences between family and non-family firms as well as of the different types of cooperation, such as friendship between competitors or non-competitors. Sections 3 and 4 present the analyses which consist of the theoretical development and propositions with an overview about the methodological

framework. Based on this analytical part, the results from our qualitative expert interviews and the quantitative performance analysis are presented in Section 5. In the following section, we match the findings with our propositions and discuss our results before we conclude with a short summary and recommendations for future research.

2. Literature review

There has been a prominent stream of research on cooperation (see Ritala & Ellonen, 2010 for a review). However, variant cooperative strategies among different types of firms are still under researched. The focus has been on the impact of cooperative entrepreneurial behavior on the development of cooperative structures (e.g., Ring & Van de Ven, 1992), the competitiveness of organizations (e.g., Dyer & Singh, 1998), the cost to enter collaborations (e.g., White, 2005), on trust and opportunism (e.g., Lui, Wong, & Liu, 2009), and on the role of individuals such as managers in cooperation processes (e.g., Rong et al., 2010). In order to extend this line of research, we draw upon cooperation literature, particularly the works by Ingram and Roberts (2000) and by Ramayah, Lee, and In (2011). While these studies did not differentiate between different groups of companies, we examine the differences between family and non-family firms concerning their cooperative behavior.

Generally, family firms' cooperative strategies have not received much attention in family business studies for a long time (except for Niemelae, 2004). Niemelae (2004) provided a model of inter-firm cooperation and found that family firms base their cooperation behavior on control of activities and resources. Thus, leadership and management capabilities considerably shape the unique networking process of family firms. Then, Fueglistaller and Halter (2004) as well as Roessl (2005) raised the question whether family and non- family firms differ in their cooperative behavior, especially with respect to the potential reasons for family firms' unwillingness to enter into collaborative structures. An influential study about the propensity of family firms to join an inter-organizational cooperation has been recently published by Pittino and Visintin (2011). The authors combined transaction cost theoretical arguments with elements from the resource-based view to examine factors influencing the family firms' propensity to cooperate instead of utilizing hierarchical structures to achieve business success.

Although the interest in the topic has been growing lately, only a few studies explicitly examined family firms' cooperative behavior (e.g., Anderson, Jack, & Dodd, 2005; Gedajlovic & Carney, 2010; Hadjielias & Poutziouris, 2015; Memili et al., 2011; Roessl, 2005; Spriggs, Yu, Deeds, & Sorenson, 2012; Verbeke & Kano, 2010). Previous studies did not qualitatively investigate the internal and external factors that may drive the cooperation decisions of family firms. The general focus of these studies is on theoretical conceptualization with regard to the influence of particular family firm features or empirical analysis of the impact of single attributes, such as trust, on cooperation. The investigation is neither in depth in regards to how internal circumstances and processes shape family firms' cooperation decisions nor the differences between the external and internal perceptions concerning family firms' cooperative behavior.

Nevertheless, we strongly believe that family firm research benefits from studies on internal and external perceptions instead of solely querying the assessment of family firm representatives. This particularly applies to cooperation related issues since there are hardly any official guidelines or manuals on how to build, develop and maintain cooperative relationships as it is the case for several other strategic areas such as finance, controlling or quality management. In addition, family firms represent the dominant group of companies worldwide (Hadjielias & Poutziouris, 2015) and their strategic decisions are shaped by unique (non-) economic objectives, their long-term orientation and the business-family- connection (Lumpkin, Martin, & Vaughn, 2008). Thus, it is of vital importance to consider family firm characteristics in regards to strategic decisions and the performance implications.

3. Development of propositions

In the following, we analyze how family firm specific characteristics idiosyncratically affect the number of cooperative agreements and their nature. We differentiate between cooperation with competitors and non-competitors as well as with other family and non-family firms. We further draw conclusions about the cooperation quality, i.e. the intensity and proximity, of the cooperation in question.

3.1. Extent and intensity of cooperation

To develop propositions about family firms' cooperation behavior, we focus not only on the current extent of collaboration, but also on the expected future cooperation intensity.

3.1.1. Family firms and formal cooperation partners

Family firms exhibit particularistic tendencies (Carney, 2005) while engaging in relationships with certain business partners. By that, they select cooperation partners who they perceive as trustworthy and select out the non-cooperative partners (Ring & Van de Ven, 1992). Owing to the competitive nature of relation- ships among companies within the same industry, family firms may not trust competitors and avoid formal cooperation with them. In addition, family firms may perceive the need to cooperate less than non-family counterparts do due to their financial independence from external stakeholders and their long-term orientation (Lumpkin, Brigham, & Moss, 2010; Wennberg, Wiklund, Hellerstedt, & Nordqvist, 2011). These aspects and orientations of family firms make it more likely that they will prefer formal cooperation partners in other industries who are not competitors.

