FAMILY BUSINESS IN TOURISM CHARACTERISTICS
– THE OWNER’S PERSPECTIVE

Tourism and family entrepreneurship make a significant contribution to the Croatian economy, therefore it is important to define characteristics and business operations of family business in tourism. This paper examines characteristics of small family businesses in tourism from the perspective of owners of small family hotels in Croatia. In this qualitative study, interview was employed as a primary research instrument and the scientific method used is based on gestalt principles. GABEK©, a specific method of qualitative research and text analysis was used. The paper portrays the aspects of chosen business characteristics of small families in tourism – motivation of owners when setting up a business, success of small family business, financing, business issues, business facilitation and innovativeness. For each business aspect gestalten tree was formed with owner’s aggregated statements and finally the gestalten tree containing all chosen business aspects has been formed. Motives are, as presumed, family oriented and tending to preserve the family vision in the future. Qualitative, non-financial success measures are more important than financial measures. Business is usually financed from own funds and by combining bank loans, while business issues imply too high tax rates. Innovativeness levels are low which relates to low education levels. Originality of the research can be found in the fact that no similar study was conducted for Croatia nor as GABEK© method was used for qualitative data analysis. The research contributes to the scarce scientific

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research corpus in the field of family business in tourism. Practical implications presuppose education suggestions for family members in family firms - business facilitation suggestions and detected business issues.

Keywords: family business, tourism, gestalten, entrepreneurship, motivation

1. Introduction

Many empirical and theoretical research on defining family businesses have emerged in the 1990s but the consensus on the concept has not yet been achieved. Family business is a broad concept where various fields, elements, areas and corresponding influences overlap, therefore it is hard to find precise and unified definition of family business, especially family business in tourism. In the initial phases of research and conceptual determination of family business, operational criteria of family involvement in family ownership and/or family management were applied, as well as transfer of ownership to family members. Issues of defining family business occur due to the complexity of various business activities in the field of tourism, employees who are not family members but are part of the management structure or are partners in ownership structure.

Systematic study of family research began during 1960-ies and 1970-ies (Gersick, Hampton, & Lansberg, 1997, p. 4) emphasizing typical issues in family business like nepotism, generational rivalry, sibling conflicts and unprofessional management. The initial family business conceptual models consisted of two overlapping subsystems – family and business. It was deemed that each subsystem has certain norms, rules, values and organizational structures. Issues occur when family members, who are also employees, have to simultaneously fulfill family and business obligations from each subsystem.

Small family businesses in tourism differ from small businesses in other sectors. The biggest part of the difference is lifestyle as one of the prevailing entrepreneurial goals in the sector of tourism. Tourism in developed countries attracts individuals who establish small businesses out of necessity or by detecting opportunity for unique, certain lifestyle with distinct values (Russel & Faulkner, 2004). It is possible to state that the lifestyle is influenced by various factors like business activity, business culture, social norms, economy of a country, location and interdependence of all mentioned indicators. Lifestyle is a concept that encompasses a list of motives, has handful of meanings and attributed values. In the literature it is often addressed as lifestyle oriented small tourism firms (LOST) (Morrison, Carlsen, & Weber, 2008).
Typical research methods for entrepreneurial orientation are of qualitative type, adapted from psychology, like interviews, sampling methods and summarizing of results. Consequently, qualitative research methods are typical for this field of research since there are no data bases for family firms. Therefore, researchers are forced to collect and process qualitative data. Some researchers also argue that qualitative methods in tourism research should make greater use of visual evidence as a way of understanding tourism as a social construct. This form of data has considerable potential to add value to more normative data collection methods, yet to date it has been either under-utilized or ignored. They offer a useful framework which could be used to make connections with the theoretical context in which a particular theme is discussed (Garrod & Fyall, 2005).

