Journal of Co-operative Organization and Management 3 (2015) 72–83

Contents lists available at ScienceDirect

Journal of Co-operative Organization and Management

journal homepage: www.elsevier.com/locate/jcom

Expert insights on the determinants of cooperation in family firms in tourism and hospitality sector

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ARTICLE INFO

Article history:
Received 18 September 2015
Received in revised form 4 November 2015
Accepted 16 November 2015

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

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.

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 competitiveness 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.

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http://dx.doi.org/10.1016/j.jcom.2015.11.002
2213-297X/

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 &