Moreover, unlike in non-family firms, family firms are characterized by higher levels of ownership concentration which has been associated with risk aversion in the family firm literature (Schulze, Lubatkin, & Dino, 2002). Indeed, research has shown that family firm owners are more prone to be risk-averse (Gomez-Mejia, Nunez-Nikel, & Gutierrez, 2001; Romano, Tonewski, & Smyrnios, 2001; Schulze, Lubatkin, Dino, & Buchholtz, 2001) in strategic decision making. Given this propensity, family firms are more likely to be conservative in strategic decisions that can shape cooperative activities and selection of cooperation partners. Therefore, family firms may be reluctant to engage in collaborations in which they do not fully trust their transaction partner. In fact, family firms are likely to avoid or minimize exploitation and loss of

control over their core business, especially in cases where they are not familiar with the owners and/or managers of the cooperation partner firm. Since competitors within the same industry may impose threats on preserving trade secrets and other know-how, family firms may moreover prefer cooperating with non-competitors. For family firms, it might be even more important to preserve their tacit knowledge and core competencies since they are more often active in niche markets, such as some specialized areas in the hospitality sector, than their non-family counterparts (Getz & Carlsen, 2005). Although cooperation with competitors might have the potential for mitigating the intensity of competition, family firms are more likely to perceive the risk of cooperating with non-competitors to be lower than cooperating with competitors even when the latter may have higher potential economic benefits. Family firms do not primarily strive to expand the business domain to other fields, but seek to increase their expert knowledge to survive as brand leader in their market (Blanco-Mazagatos, Quevedo-Puente, & Castrillo, 2007). Thus, we expect that family firms predominantly search for non-competitor cooperation partners such as suppliers, purchasers, or subcontractors.

Proposition 1. Family firms cooperate (formally) with non- competitors more than they cooperate with competitors within the same industry, unlike non-family firms.

3.1.2. Future relationships with cooperation partners

As Le Breton-Miller and Miller point out (2006, p. 734), family firms intend to maintain a linkage between the family and the business, and hence behave in a way that places greater priority on the long-term health of the firm than might otherwise be the case. We argue that one of the behaviors that promote the long- term health of a firm is the development of a strong competitive position within their industries. This sustainability strategy leads them to cooperate more with non-competitors.

Even if market requirements, such as the need to expand target groups or sales markets due to the increased global competition, leads to more search for new cooperation partners, family firms aim at preserving their core business values. Thus, they may not be willing to enter into risky collaborative networks, but rather prefer to maintain their independence by engaging in partnerships with non-competitors. The longer time horizon derived from an intention for continuing family control of the firm can help its leaders avoid managerial myopia, forgo short-term earnings (James, 1999; Miller & Le Breton-Miller, 2008; Upton, Teal, & Felan, 2001), and direct efforts toward maintaining enduring partnerships with non- competitors and increasing those partnerships over time.

Proposition 2. Family firms will aim to increase formal cooperation mostly with non-competitors, unlike non-family firms.

3.2. Quality of cooperation in family firms

Besides the extent of cooperation, the quality of the inter-firm relationships is of vital importance with respect to companies' cooperation management and performance. Thus, different cooperation features, such as friendships ties, information exchange patterns and the

commitment to joint local initiatives, are considered to develop propositions about family firms' cooperation behavior.

3.2.1 Friendship between members in informal cooperative structures

Although family firms are expected to be less likely to engage in cooperation with competitors than non-family firms, limitations in capabilities or the business survival needs may make cooperation attractive or inevitable. While Ingram and Roberts (2000, p. 387) show that "friendships are more likely between managers who are competitors", we take family firms' unique characteristics and their business orientation into account.

In such circumstances, we expect family firms to be more likely to exhibit information cooperation in the form of friendship with owners and/or managers of other firms (i.e., both competitors and non-competitors) more than non-family firms. There are two rea- sons that we expect this to be true. First, owing to their penchant for personalism and particularism, family firms are likely to have greater discretion in the manner in which their relationships with outsiders are structured (Carney, 2005). This discretion increases the odds that a cooperation relationship will assume the friend- ship form since its dependence upon relationships is consistent with family firms' advantages in building social capital. Since family firms possess social capital grounded in family relationships and they can transfer these resources into the business sphere, they might develop higher levels of organizational social capital, for instance driven by the firm's stability over generations or family members' internal and external interactions (Arregle, Hitt, Sirmon, & Very, 2007). Second, in family firms where human and social capital lead to competitive advantages over non-family firms (Carney, 2005), relationships with cooperation partners are more likely be characterized by dependability, trust, and long-term relationships and exchanges (Sirmon & Hitt, 2003; Williamson, 1985) which are more likely to occur in informal cooperation in the form of friendship. Therefore, unlike non-family firms, family firms' relationships with cooperation partners is less likely to be based on dominance, but rather on a reputation for win–win collaborative friendship through close and special relationships with a particular group of trusted partners (Carney, 2005; Uzzi, 1997). A firm with a reputation for trustworthiness (Ring & Van de Ven, 1992), which is common among family firms since family reputation is tied to business reputation, also facilitates finding informal cooperation partners as friends.

Proposition 3. In case of informal cooperation (i.e., friendships with owners and/or managers of other firms), family firms are likely to form more friendships with both competitors and non-competitors than non-family firms.