This paper makes a contribution to the qualitative research of family business in tourism on a sample of small family hotels. Interview is used as research method, while qualitative data was processed by using software GABEK©. Interpretation of original statements of small family business owners is also given. Interview is a research method frequently used in small family business in tourism by many authors (Banki & Ismail, 2015; Jaskiewicz, Combs, & Rau, 2015; Kallmüenzer, 2018; Kallmüenzer & Peters, 2017; Kallmüenzer, Strobl, & Peters, 2017; Law & Jogaratnam, 2005; Marchant & Mottiar, 2011; Peters & Kallmüenzer, 2015; Zapalska & Brozik, 2007). The genesis of such businesses is explained with reference to the destination development model of Miossec (1977).

The goal of this paper is to analyse characteristics of a small family business in tourism from the owner’s point of view and resolve the research problem which is the lack of knowledge on the characteristics of small family oriented businesses in tourism. The following characteristics were – motivation, success, financing, business issues, business facilitation and innovativeness perception. Owner’s answers clarify what motives drive owners to set up a family business, how the businesses are financed, what are typical business issues, how could owners benefit from local and/or state measures, i.e. what would facilitate their business operations and lastly, what they perceive under innovativeness. Interview is chosen as the best method to discuss in more depth what owners perceive when discussing the mentioned characteristics. Other methods, like questionnaires, could not tackle understanding of certain questions – like “what do you perceive under innovativeness.”

Paper is structured in the following way. After introduction, literature review is given compiling the most important authors in the field of small family business in tourism. In third chapter research methods are described followed by chapter four and presentation of research results. In the fifth chapter discussion is given based on research results. Concluding remarks are given in the last, sixth chapter.
2. Literature review

Small family business owners in tourism can be analysed from various aspects – from personal attitudes, values, personalities, age, gender, educational level to the management style and entrepreneurial orientation. Some of the important research questions when addressing small family businesses in tourism are management styles of owners, business goals, ways to reconcile family and business life, motivation of family members, strategies for setting long-term business goals, methods for transferring ownership to successors. The latter is also one of the most important non-financial goals of family business in general.

Many start-up entrepreneurs fail to maintain their business because of bad or non-existent knowledge of management, the inability to face external influences, such as rising inflation, rising interest rates, insufficient capital, and resistance to accept other suggestions. Furthermore, the research confirms that start-up entrepreneurs in tourism lack formal economic knowledge and experience in management, financial funds for business operations and experience in tourism (Hollick & Braun, 2005). Sharpley (2002) finds insufficient knowledge, specifically business planning knowledge as a cause of poor competitiveness and high rates of business failure. In the earlier papers, Shaw and Williams (1987) analyse small family business owners in England and find negligible proportion of owners with previous experience in tourism, i.e. accommodation, while the highest proportion of owners possess previous work experience in some other field. Similar results find McKercher and Robbins (1998) for owners of small family businesses in tourism where majority of owners do not have formal education in the field of economics and are without previous experience in tourism. Furthermore, half of the owners started a business with their own funds. Szivas (2001) finds different results for small family business owners in England where majority is highly educated, but only 11% in the field of tourism: approximately one third of small family business owners previously worked in tourism as managers or employees, ten years on average before setting up their own business.

Previous work experience in tourism, acquired through ownership over some other company or work experience in some other sector is of utmost importance for the survival of the company (Lee, Hallak, & Sardeshmukh, 2016). Research results for other businesses show that previous work experience significantly improves business results (West & Noel, 2009) and leads to better financial performance. Furthermore, higher education levels of owners improve their abilities to recognize and implement business novelties which would result in better performance measures.

When discussing entrepreneurial orientation of owners, which includes autonomy, innovativeness, risk proneness, proactivity and competitive aggressive-
ness (Lumpkin & Dess, 1996) it is reduced with generations, i.e. entrepreneurial traits reduce with future family generations (Miller, Le Breton-Miller, & Lester, 2011). The mentioned reduction supports low rates of family business transfer to future generations. When discussing entrepreneurial traits, it is noted that owners of small family businesses in tourism are less innovative and possess short-term business plans which leads to high rates of business failure (Getz & Petersen, 2005; Haber & Reichel, 2007). Lower risk rates are also noted which is correlated with lower growth rates and reduced competitiveness. Furthermore, one of the most important features is autonomy that is directly related to the lifestyle.

