European Journal of Management and Business Economics xxx (2016) xxx–xxx

European Academy of Management and Business Economics

European Journal of Management and Business Economics

www.elsevier.es/ejmbe

Article

Return on capital in Spanish tourism businesses: A comparative analysis of family vs non-family businesses

César Camisón[a], Beatriz Forés[b], Alba Puig-Denia[b,*]

[a] Universitat de València, Facultad de Economía, Departamento de Dirección de Empresas, Av. dels Tarongers, s/n, 46022 Valencia, Spain
[b] Universitat Jaume I, Facultad de Ciencias Jurídicas y Económicas, Departamento de Administración de Empresas y Marketing, Av. Vicent Sos Baynat, s/n, 12071 Castellón, Spain

ARTICLE INFO

Article history:
Received 10 September 2015
Accepted 24 April 2016
Available online xxx

JEL classification:
M10
M20

Keywords:
Economic profitability
Financial profitability
Family business
Tourism sector

ABSTRACT

The analysis of the keys to competitiveness in the tourism sector has an unquestionable justification for its importance in the Spanish economy and its global growth prospects. The need for a better understanding of the keys to the competitiveness of the tourism firm is also fuelled by the magnitude of the challenges that it faces and by the sector structure, characterised by a notable weight of family-owned businesses. The objective of this research lies precisely in developing a diagnosis of the return on capital of the tourism sector and the determinants of its evolution in the family business (FB) vs non-family business (NFB). Specifically, this study focuses on the analysis of both firm's economic and financial profitability. The objective indicators of the results can come either from the company itself or from two secondary sources: SABI (Iberian Balance Sheet Analysis System) and INFORMA D&B. The economic and financial analysis of the Spanish tourism firm with objective data developed in this study is based on a sample of 738 firms (from an initial sample of 1019 organisations).

Introduction

Ample justification for an analysis of the keys to competitiveness in the tourism sector can be found in its importance to the Spanish economy (Vacas & Landeta, 2009; Vera & Marchena, 1996) and its prospects for growth at world level (Lee & Brahmasrene, 2013; Su & Lin, 2014). The need for better knowledge of the keys to the competitiveness of tourism businesses is all the greater because of the size of the challenges they face and the structure of the sector, combining the presence of chains with a considerable international profile (Mariz-Pérez & García-Álvarez, 2009; Rufín, 2006) with a fragmented segment of supply dominated by small establishments (Hernández-Maestro, Muñoz-Gallego, & Santos-Requejo, 2009) with a great deal of expertise in their activity but management falling short of the parameters of professionalisation and best practice. Family-owned businesses are clearly predominant in both segments of supply.

Family tourism businesses have often passively watched increasing competition and failed to meet new challenges arising from the emergent competition, technological change and the remodelling of demand (Aramberri, 2009), making few strategic movements to respond to the process of change. Stagnation and the absence of a well-defined strategic approach could, then, considerably damage the future prospects of Spanish family tourism businesses, putting them in an inferior position to competitors in the form of chains and other organisations with a corporate ownership structure.

The diagnosis of the performance of Spanish tourism businesses and the factors determining their progress are also vital for helping private agents to develop strategies generating economies of scale, sufficient synergies and the differentiation capacity to put their competitive position on a level with the competition. However, despite the importance of family businesses in tourism in Spain, research in this area has been carried out only incidentally (Getz & Carlsen, 2005).

The aim of this research lies precisely in determining the competitiveness of the tourism sector based on an analysis of its economic-financial results, comparing family businesses (FB) with non-family businesses (NFB). We consider that a family business is a firm where a family exerts power over the organisation and its strategic direction through ownership, management, or board positions (Pieper, Klein, & Jaskiewicz, 2008).

This study represents a considerable advance on the existing literature because of the lack and controversial nature of empirical studies of the growth and business profitability of FB (Astrachan, 2010; Benavides Velasco, Guzmán Parra, & Quintana García, 2011;

* Corresponding author.
E-mail address: puiga@uji.es (A. Puig-Denia).

http://dx.doi.org/10.1016/j.redeen.2016.04.002
2444-8451/

Garcia-Castro & Aguilera, 2014), and most specifically tourism FB (Andersson, Carlsen, & Getz, 2002), despite their importance over the past decade.

Two streams of research can be identified in the family business literature. One stream compares and contrasts family and non-family firms in terms of performance implications. Along these lines, prior empirical research has found positive (e.g. Allouche, Amann, Jaussaud, & Kurashina, 2008; Block, Jaskiewicz, & Miller, 2011; Chu, 2009; Lindow, Stubner, & Wulf, 2010; Miralles-Marcelo, Miralles-Quirós, & Lisboa, 2014; Wagner, Block, Miller, Schwens, & Xi, 2015), negative (Cucculelli & Micucci, 2008; Sacristán-Navarro, Gómez-Ansón, & Cabeza-García, 2011), insignificant (Chrisman, Chua, & Litz, 2004; Miller, Le Breton-Miller, Lester, & Cannella, 2007; Westhead & Howorth, 2006) and even quadratic (De Massis, Kotlar, Campopiano, & Cassia, 2013; Kowalewski, Talavera, & Stetsyuk, 2010; Poutziouris, Savva, & Hadjielias, 2015) relationships between family involvement in business and firm performance. Another stream of research investigates how the specific characteristics of family business affect firm performance, especially those related to ownership, governance structure, management and succession (Block et al., 2011; De Massis et al., 2013; Garcia-Castro and Aguilera, 2014; Mazzi, 2011; Miralles-Marcelo et al., 2014; Villalonga & Amit, 2006). The results are also highly inconsistent (see e.g. Garcia-Castro and Aguilera, 2014; Mazzi, 2011; Poutziouris et al., 2015; Sacristán-Navarro et al., 2011). To this inconsistency in the literature is added the scarcity of empirical studies of FB in the tourism sector (Getz & Carlsen, 2005).