3.2.2. Information exchange as benefit of cooperation

Some family firms may face limitations in not only financial or survivability capital, but also internal human and social capital when/if there is substantial dependence on the core family, especially when family size is minimal and/or qualifications and resources of family firm members are limited (Memili, Welsh, & Luthans, 2013). Such limitations may further increase the importance and value of the cooperation as a strategic resource while transforming both economic and non-economic goals into firm performance.

Furthermore, in family firms, long-term orientation (e.g., Sirmon & Hitt, 2003), family's lasting involvement and tenure in the business owing to family handcuffs and emotional attachment (Gomez-Mejia, Larraza-Kintana, & Makri, 2003; Zellweger, Kellermanns, Chrisman, & Chua, 2012), reciprocal altruism extended to include non-family firm members (Karra, Tracey, & Phillips, 2006), and interactions coupled with high quality relation- ships (Pearson & Marler, 2010), may foster cooperative activities with partners and generate more fruitful outcomes than those in non-family firms. Indeed, future generations in mind, family firms have the incentive to turn limited resources, such as information exchanges with cooperation partners, into positive organizational outcomes. When the cooperation partner is a well-trusted non- competitor, the information exchange is expected to be utilized even more effectively and efficiently by family firms. This can be ascribed to family firms' high level of commitment to long-term relationships. While Ramayah, Lee, and In (2011) demonstrate that "open and honest communication is the cornerstone to trust" (p. 417) in organizations in general, this especially applies to family firms. The information exchange is facilitated by family firm members' personal contacts with other business stakeholders and the mutual understanding about business goals and values within these long-term partnerships. Thus, communication tends to be a critical component to develop trust between partners and as a catalyst for information sharing in long-term cooperation.

Proposition 4. Family firms will benefit more from information exchange than non-family firms in both formal and informal cooperation, especially if the cooperation partner is a non-competitor.

3.2.3. Family firms' joint initiatives with partners

Zahra (2003) argues that family ownership significantly affects strategic choices of the family firm, which may include joint initiatives associated with Corporate Social Responsibility (CSR) with partners. In line with Zahra's (2003) argument, Carney (2005) suggests that ownership allows family members to have control rights over the use of a firm's assets and use these rights to influence and dominate decision-making processes in family firms. When decision-making is centralized among top family members, the ability and willingness to make idiosyncratic decisions increase (Habbershon & Williams, 1999; Naldi, Nordqvist, Sjoeberg, & Wiklund, 2007; Zahra, Hayton, Neubaum, Dibrell, & Craig, 2008). Additionally, ownership gives the family the discretion power for the timely generation and implementation of strategic ideas (Zahra, 2005). Hence, the decisions concerning the joint initiatives with partners are likely to be shaped by the family firm leaders' primary desires or wishes.

Research investigating Corporate Social Responsibility (CSR) in family firms generally suggest that family firm leaders' greater commitment to the family firm, direct contact with business and community partners, proactiveness in nurturing relationships with all stakeholders, long-term orientation, involvement in the community, and reputation concerns can facilitate CSR activities (Bingham, Dyer, Smith, & Adams, 2011; Déniz & Suárez, 2005; Dyer & Whetten, 2006; Memili & Welsh, 2014; Uhlaner, Van Goor-Balk, & Masurel, 2004). However, little is known about the CSR initiatives of family firms with their cooperation partners.

We expect that the synergies family firms attain through cooperation will be geared toward not only firm success and prosperity, but also joint CSR initiatives with partners such as

strengthening the region as attractive tourism area. Family firms are generally more active in social initiatives in their region since they are personally connected to the local community (Bingham et al., 2011). Additionally, economic factors play a role in family firms' joint initiatives for regional campaigns with collaboration partners. In order to increase the attractiveness for the quality talent in the job market, family firms need to rely on local partners facing the same challenges in getting qualified personnel. Thereby, the business background of the involved parties is less important than the common purpose. Hence, we expect family firms will be more interested in joint initiatives and local cooperation than non-family firms.

Proposition 5.

Compared to their non-family counterparts, family firms place higher value on joint initiatives with partners (both competitors and non-competitors) designed to strengthen the region as attractive tourist area.

4. Methodological analysis

Since family firm research does not provide a comprehensive examination of firms' cooperative behavior, especially regarding the differences between the internal and external perceptions, we intend to set the agenda for this theoretically and practically relevant topic. We apply a mixed-method approach to show the relationship between family firm status, cooperation behavior and firm performance. We therefore combine a qualitative expert survey with quantitative data about companies' economic performance. Thereby, we focus on the explorative part since we intend to provide insights regarding the expert opinion on the differences between family and non-family firms in terms of cooperative behavior. A subsequent online survey will be sent out to a large sample of family firms in a follow-up study to inquire about the internal attitudes toward cooperation issues. We hence intend to gain preliminary insights of industry experts at this stage that would guide our quantitative study. In addition to the external experts' opinion and the internal view of family firm members, we examine financial data.