In many family businesses women are responsible for accounting. Some cultures presuppose male business successors while future of female successors is uncertain. Also, some cultures presuppose traditional roles for women in family businesses like cooking, serving, cleaning.

Morrison and Teixeira (2004) find the following characteristics of owners on a sample of small family hotels in Scotland:

- 40 and 50 years old;
- limited previous work experience related to hotel industry;
- limited education related to accommodation services;
- insufficient managerial knowledge and skills for management;
- limited ambitiousness and prevailing family goals compared to business goals.

Research relevant for tourism and small family hotels is conducted by Hallak and Assaker (2013) on a sample of 157 family businesses in south Australia, with 70 businesses in accommodation sector. Regarding gender, 85 are male owners and 72 are female owners, average age is 51 years and average stay in the destination is 15 years. Research results imply that owners of the small family businesses in tourism feel greater obligation to stay in the destination which contributes to the field of destination management and improves sustainability of the destination.

Based on six case studies in Ireland, Marchant and Mottiar (2011) find good communication skills among owners of small family businesses in tourism with preferences for social interaction. They also find high levels of education, teamwork (festivals) preferences, active membership in economy chambers and business organizations with proactiveness and engagement in local community. Nevertheless, it is important to mention that studies are performed on a sample of owners who own surfing businesses.

Research relevant for Croatia is conducted by Vadjnal and Glas (2008) who find the following characteristics of small family businesses in Slovenia:
• 22% of owners/managers is highly educated;
• majority of owners/managers are educated in the field of technical sciences;
• owners/managers work far more than the legally foreseen working hours;
• 19% of small family businesses are owned by women;
• 14% of owners previously owned a company;
• majority of owners has family members who are business owners or managers.

Other relevant research in Croatia regarding family business in tourism analyses strategic alliances (Vlahov, 2013, 2014), hotel architecture (Mustapić & Vlahov, 2015) and characteristics of small family hotels (Vlahov & Hodak, 2013) with interesting implications for tourist destinations.

According to the described characteristics of owners it is possible to conclude that more research is needed in the area of education and characteristics of small family business owners in tourism. Furthermore, owner’s characteristics cannot be generalized due to the strong influence of culture, environment, family relationship and tradition in a particular country.

When considering the reasons for setting-up a company Lardies (1999) on a sample of companies in Europe finds that the most common reasons for starting a business are the right climate, vacation season experience, nature/environment and the desire to acquire new experiences and lifestyle change. Family orientation in lifestyle oriented businesses is an intrinsic value that influences entrepreneurs in Europe and stands for reasons which initiate business migrations. The mentioned refers to rural France and Catalonia and lifestyle oriented entrepreneurs from Britain who stay in the destination of residence. Benefits and development of the destination due to mentioned migrations are undisputable and tourism often serves as a panacea to rural undeveloped areas. In some countries, such as Australia, the government encourages diversification of rural areas through various programs and measures, such as tax relieves for producers and rural tourism operators, with the aim of creating and sustaining an attractive rural community (Moss, 2006).

Table 1 shows factors that motivate lifestyle family oriented entrepreneurs in tourism to start their businesses (Carlsen, Morrison, & Weber, 2008, p. 258).
Table 1.

LIFESTYLE PERCEPTION/BUSINESS ENTRY MOTIVES FOR OWNERS OF SMALL FAMILY BUSINESS IN TOURISM – INSERT TABLE HERE

| Author and year | Perception of a lifestyle/Business entry motives |
|-----------------|-----------------------------------------------|
| Getz & Carlsen (2000), Ateljevic & Doorne (2004) | Fulfillment of socio-cultural family obligations. |
| Murphy & Murphy (2001), Walmsley (2003), Moss (2006) | Tax reliefs and revenue budgeting for retirement on rural properties. |
| Getz et al. (2004), Massey et al. (2004), Morrison (2006) | Balanced business and private life with quality family time. |
| Jurdao & Sanchez (1990), Valero Escandell (1992), Eaton (1995), Lardies (1999) | Preferred climate and family relationships in a destination. |
| McGehee & Kim (2004) | Affirmation of family values by shifting families from urban to rural areas and involvement in agrarian tourism. |
| Gersick et al. (1997) | Better quality of life. |
| Dahles & Bras (1999) | Freedom to organize own business and to be independent. |
| Haber & Reichel (2006) | Acquisition of sufficient funds to support the whole family. |
| Kokkrankanal & Morrison (2002), Hampton (2003), Rogerson (2005) | Set-up a business due to unemployment. |

