



## REGULAR ARTICLE

## Family involvement and hotel online reputation



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**Abstract** Online reputation is nowadays particularly significant in the context of hotel firms due to the high sensitivity and enormous influence of electronic word-of-mouth activities of customers. Since there is still no clear set of online reputation-generating factors, the aim of this paper is to contribute to this knowledge considering the role of family governance as an antecedent of hotel online reputation. Specifically, our purpose is to explain whether the heterogeneity among family firms regarding their family influence on the business exerts a significant effect on online reputation of hotel firms, investigating how family ownership and family management dimensions interact in terms of influencing online reputation. Our findings, based on a sample of 157 Spanish family hotels, indicate a positive influence of family ownership on a hotel's online reputation, augmented by a positive moderating effect of the family management represented by the presence of a family CEO managing the hotel.

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## Introduction

Fombrun (1996:72) defined a firm's reputation as 'a perceptual representation of a company's past actions and future prospects that describes the firm's overall appeal to all of its key constituents when compared to other leading rivals'. Literature has usually shown that a favourable reputation is beneficial to a firm, being a valuable resource positively

related to customers' behaviour intentions (Tat Keh and Xie, 2009) that leads to better firm performance (Roberts and Dowling, 2002). However, with the advent of the Internet and the customers' improvement of accessing to information, the current notion of firm reputation has evolved and expanded towards the so-called online reputation (Bakos and Dellarocas, 2011). The online reputation is especially important in the hospitality industry and, particularly significant in the context of hotel firms, considering the high sensitivity and enormous influence of electronic word-of-mouth activities of customer on a hotel's online reputation (Cantalops and Salvi, 2014; Melián-González et al., 2013).

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The review of literature regarding a hotel online reputation can be divided into studies examining organizational consequences of online reviews and those analysing antecedents that influence customers to write online reviews. In the first stream (consequences), there are abundant studies pointing out how a favourable hotel online reputation through the online assessments of customers positively influence on firm sales and performance as well as on customers' attitudes towards the firm (Qiang et al., 2009; Sparks and Browning, 2011). Similarly, in the second stream (antecedents), researches have focused, on the one hand, on customer background's factors such as satisfaction, failure and recovery or sense of community belonging (Bronner and Hoog, 2011; Crofts et al., 2009; Nusair et al., 2011; Swanson and Hsu, 2009) and, on the other hand, on organizational characteristics such as firm's image, innovation, quality of product and services, and governance features (Getz and Carlsen, 2005; Inversini et al., 2010; Morrison et al., 2010), as some main causes of a favourable or unfavourable hotel online reputation.

In terms of organizational governance antecedents, one of the most relevant factor influencing hotel online reputation is related to family involvement (Getz and Carlsen, 2005; Morrison et al., 2010). However, and despite a number of works focusing in some adjacent treatments (Kong, 2013; Paek, 2012; Peters and Kallmuenzer, 2015; Sampaio et al., 2012; Singal, 2014), this topic is unexplored to date. Since organizational governance issues determine an essential part of firm's abilities and intentions (Mishina et al., 2012), it is expected that the presence of the family in the ownership and/or the management of hotels strongly influence resources and capabilities, goals and behavioural intentions, all of which may have a significant influence on their online reputation (Chrisman et al., 2012; Deephouse and Jaskiewicz, 2013).

Considering this gap in the literature, and on the basis of the combined arguments proposed by the familiness view (Habbershon and Williams, 1999; Habbershon et al., 2003), the organizational identity theory in the context of family firms (Dyer and Whetten, 2006; Scott and Lane, 2000; Zellweger et al., 2013) and the socioemotional wealth (SEW) theory (Gomez-Mejia et al., 2007, 2011), the aim of this paper is to analyze the influence of family involvement on a firm's online reputation over a sample of 157 Spanish family hotels. Looking for heterogeneities among family firms (Chua et al., 2012; Chrisman et al., 2012) in this matter, we specifically investigate on the interaction between the two main dimensions characterizing family influence in the business – ownership and management dimensions – in order to explain how they influence and interact in terms of hotel online reputation.

This study contributes in several specific ways to this line of research. First, our investigation is one of the first attempts to examine whether the presence of the family in the business impacts on the reputation of hotels, considering that hotels are companies belonging to a sector usually characterized by a very high presence of family businesses (Getz and Carlsen, 2005; Merino et al., 2015; Morrison, 2002). Second, we look in greater depth into the role of a specific reputation dimension, the so-called online reputation, based on the assessment provided by customers, which is a form of reputation increasingly important for

hotels, an industry where a favourable electronic word-of-mouth reputation is vital for competitiveness (Duan et al., 2008; Melián-González et al., 2013). Third, basing on several sources of theories, measures and methodologies, our paper entails an integral analysis of the family influence – that include ownership and management – allowing a global examination of how family governance heterogeneity affects online reputation among family hotels (Chua et al., 2012; Michiels et al., 2013). And fourth, our paper shows new evidence regarding the Spanish hotel context, one of the world's most prominent hospitality industry – holding the second position in world tourism, in terms of both number of travellers (after France) and revenues (after USA) (Pereira-Moliner et al., 2010) – and very well representative of typical family firms – with a concentrated shareholder base as well as a high proportion of family members active in management (Merino et al., 2015; Sánchez-Marín et al., 2016), which can be a particularly appropriate context for studying the influence of family on hotel reputation.

The remainder of the paper is structured as follows. After a review of relevant research about online reputation in hospitality industry, we then explain the theoretical framework used to develop two hypotheses based on the particularities of family governance in terms of firm online reputation. Next, we describe our methodology, including sample description, variables measurement and statistical analyses. Then we present our results to, finally, elaborate on the discussion and main contributions of this study.

## The role of online reputation in the hotel industry

There has been past hotel industry literature examining both antecedents and effects of corporate reputation in order to have a well-rounded understanding of this concept (Tat Keh and Xie, 2009). Basically, regarding online reputation consequences, researchers agree with the idea that because online comment is an important factor when choosing a hotel, a favourable online reputation positively affects the sustainability of a competitive advantage (Levy et al., 2013). Greater visibility on the web or positive online opinions lead to hotels achieving higher occupancy levels and room reservations (Qiang et al., 2009), improvements on their confidence perception (Papathanassis and Knolle, 2011), and increases in sales and performance (Ye et al., 2009).

Concerning the antecedents, prior research on the hospitality industry has found some factors motivating the generation of electronic word-of-mouth, a proxy of online reputation (Cantalops and Salvi, 2014). Aspects related to the customer background perceptions such as customer satisfaction and dissatisfaction levels, failure and recovery capacities, sense of community belonging and social identity, pre-purchase expectations and customers' delight, have been identified as main motivations for writing reviews (Bronner and Hoog, 2011; Casalo et al., 2015; Crofts et al., 2009; Nusair et al., 2011; Swanson and Hsu, 2009). From the viewpoint of organizational characteristics, literature has mainly focuses on factors related to firm's image and commitment, capacity of innovation, quality of product and services, level of past performance, corporate social responsibility practices and governance characteristics (Getz and

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