4.1. Qualitative analysis: expert survey

Applying mixed-method approach has been increasingly prevalent since it enables researchers to increase the scope and use multi-level analyses through the combination of the advantages of both methodological strategies (Johnson & Onwuegbuzie, 2004). Thereby, the use of expert knowledge gains importance because it provides rich information which cannot be obtained through databases or questionnaires. Experts possess profound knowledge about the topic in question and they are able to objectively judge processes within firms as an outsider (Bogner, Littig, & Menz, 2009).

In our initial expert survey, we developed questions to fit our intention to apply a mixed-method approach which has not been applied in previous family business cooperation research. Instead of drawing on established frameworks which are best suited for analyses about all companies, we adapted our questions to the unique family firm characteristics. Due to the novelty of the approach, we aim to provide initial insights about experts' view on family firm cooperation. Thus, polar questions were complemented by those which allow for an evaluation based on

Likert scales (see Appendix A for the entire questionnaire). This type of sur- vey enables researchers to get an overview about the topic. We selected the experts based on the specialty areas, the regional anchoring, and the institution they are working for. Thus, we identified the experts from tourist associations, chambers of commerce, and expert committees on hotels and restaurants in organizations, whose institutions are all located in the metropolitan area of Hamburg (Germany). This area has been chosen since it is considered to be one of most attractive tourist areas in Germany. Thereby, the city of Hamburg benefits from its cultural heritage, while the metropolitan area is renowned for its high recreational value which makes it an extremely popular tourist destination. Thus, numerous hotels, gastronomies, and other representatives from these sectors reside in Hamburg which leads to a high expertise and numerous experts in this region.

By contacting the experts, we received 21 fully completed surveys we could use as basis for our discussion to evaluate our propositions. Among the 21 experts, seven are currently working in a hotel or restaurant, while four have previous experiences in one of these areas, and ten experts never worked directly in the hotel or gastronomy industry. However, the latter group possesses a considerable familiarity with all aspects related to tourism since they are leading members of associations, interest groups or local institutions active in the hospitality sector. Therefore, they are in regular contact with owners, managers and clients from the hotel and gastronomy sector and exhibit profound knowledge. Further- more, with respect to gender, twelve participants were male and nine female. Thus, the sample composition displays an appropriate proportional distribution in terms of personal, regional, and institutional characteristics.

4.2. Quantitative analysis: financial key figures

For the quantitative analysis, we use “dafne database” provided by Bureau van Dijk which allocates profound financial information on German companies. Since the database does not differentiate between family firms and non-family firms, we apply a family firm definition focusing on controlling ownership, family presence in a management, and succession intentions. Thus, we base our study on financial data from a final sample of 1488 companies located in the metropolitan area of Hamburg. We focus on firms with con- trolling family as major owner (family ownership more than 25%), the presence of family managers in the top management team, and the presence of intra-family succession intention. Moreover, we investigate companies within the hospitality industry where we restrict our sample to companies which are active in hotel business and gastronomy including restaurants and catering services. The result section further features descriptive statistics on financial key figures and compares family and non-family firms.

Results

In this section, we present the responses for the qualitative expert survey where we gain insights regarding the external perceptions concerning differences in family firms’ cooperative behavior. In developing our propositions, our focus is on the results from the online survey which are combined by the quantitative analysis of key financial figures.

5.1. Qualitative expert survey

The responses from the 21 fully completed expert surveys are assigned to our five propositions and the main results are summarized in Table 1.

While the group of experts do not uniformly judge whether family firms have more formal cooperation agreements with regard to competitors, the majority of ten experts (47.62%) assumes that family firms are more prone to collaborate with non-competitors than their non-family counterparts. Concerning the intensity to cooperate with both groups of partner companies, the higher aver- age value of 4.39 for family firms' willingness to cooperate with non-competitors against an average of 3.89 for competitors also supports the assessment of family firms' partner selection. These findings are in line with Proposition 1 suggesting that family firms formally cooperate with non-competitors more than with competitors, unlike non-family firms.
With respect to the future cooperation intention, the experts also assume that family firms strive to increase their collaborations with non-competitors at a higher rate than with competitor firms. However, the numerous industry insiders generally predict no difference from non-family firms in this regard. Thus, the experts' evaluation partially confirms Proposition 2, which suggests that family firms aim to increase formal cooperation mostly with non- competitors.

Considering informal cooperation, we propose that family firms are generally more inclined to collaborate than their non-family counterparts due to closer ties (Proposition 3). This is supported by the industry experts. While 13 out of 21 experts (61.90%) reason that owners or managers from family firms have more friendship with competitor businesses, 12 out of 21 experts (57.14%) expect this for amicable relations with non-competitors. Thereby, in cases in which family members form friendships with other business owners or managers, more than one third of the experts (8/21) state that they favor relationships with other family firms. However, the majority of industry experts (57.14%) expect no difference in family firms' friendships with members of family or non-family firms.

Concerning the information exchange, the survey yields that family firms benefit from the interaction with collaboration partners, largely regardless of their competitive situation (Proposition 4). While nearly all experts (20/21) assume that family firms derive advantages from the information exchange with competitors, still more than 75% of the experts (16/21) expect benefits from relations to non-competitors. According to the experts, family firms are also willing to share their knowledge, but thereby favor a close dialogue with non-competitors (average value: 5.00) versus the information exchange with competitor firms (average value: 4.20). Although proposition 4 is supported by the experts' assessment, our assumption that the potential benefits of family firms' information exchange with non-competitors are even higher is not supported by the experts.