Source: adapted according to Carlsen et al., 2008, p. 258

Based on the concept of life-style, it is possible to conclude that this is a concept that is extremely layered and context dependent. Small family lifestyle oriented business in tourism needs to be analysed within the socio-economic models with the analysis of owner’s value system, which encompasses motivation, goals and relationships with the environment, making the concept extremely subjective, qualitative and resistive to unambiguous definition.

Peltonen et al. (2004) find that qualitative social goals and business results are more recognized and accepted by the lifestyle oriented entrepreneurs compared to financial profit. Nevertheless, in a case of small family oriented businesses providing accommodation services, quality of life deteriorates with time due to the constant involvement in business and family conflicts.

When taking into consideration the development level of a country, in emerging and/or transition countries motives for setting-up small family lifestyle oriented businesses are necessity due to inability of finding a job, social marginalization...
and unfavorable economic situation. On the other hand, the trend of de-urbanization is present in developed countries which relates to migrations of middle-class families to rural areas (Bosworth & Farrell, 2011).

It is possible to conclude that despite the development level of a country, small family lifestyle oriented businesses in tourism do not tend to fulfill the typical economic goals. The specific goals are as follows (Carlsen et al., 2008, str. 259):

- maintaining identity and differentiation in relation to corporations;
- rejecting the conventional and accepting creativity and innovation;
- utilization of competitive advantages and tourist attractions;
- accumulation and protection of resource bundle which are rare and hard to imitate;
- utilization of seasonal breaks to reorganize business and vacation;
- utilization of acquaintances and community recognition.

Theoretical framework used for this research is the model of transgenerational entrepreneurship in family firms (Nordqvist & Zellweger, 2010). The model encompasses many external factors like culture, business activity and familyembeddedness. Model is presented on figure 1.

Figure 1.

TRANSGENERATIONAL ENTREPRENEURSHIP MODEL IN FAMILY FIRMS – INSERT FIGURE HERE

Source: Nordqvist and Zellweger, 2010, p. 9
3. Research methods

The unstructured interview has been used to conduct the qualitative research. The interview was composed according to the generally accepted principles and concepts for the qualitative research (Zelenika, 2016). The purpose of conducting the interviews was to obtain the insights into the characteristics of small family oriented businesses in tourism. In order to fulfill the research goals, the questions were related to the ways of establishing companies, the intentions to transfer ownership to family members, business issues, sources of funding, education and the perception of innovation.

Statistical population for the purposes of this research consists of 180 small family hotels (n=180) that are registered at the National association of family and small hotels in the Republic of Croatia. This population has been chosen so that representativeness of the research could be defined. It is not possible to define a population for all small family businesses in tourism because there is no formal database in Croatia (not even in other countries) which could enable to define what businesses are considered family and for which data could be used. Additionally, tourism also covers variety of business activities so research in this field is usually limited to certain databases and certain business activities. Geographical quota sampling method was chosen to define research sample which led to 20 subjects across Croatia. The interviews lasted from 30 to 120 minutes. Subjects of the interview were owners of the small family hotels, in one case owner’s daughter participated in the interview and in one case owner’s wife – although he and his wife equally participate in decision making. The 20 field interviews were conducted in the following counties in Croatia – Splitsko-Dalmatinska, Zadarska, Požeško-Slavonska, Međimurska, Varaždinska and Istarska County. Interviews were recorded with the permission of owners. Out of the total of 20 small family hotels, one is family owned for 3 years, acquired by family purchasing. Financial situation for 3 hotels is quite bad and stable for other sample hotels. Only 9 small family hotels are registered as Limited Liability Company while other hotels are registered as crafts. In 12 hotels, owners and employees are both family members and in 8 hotels work employees that are not family members.