These contradictory results can be explained by a number of interplaying factors, including the differences in the definition of family firms, sampling techniques, definition of variables, methodologies, study periods and institutional settings considered by researchers (Miller et al., 2007; Sacristán-Navarro et al., 2011; Wagner et al., 2015). To these factors are added the difficulties in collecting data on this group from secondary public sources (Benavides Velasco et al., 2011).

The interest in this research is not merely descriptive, given that the idea is to make use of the knowledge extracted to improve the understanding of the strategic tools deployed by FB and to suggest lines of action which both tourism authorities and Spanish family tourism businesses themselves might develop to improve their medium- and long-term performance.

The desire for better knowledge of FB based on the theoretical framework offered by strategic management, following the pioneering call of Sharma, Chrisman, and Chua (1997), and later widely reaffirmed (e.g. Chrisman, Chua, & Sharma, 2005; Chrisman, Steier, & Chua, 2008) is the starting point inspiring the research on the competitiveness of FB in a good part of the current literature constituting the initial theoretical framework.

This study focuses, then, on the *expost* dimension of competitiveness involving the development of a sustainable competitive advantage that maintains or improves participation in the market at the same time as achieving better financial results (Camisón, 2014). Specifically, this study focuses on analysing the economic and financial profitability of the company.

The objective indicators of results used can come either from the company itself or from two secondary sources: the SABI (Iberian Balance Sheet Analysis System) and INFORMA D&B. The analysis of the indicators from the primary study involved working with a sample of 1019 businesses, which was reduced to 738 businesses when the objective data from the secondary sources indicated was used.

The profitability study is carried out based on a comparative analysis of the average FB and NFB, both weighted by relative size. This comparative analysis is implemented at different times to find out how the businesses represented develop over time. For this purpose, the years 1998, 2001, 2004, 2007 and 2008 have been chosen as cut-off points. This longitudinal analysis will provide an initial approach to the sensitivity of the economic-financial situation and the profit and loss accounts of Spanish family and non-family tourism businesses to changes in the economic cycle.

A second analysis of the economic-financial indicators is drawn up based on individual data from FB and NFB from the sample intended to reveal the statistically significant differences in the selected variables between the two groups. The differences in economic-financial return between the two types of firms will be analysed. The *expost* analysis of competitiveness is completed in this way with indicators based on self-assessment by management in relation to competitiveness, captured through the same primary study.

Importance and singularity of family businesses

The FB model plays an important role in most capitalist economies due to its contribution to the creation of jobs and wealth (Bhattacharya & Ravikumar, 2001; Carrigan & Buckley, 2008). The leading role played by FB in the economy has led to a growing interest in researching them. Along these lines, a considerable volume of studies have analysed their impact on economic performance (e.g. Garcia-Castro and Aguilera, 2014; Mazzi, 2011; Poutziouris et al., 2015; Sacristán-Navarro et al., 2011). However, the empirical evidence on the better performance and competitiveness of FB compared to NFB is controversial.

A first line of research focuses on examining the influence of family ownership and/or management on performance. Despite the growing literature in this respect, the results on its impact are confused. On one hand, some studies have reported a positive relationship between family involvement and performance (e.g. Allouche et al., 2008; Block et al., 2011; Chu, 2009; Lindow et al., 2010; Miralles-Marcelo et al., 2014; Wagner et al., 2015). Allouche et al. (2008), based on a sample of 1271 listed companies in Japan, demonstrate that family firms outperform non-family firms in terms of financial indicators (Return On Assets – ROA, Return On Equity – ROE, Return On Invested Capital, ROIC). Chu (2009) found that the influence of family ownership on performance (measured with ROA and Tobin's q) is positive for SMEs in Taiwan. Lindow et al.'s (2010) study based on a sample of 171 German family firms also shows that family firms play an important role in the achievement of strategic fit and, in turn, superior financial performance (measured with the ROE, ROA and subjective measurement). Although it is a weak effect, Wagner et al. (2015) also found that family firms show superior financial performance compared to non-family firms, on the basis of a meta-analysis. These authors also find size and conceptual definitions as important moderators of the relationship. The importance of controlling the definition of family firm and the nature of the sample is also pointed out in the study by Miller et al. (2007). Block et al. (2011), using a panel dataset of 419 firms, state that family and founder ownership are associated with superior performance (measured by Tobin's q). However, they did not find significant support for the effect of family and founder management on performance. Miralles-Marcelo et al. (2014), using a panel dataset of Spanish and Portuguese firms, show that family control has a positive impact on firm performance (measured using Tobin's Q and ROA), which is positively moderated by firm's size and age.

Some studies have also demonstrated a negative relationship between family involvement and financial performance. Cucculelli and Micucci (2008), using a sample of 3548 Italian manufacturing firms, find that keeping management in the family has a negative impact on the firm's performance (ROA and ROS). Sacristán-Navarro et al. (2011), using a panel of 118 non-financial Spanish companies, show that family management hampers profitability