With respect to our Proposition 5 that family firms place higher value on joint initiatives with local partners to strengthen the region as attractive tourist area, the experts confirm our assumption for both groups, competitors and non-competitors. Almost half of the industry insiders (47.62%) state that family firms are more willing to collaborate with companies from the same industry than their non-family counterparts. In case of joint initiatives with non-competitors, even 57.12% of the experts assume family firms to be more prone to work together

to increase the attractiveness of the region for tourists. Only with regards to initiatives with the government or other local public stakeholders, the experts assume a lower commitment of family firms compared to non-family firms.

In sum, our propositions are mostly supported by the experts' judgments about family firms' cooperative behavior and the differences with respect to competitors and non-competitors.

Table 1
Results of the expert survey.

Qualitative results														
			Evaluation			Intensity								
Proposition	Element	Cooperation with...	Yes	No	No difference	1	2	3	4	5	6	7	n/a	Average
P1	Formal coop.	Competitors	28.57%	38.10%	33.33%	–	–	–	–	–	–	–	–	–
		Non-competitors	47.62%	28.57%	23.81%	–	–	–	–	–	–	–	–	–
	Intensity	Competitors	–	–	–	4.76%	0.00%	28.57%	33.33%	14.29%	9.52%	0.00%	9.52%	3.89
		Non-competitors	–	–	–	0.00%	4.76%	28.57%	9.52%	14.29%	28.57%	0.00%	14.29%	4.39
P2	Future coop.	Competitors	33.33%	33.33%	33.33%	–	–	–	–	–	–	–	–	–
		Non-competitors	38.10%	23.81%	38.10%	–	–	–	–	–	–	–	–	–
P3	Friendship	Competitors	61.90%	19.05%	19.05%	–	–	–	–	–	–	–	–	–
		Non-competitors	57.14%	28.57%	14.29%	–	–	–	–	–	–	–	–	–
P4	Info ex	Competitors	95.24%	4.76%	0.00%	–	–	–	–	–	–	–	–	–
		Non-competitors	76.19%	4.76%	19.05%	–	–	–	–	–	–	–	–	–
	Info ex willingness	Competitors	–	–	–	0.00%	9.52%	14.29%	33.33%	23.81%	14.29%	0.00%	4.76%	4.20
		Non-competitors	–	–	–	0.00%	9.52%	19.05%	4.76%	4.76%	42.86%	4.76%	14.29%	5.00
P5	Joint initiatives	Competitors	47.62%	33.33%	19.05%	–	–	–	–	–	–	–	–	–
		Non-competitors	57.14%	33.33%	9.52%	–	–	–	–	–	–	–	–	–
	Gov. coop.		38.10%	47.62%	14.29%	–	–	–	–	–	–	–	–	–

5.2. Financial data analysis

Notwithstanding the explorative outline of this paper, we would like to cease the opportunity to take a closer look at key financial figures from companies active in the hospitality industry. We draw upon stylized facts to highlight possible regions of investigation for financial indicators. However, it is not the goal to provide an in depth analysis of the impact of cooperative behavior on financial key indicators. In fact, it seems unlikely that differences in cooperation behavior between family and non-family firms fully explain potential differences in financial figures between the groups. Nevertheless, differences in financial performance may indicate areas for future investigation that may be linked to the propositions brought forward. We thus provide descriptive statistics targeted at identifying areas of differences between family firms and their non- family counterparts, which we in turn relate to potential differences in cooperative behavior in the results. For future research, scholars may use the key figures shown and utilize them as endogenous variables. We thus equip scholars with testable propositions.

Table 2 depicts the key summary statistics for the indicators chosen. We differentiate between family firms and the total sample, which also includes the reference group of non-family firms. Overall, we discover about 79% (1180/1488) firms to be family firms. Given that family companies are the dominant organizational form in Germany (Klein, 2000), the rather high ratio was expected. Nonetheless, and similar to other studies brought forward, this once again illustrates the quantitative importance of family firms not only in Germany, but also around the world (Gedajlovic, Carney, Chrisman, & Kellermanns, 2012), and in the hospitality industry especially (Getz & Carlsen, 2005; Hauck & Pruegl, 2015).

On average, family firms are slightly younger (ca. 17 years) and less often of listed nature. For the latter, we differentiate between single-member companies (= 1), limited non-listed companies (= 2), and listed companies (= 3). As measurement of size and asset intensity, we chose revenue and balance sum (in thou- sand Euro). Despite the relatively few observations, the indication of smaller (less revenue) and less asset intensive family firms in the chosen industry is strong. First, the above findings merely indicate firm size. However, on average, smaller size may indicate forgone growth potential. Family firm cooperative behavior may in part explain this difference. If in fact family firms restrict their (for- mal) cooperative willingness to non-competitors and family firms, growth potential lying outside the boundaries may not be realized. Similarly, we find non-family firms to show higher total amounts of equity–which again indicates size. Yet, family companies more- over show higher debt to equity ratios. The latter is a parameter often chosen to describe the inclination towards risk (Hiebl, 2012). Family firms are expected to opt for high levels of equity to secure independency and thus ultimately control (Mishra & McConaughy, 1999). The summary statistics regarding the capital structure of the firm hence gives support to this expectation.