The interview results are transcribed and transformed into meaningful sentences. The text processing method GABEK© is used to analyse interview qualitative data. The mentioned software uses WinRelan technology. Particularly original statements from interviews are presented as quotes. GABEK© (Ganzheitliche Bewältigung von Komplexität – Holistic Processing of Linguistic Complexity) is a research method developed at the Institute for philosophy of the University of Innsbruck (Zelger, 2002).
Theoretical framework\(^1\) is based on the understanding, explanation and learning of gestalt perception and the interview text is seen as the data to be processed and presented in a concise way (Smith, 1988). Furthermore, GABEK© is a method for organizing knowledge that deals with knowledge systems - experiential systems in social organizations, conceptual systems of knowledge and the search for knowledge.

The purpose of GABEK© is to process text from open (unstructured) interviews. Personal opinions and statements of the respondents are networked and classified. Notes, quotes, texts, or entire areas of knowledge are compressed into a transparent network that connects opinions, experiences, knowledge, value systems and emotionality. Similarly to the network map, the charts provide meaningful orientation within the mindset, enable understanding of relationships, options valuation, goals definition and the discovery of development trends. As a result of the analysis, conceptual knowledge systems are formed like theories, empirical generalization, theoretical concepts, causal assumptions and value systems. The mentioned is achieved through a kind of simplification of the conceptual knowledge system.

Analysis procedure in GABEK© consists of defining textual units, linguistic coding, expressions valuation (associations) and expressions linking (causality), improvement of results validity. The mentioned created elements are finally integrated into gestalten tree (groups) with support of cluster analysis and relevance indicators (Kallmüenzer & Peters, 2014; Zelger, 2009).

### 4. Research results

The results will be interpreted in several steps, which is also the base of qualitative data processing in GABEK©. At the beginning of the interview analysis, the expressions based on interview questions are generated, which will be linked later. The key expressions are shown below in table 2.

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\(^1\) Gestalt theory was initially related to psychologists of Berlin school like Max Wertheimer, Wolfgang Kohler and Kurt Koffka. The German phrase gestalt means form, figure while the term is now used more or less metaphorically. From the aspect of psychology, gestalt refers to a psychological term denoting a whole unit and is based on visual perception theories developed by German psychologist in 1920ies. The mentioned theories tried to clarify how people organize visual elements into groups or unique wholes by applying specific principles. These principles can be: similarity, continuity, concluding, incorporating (Graphicdesign, 2017). When processing text gestalt trees, connections and charts are being used. (Smith, 1988, pp. 13–14)
Table 2.

KEY EXPRESSIONS FOR THE ANALYSIS OF SMALL FAMILY BUSINESSES IN TOURISM – INSERT TABLE HERE

| Expression       | Expression explanation/Interview question                                                                 |
|------------------|-----------------------------------------------------------------------------------------------------------|
| Motivation       | Motives and goals to establish a company.                                                                 |
| Success          | What is for you, as an owner, success?                                                                     |
| Financing        | Did you invest or are you still investing your own financial resources in your company or you took a bank loan? |
| Business issues  | What are the primary business issues you are dealing with/you dealt with?                                   |
| Business facilitation | What would facilitate your business?                                                                   |
| Innovativeness   | What is for you innovativeness? Is innovativeness important in your business?                             |

Source: author

Firstly, the selected expressions and the frequency, i.e. the selection strength of the respondents, will follow the causal relationship between the selected terms and eventually form the gestalt tree with the most important expressions.

Motivation is the first expression that is analysed where strength of links (thickness of connecting lines) and frequency of expression is presented in detail. + stands for positive link and – for negative link, i.e. statement.

