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The impact of family business strategies on hotel room prices

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Abstract This paper seeks to address the lack of empirical research on family businesses in the Spanish hotel industry. Through a hedonic price model applied to Malaga hotels, this study assessed the impact on hotel room prices of whether or not a hotel is a family business. The results show that, when being a family-business hotel is considered, this has a negative impact on prices of about €10. The results are discussed based on a combined approach of profitability, brand and price strategies, which offers several ways to interpret the research outcomes. A first option is that Malaga family businesses follow a strategy of cost leadership. The second option is heavy brand investment by Malaga family hotels. Another option is that customers consider the family hotels of this destination unprofessional compared with non-family hotels.

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PALABRAS CLAVE
Empresa familiar;

El impacto de las estrategias de los negocios familiares en los precios de las habitaciones de hotel

Resumen En este trabajo se trata de abordar la falta de investigación empírica sobre las empresas familiares en el sector hotelero español. A través de un modelo de precios hedónicos aplicado a hoteles de Málaga, este estudio evaluó el impacto en los precios de las habitaciones de hotel en función de si el hotel es o no un negocio familiar. Los resultados muestran que, el ser un hotel considerado como empresa familiar, tiene un impacto negativo en los precios de alrededor de 10 €. Los resultados se discuten tomando como base un enfoque combinado

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de estrategias de rentabilidad, marca y precio, que ofrece varias maneras de interpretar los resultados de la investigación. Una primera opción es que los hoteles considerados como empresas familiares en Málaga sigan una estrategia de liderazgo en costes. La segunda opción es la existencia de una fuerte estrategia de inversión en marca por parte de los hoteles considerados como empresas familiares de Málaga. Otra opción es que los clientes estimen los hoteles gestionados por familias de este destino como poco profesionales en comparación con los hoteles no considerados como empresa familiar.

Introduction

Family businesses are of vital importance to the economy since they represent up to 85% of all companies in the Organisation for Economic Co-operation and Development (Kraus, Pohjola, & Koponen, 2012). Most businesses in the tourism and hospitality sector are family-owned (Getz & Petersen, 2004), yet there is a noticeable lack of research on family hotel businesses (Agyapong & Boamah, 2013).

Some rare journal articles have sought to fill in this research gap, such as the latest work by Banki, Ismail and Muhammad (2016) or another study by Banki and Ismail (2015), both of which have focused on Nigeria. In addition, Getz and Petersen's (2005) research compared the company growth and profit-oriented entrepreneurship of two samples of family businesses located in different countries. Other studies on this topic include Getz and Carlsen's (2000) study in western Australia, Getz and Nilsson's (2004) research on the Danish island of Bornholm and Hauck and Prügl's (2015) study in Austria.

In Spain, where tourism is a core sector (Pérez-Calderón, Ortega-Rossell, & Milanés-Montero, 2016), the percentage of family businesses reaches 89% and represents approximately 57% of the private sector's gross domestic product (Instituto de Empresa Familiar, 2015) and 66.7% of employment generation (Instituto de la Empresa Familiar, 2016). Given these statistics, tourism researchers clearly need to investigate a variety of topics within this subject area. The purpose of the present paper, therefore, is to contribute to a better understanding of whether being a family hotel influences how management determines hotel room prices.

After this introduction, the following section provides an overview of the main issues addressed in research on family business and the contextual framework of this study. ''Material and methods'' section then describes the hedonic price model applied, the justification of selected variables and the data sources used. In ''Results'' section, the main results are detailed. The implications of these results are discussed in ''Discussion'' section, while ''Conclusion'' section summarises the main conclusions.

Contextual framework

The literature reveals little consensus about how to define a family business (Astrachan & Shanker, 2003), so no single accepted definition is available (Agyapong & Boamah, 2013), which is one of the main problems when researching this topic (Astrachan, Klein, & Smyrnios, 2002). This has reduced the accuracy of any attempts to measure family business strategies' complex influences (Rojo Ramírez, Diéguez Soto, & López Delgado, 2011).

In general, the differences in definition between studies occur as a result of which type of context is focused on by researchers. This distinction suggests three large groups of definitions centred, respectively, on property, succession and families' ability to influence their management (Miralles-Marcelo, Miralles-Quirós, & Lisboa, 2015). These distinct focuses have led researchers to develop their own definitions of the concept of family business (Chami, 2001).

However, it is still possible to identify some commonly accepted points as to what constitutes a family business. First, these companies are controlled and managed by a family in which some members have management or decision-making responsibilities (Acquaah, 2011). Second, family businesses have a long-term orientation (Dyer, 2003; Zellweger, 2007), and managers have a greater degree of involvement in the business than they do in non-family firms (Donckels & Fröhlich, 1991; Dunn, 1996). Third, family businesses are prone to greater risk aversion (Craig & Moores, 2006) and, therefore, less innovation (Dyer, 2003). Fourth, some researchers argue that family businesses rely more on internal solutions and hire fewer service providers from outside (Donckels & Fröhlich, 1991; Fukuyama, 1998). Fifth, these companies have been found to promote better relationships with their employees, which strengthen their trust and involvement in, as well as commitment to their company (Bertrand & Schoar, 2006; Miller & Le Breton-Miller, 2005). Last, dealings with customers are more focused on building lasting relationships rather than mere business transactions (Levering & Moskowitz, 1993; Tokarczyk, Hansen, Green, & Down, 2007), in addition to providing higher quality and more differentiated services (Carney, 2005).

Some previous studies have focused on analysing key aspects of family businesses, such as succession (Brenes, Madrigal, & Molina-Navarro, 2006; Chua, Chrisman, & Sharma, 2003; Getz & Petersen, 2004; Miller, Steier, & Le Breton-Miller, 2003; Morris, Williams, Allen, & Avila, 1997; Mussolino & Calabrò, 2014; Sharma, Chrisman, & Chua, 2003; Sund, Melin, & Haag, 2015) and leadership (Salvatico, 2006). Research has also concentrated on