To further illustrate this relationship, Fig. 1 shows a Venn diagram that groups the sample into family and non-family firms, and companies with high equity ratios (above 6). The sample once again splits into 79% family firms. We find 895 (60%) family firms to have equity ratios lower than 6. About a quarter of all companies show equity leading capital structures (24%). However, the clear majority of these companies are family firms (285/1448 ≈ 19%). The reference group is dominated by firms with lower equity ratios (67 versus 241).
Correspondingly, family firms are further found to be slightly more independent. Here, we make use of an independency measure developed by Bureau van Dijk. The indicator categorizes firms into twelve classes, reaching from D− (highly dependent), to A+ (highly independent), based on the capital structure of the firm. This in turn allows us to expect that formal cooperation, which by definition requires cooperating firms to share information and control, is less appreciated by family firms.

Though we find no difference in the levels of working capital, family firms show lower levels of liquidity. This stands in contrast to the proposed and found longing to stay independent. The ratio resembles a company's ability to pay off its debt. It is thus regarded as a key slack resource to provide independency (Altman, 1968). However, and in close relation to the propositions brought forward, friendship ties – for example with suppliers – may result in a higher tolerance for accounts payable. This in turn could explain lower liquidity ratios and higher levels of independency simultaneously. As a further indicator, we use a dummy to see whether the company in question is active in the gastronomy sector. Overall, family firms tend to combine hospitality and gastronomy.

Table 2

Summary statistics										
Variables	*N*		Mean		Std. Dev.		Min.		Max.	
	Total	FB	Total	FB	Total	FB	Total	FB	Total	FB
Age	1487	1180	22.91	17.23	29.57	19.95	2.0	2.0	115.0	115.0
Listed	1488	1180	1.99	2.01	.16	.07	1.0	2.0	3.0	3.0
Revenue	477	355	3900.79	1658.80	18871.04	2636.57	11.0	22.0	356072.0	19575.0
Balance sum	1486	1180	1221.37	635.09	8297.56	2362.57	.0	.0	268847.0	49619.0
Equity	1428	1139	274.55	159.31	2360.12	704.65	−155.0	−155.0	76013.0	19258.0
Debt to equity ratio	1428	1139	29.59	30.0	30.63	30.83	−121.74	−121.74	100.0	100.0
Working capital	1074	852	.06	.06	.10	.10	−.54	−.54	.83	.83
Liquidity ratio	939	738	22.15	13.59	223.42	140.27	.0	.0	4741.42	3251.94
Independence	1387	1180	3.07	3.34	3.31	3.43	1.0	1.0	11.0	11.0
Gastronomy	1488	1180	.67	.71	.47	.46	.0	.0	1.0	1.0

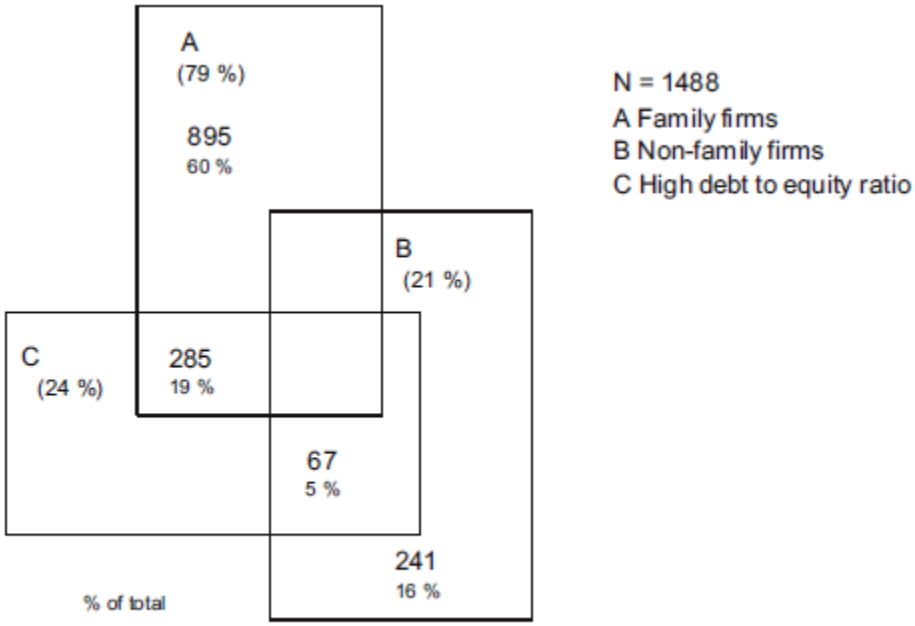

Fig. 1. Capital structure of family and non family firms.