Figure 2 shows that the most common motives for establishing small family businesses in tourism are preferences of owners towards providing accommodation - marked with +22\(^2\) relating to the highest number of positive statements. Furthermore, there are motives specific for family businesses like keeping the business inside the family (with +13 positive statements) and family business tradition transfer (with +14 positive statements). One of the reasons for establishing own business as reported by the owners, i.e. respondent has previous experience in the field of tourism.

\(^2\) Number does not presuppose the number of interviewed units but the number of words discovered within the analysis of responses.
**Figure 2.**

**ANALYSIS OF THE MOTIVES AND GOALS THAT MOTIVATED OWNERS TO SET UP A FAMILY BUSINESS – INSERT FIGURE HERE**

![Diagram](#)

Source: author

Examples of original respondents’ statements summarized on figure 2 are given in table 3 in order to clarify and get a deeper insight into the perception of owners on establishing own businesses.
Table 3.

TRANSCRIPTS OF THE ORIGINAL STATEMENTS OF OWNERS
– INSERT TABLE HERE

| Expression       | Statement                                                                                                                                   |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Inside family    | “I founded this company because I like the business activity I’m doing all my life. It is also important for me that the job remains in the family.” |
| Family tradition | “Because I saw the prospect and business opportunity. When I founded my company, the situation was much better. I started with the restaurant after working in the hotel and took a big loan to build a hotel with 18 rooms. Another motive was to provide a job for the kids. I decided to set up my own company, because I like this activity and I had experiences from before. I’d like daughters to continue the family business tradition, because I’ve invested everything in my hotel.” |

Source: author

Furthermore, the causal relationship of the business performance is shown, that is, it was determined how business owners perceive success. From the figure 3 it can be concluded that success is also dominated by family and personal motives. The green arrows in the figure show positive links between success and a particular construct. The main family motives are the survival of family business and the continuation of family tradition. In the case of the second generation of family work, statements of the owners show that they perceive being successful in managing the business and driven by the sense of responsibility for continuing the family business when parents have already initiated the business for children.

The term “respect” refers to the qualitative success measure of the relations with the community, where it is important for owners to be respected in the community in which they are well integrated. Some owners consider to be successful if they have achieved their own career, separated from the family and became self-reliant.

Particular owners relate the success with the introduction of trends. To the question, “what is for you success”, an owner replies:

“Besides financial goals, we tend to achieve: independence, separation from the family and achievement of own career, to be respected by other members of community, to become a good example of quality in a county. I would like for people to relate me with a quality, good business practices and to be the one that introduces trends.”
There are also interdependencies among several measures of business success, which are one’s own business, a sense of responsibility to provide resources for life of a family that is employed in a family business, with which a sense of security is linked when business is successful.

Figure 3.

MEASURING PERCEPTIONS OF THE SUCCESS OF SMALL FAMILY BUSINESS OWNERS IN TOURISM – INSERT FIGURE HERE

Source: author

When analysing the most common statements that owners link to success, family tradition and family ownership are the most frequent, as presented in figure 3 and 4. The mentioned statements correlate with the theory and practice of small family oriented businesses, where family motives dominate over financial motives, i.e. success is not exclusively related to profit.
As far as business financing and start-ups are concerned, if we identify the term of “own capital” and “own resources”, it is evident that most of the owners started their work with their own funds, and this fits in the theory of small family businesses financing. A number of the owners of small family hotels is starting business by combining loans and own resources. Nevertheless, most of the respondents invest in growth and business development gradually from earned operating profit. The structure of funding sources is shown in figure 5.
Figure 5.

STRUCTURE OF FUNDING SOURCES FOR STARTING A FAMILY BUSINESS – INSERT FIGURE HERE

Source: author

Detailed overview of causal relationship of owner’s responses regarding funding sources for starting a family business and family business activities is given below.