6. Discussion and conclusion

In our exploratory study, industry experts inform us that there may be differences between family and non-family firms in terms of cooperation strategies. They state to expect distinctions with respect to the selection of cooperation partners (i.e., competitors versus non-competitors), the extent of cooperation (status quo and future expectation), the nature of cooperation (formal versus informal), benefits obtained from cooperation (i.e., information exchange), and joint initiatives with cooperation partners.

The findings of the financial analyses also provide information about the differences between family and non-family firms in terms of equity, debt/equity, independence, and liquidity. Specifically, family firms exhibit lower equity, more debt/equity, more independence, and less liquidity than non-family firms in hospitality and gastronomy sectors. Financial limitations may make cooperative strategies even more important and valuable in family firms for survival in the

long run. The independence can allow family firms to have unique and creative forms of cooperative strategies (e.g., friendships informally) with particular cooperation partners (i.e., non-competitors versus competitors), which are in line with our propositions.

Even if the information we got from the experts in the hospitality industry largely coincides with our propositions, derived from family firms' idiosyncratic characteristics, some aspects should be subject of discussion.

With respect to our first proposition that family firms favor to enter into formal cooperative agreements with non-competitors receive broad support from the family firm literature. Due to the financial independence and a higher risk aversion compared to their non-family counterparts, family firms strive toward relation- ships with companies from non-competitive industries.
In line with this observation, family firms aim to increase formal cooperation predominantly with non-competitors so that our second proposition is also supported not only by experts' opinions but also by previous family business literature. Even if market requirements might force companies to expand their business area, risk and survivability considerations currently still exceed the financial urge to broaden the business focus and thereby perhaps jeopardize family business values.

Our third proposition that family business owners or managers are more prone to informal cooperation (i.e., friendship) might be owing to family firms' being more open toward friendships with any business manager. Regardless of the family firm background, they search for business partners interested in the common goal which do not necessarily need to be a short-term increase in prof- its. However, family firms might also have less business contacts in total due to a more sophisticated partner selection process. Even if this selective might lead to steady and reliable firm performance in the long run, it can lead to less business contacts. Following Ingram and Roberts (2000), this might especially hold true for contacts with non-competitors since family firms less frequently search for business opportunities, e.g., partnerships with firms from other economic sectors.

As stated in our fourth proposition, family firms benefit from the information exchange in already established relationships due to the development of trustworthy, long-term connections with business partners. However, some arguments might result in fewer benefits from information exchange. Family firms generally desist from an open communication with competitors (and sometimes even with non-competitor firms) owing to the fear of losing control over their business. With respect to companies' tacit knowledge, business contacts and employees, the risk-averse nature of family firms lowers their inclination to exchange resources and knowledge. This might lead to information sharing processes only in cases in which family firms expect to gain more than their exchange partner which results either in less contact or distrust between the involved parties.

Following our fifth proposition, family firms place higher value on joint initiatives with local partners to increase the attractive- ness of the region as a tourist destination, mainly due to the sense of responsibility and long-term survivability concerns. Certainly, family firms might have less information about collaboration opportunities with external stakeholders since they are less likely to engage in searching for partners and prefer their already well- known networks rather.

Thus, they might have fewer opportunities to engage in joint initiatives. However, family firms might be even better connected in their local communities than non-family firms so that the argument probably holds true for trans-regional initiatives and potential partners.

In sum, our propositions are predominantly supported by the qualitative expert survey. However, variations in family firms' cooperative behavior can be explained by some of the above discussed arguments.

Even if we are not (yet) able to provide information about family firms' actual cooperative behavior, our analyses draw attention to several positive implications, derived from family firms' cooperation strategies. By conducting an explorative online survey with experts from the hospitality sector, we demonstrate the differences in firm characteristics that might influence companies' cooperation strategies and subsequently the firm performance. Thus, our analysis sets the stage for future studies within the context of the hospitality sector which has been only marginally considered in previous family firm research. We seek to combine and com- pare findings not only from family and non-family research, but also from external perspective (experts) and self-perception (family firms). Based on the assessment from the external perspective provided in the current analysis, responses from family firms in the hospitality sector should shed light on the differences between the external view and the self-perception of family firms. Aside from setting the agenda for this increasingly important topic, our paper enlightens us about potential differences between family and non- family firms' cooperative behavior and provides implications for theory and practice.

Moreover, our study will have critical practical implications. Since tourism is an important driver of the local economy in Hamburg and a substantial number of the firms in this particular industry are family firms exhibiting family firm idiosyncrasies, our research findings can benefit these businesses and consultants with long-term success and prosperity in local economies in a broader sense by determining their key success (or failure) factors and strategies.

Furthermore, our findings can also help the local government to provide enlightened support for family and non-family firms in tourism and hospitality in strategy setting and growth. The current macroeconomic policies in Germany and around the world do not distinguish between family and non-family firms despite differences in firm characteristics and unique business development needs (Memili, Fang, Chrisman, & De Massis, 2015). Our exploratory study shows that family firms in the hospitality sector are indeed distinct from non-family firms in economically significant ways. When/if family firm idiosyncrasies are known better, government officials or institutions will be able to provide better support pro- grams geared toward successful family firm start-up, management, and growth in the long run.

Thus, if family firms can capitalize on family firm strengths and improve negative facets, they can achieve trans-generational prosperity through sustainable business systems, contributing to local economies. Thereby, family firms' unique strategies concerning cooperation, might be a key driver for family firms' performance.

Based on our initial findings and as the next step, we are conducting surveys for a comprehensive quantitative analysis of how cooperative activities in various forms and extent and other

strategies affect family firms' sales, growth, and other performance indicators. We will also examine the determinants of cooperative and other strategies (e.g., family firm governance, intra-family succession intentions, entrepreneurial orientation, long-term orientation, family identity branding, and family firm image). By this, our study will contribute to the theoretical advancements in het- erogeneity debates in family firm literature as well as the networks and social capital theories applied in organizational studies in general.

Appendix A.

Cooperation

Collaboration with Competitors

1. Do family businesses have (formal) cooperative agreements with competitor businesses than non-family businesses?

   ❒ Yes ❒ No ❒ Don't know or n/s

2. Do family businesses have more friendships with owners and/or managers at competitor businesses than non-family businesses?

   ❒ Yes ❒ No ❒ Don't know or n/s

3. How intensively do family businesses cooperate with competitors? Please rate on a scale from 1 (=very low intensity) to 7 (=very high intensity).

   ❒ 1 ❒ 2 ❒ 3 ❒ 4 ❒ 5 ❒ 6 ❒ 7 ❒ n/s

4. Do you think that family businesses benefit from a continuous exchange of information and knowledge with cooperation partners from competitor businesses?

   ❒ Yes ❒ No ❒ Don't know or n/s

5. To what extent are family businesses willing to share information and knowledge with their cooperation partners from competitor businesses? Please rate on a scale from 1 (=not willing) to 7 (=highly willing).

   ❒ 1 ❒ 2 ❒ 3 ❒ 4 ❒ 5 ❒ 6 ❒ 7 ❒ n/s

6. Do family businesses work together more intensively with competitor businesses than non-family businesses to increase the attractiveness of the region for tourists?

   ❒ Yes ❒ No ❒ Don't know or n/s

7. Do family businesses plan to increase their cooperation activities with competitor businesses in the future more intensively than non-family businesses?

   ❒ Yes ❒ No ❒ Don't know or n/s

Collaboration with Non-Competitors

8. Do family businesses have (formal) cooperative agreements with non-competitor businesses than non-family businesses?

   ❒ Yes ❒ No ❒ Don't know or n/s

9. Do family businesses have more friendships with owners and/or managers at non-competitor businesses than non-family businesses?

   ❒ Yes ❒ No ❒ Don't know or n/s

10. How intensively do family businesses cooperate with non-competitors? Please rate on a scale from 1 (=very low intensity) to 7 (=very high intensity).

    ❒ 1 ❒ 2 ❒ 3 ❒ 4 ❒ 5 ❒ 6 ❒ 7 ❒ n/s

11. Do family businesses think that their company benefits from a continuous exchange of information and knowledge with their cooperation partners from non-competitor businesses?

    ❒ Yes ❒ No ❒ Don't know or n/s

12. To what extent are family businesses willing to share information and knowledge with their cooperation partners from non-competitor businesses? Please rate on a scale from 1 (=not willing) to 7 (=highly willing).

    ❒ 1 ❒ 2 ❒ 3 ❒ 4 ❒ 5 ❒ 6 ❒ 7 ❒ n/s

13. Do family businesses work together with non-competitor businesses more intensively than non-family businesses to increase the attractiveness of the region for tourists?

❒ Yes ❒ No ❒ Don't know or n/s

14. Do family businesses plan to increase their cooperation activities with non-competitor businesses in the future more intensively than non-family businesses?

❒ Yes ❒ No ❒ Don't know or n/s

Other Cooperation Issues

15. Are there any initiatives initiated by the local government or other public stakeholders that pursue to establish the region as a tourist area?

❒ Yes ❒ No

16. Do family businesses collaborate with the local government or other public stakeholders to increase the attractiveness of the region for tourists?

❒ Yes ❒ No

17. Do family businesses feel supported by the local government to build up the region as a tourist area?

❒ Yes ❒ No

Collaboration with Family Businesses

18. Concerning the duration of the commitment, cooperative agreements of family businesses are generally established on a longer time period with…

❒ other family businesses?
❒ non-family businesses?
❒ no difference?

19. If family businesses are friends with owners/managers at competitor businesses, do they prefer those are…

❒ other family businesses?
❒ non-family businesses?
❒ no preference?

Personal Details

20. First and last name: _____

21. Year of birth: _____

22. Gender

❒ Male ❒ Female

23. Are you currently working in the hotel or gastronomy industry or have you had a job in one of these sectors earlier?

❒ Yes, current job

❒ Yes, previous job

❒ No, I have never worked in the hotel or gastronomy industry

24. If yes, are you and have you been working for a family business?

❒ Yes ❒ No ❒ Working for Family and Non-Family Business

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