Poor cooperation with banks is related to the following statement:

“We finance every-day business activities with significant share of our own funds and some bank loan funds. We combine both. We have poor cooperation with banks, therefore I don’t want to expand my business.“

Good cooperation with banks is related to the following statement:

“We funded the business establishment and further business with our own money and credit. We have good relations with the bank, because we all build the business gradually with maintaining creditworthiness and liquidity. The restaurant carries a good deal of money.”
Expression “without expansion” relates to the fact that the lack of financial sources negatively influences the ability to expand the business in a sense of adaptation and construction of new accommodation units. Three owners also reported poor cooperation with development agencies when they wanted to get support for project applications.

Statement of one owner relates to poor cooperation with development agencies:

“At the beginning we started business with our own capital. We invested from loans. Development agencies do not help.”

Other neutral links arising from the term financing relate to own funds or equity, bank loan or the combination of both.

**Figure 6.**

ANALYSIS OF FUNDING SOURCES FOR STARTING AND MAINTAINING FAMILY BUSINESS – INSERT FIGURE HERE

Source: author
The most commonly mentioned business problems are the ZAMP\textsuperscript{3} taxes, difficult realization of market prices and the perception of the market. A claim of an owner from the Međimurje County is:

"The average cost of the room is 300 kuna, which is very cheap, so it is difficult to cover the cost of that room rate. People, in the place where the company operates, perceive accommodation services as something that should be very cheap, and the number of guests is not so great. Earnings are quite small, sometimes business is hardly cost-effective."

**Figure 7.**

THE MOST COMMON BUSINESS PROBLEMS OF THE SMALL FAMILY BUSINESSES IN TOURISM – INSERT FIGURE HERE

Furthermore, owners were given the opportunity to articulate proposals that would facilitate their business.

As a way of solving problems, the owners most frequently mentioned the abolition of ZAMP, reduction in operating costs and especially reduction in value

\textsuperscript{3} Association for the protection of authors’ musical rights.
added tax. Below is a claim of an owner who emphasized education, i.e. awareness, as one of the ways to solve the problem:

“Tourism workers should network and build a tourism awareness program for residents... so that people would understand that we are all a tourist destination. People are not educated. The mentality is not a tourist one. It is necessary to cooperate, because people are not networked.”

Figure 8 below shows how business owners could facilitate their business.

Figure 8.

BUSINESS FACILITATION METHODS PROPOSED BY SMALL FAMILY BUSINESS OWNERS IN TOURISM – INSERT FIGURE HERE

Finally, the perception of the innovativeness of owners is analysed. According to the research, owners do not perceive innovativeness as an important component of business and mention in interviews that innovativeness is hardly achievable. A more detailed explanation of low innovativeness levels is shown below in the analysis of research results.
There are many innovativeness claims and it is hard to determine strength, i.e. single out the most frequent statement and therefore the causality figure is presented.

Figure 20 shows that owners connect innovations with locations of hotels and categorization improvement. Many owners state that innovation is associated with room decoration, which is associated with categorization. Here are some original statements of owners and their perception of innovativeness:

“Small innovations, for example, when the maid thinks of a little treat or gift that the guest would have liked. Innovations in terms of how to please the guest to come back and recommend our hotel. Innovations are small details.”

Only two owners mention DMS system as a form of innovativeness, where the owners are in their forties.

Figure 9.

PERCEPTION OF THE INNOVATIONS OF SMALL FAMILY BUSINESS OWNERS IN TOURISM – INSERT FIGURE HERE

Source: author

4 Document management system.
The owners usually mentioned low levels of innovativeness and in no case linked it to information technology or innovation of products or services.

Innovations, therefore, do not refer to technology but to small details that are an integral part of a business, i.e. how to attract a guest. The level of innovation is therefore low in small family businesses in tourism.

One owner from Varaždin County mentioned the creation of own cycling tour across the County:

“It’s hard to think of something new in this business. The last thing I did to attract the guests, i.e. offer something more to my regular guests, was to sit on a bicycle and make a route itinerary and calculate how much time it takes to navigate a particular route. It’s my own bicycle tour.”

Regarding education needs for owners, older owners (older than 60) responded negatively in terms of education, arguing that “there is nothing new for them to learn” and that organized education is mostly attended by family members (children) who are already involved in business operations and who will continue their family business. These are educations in the area of hospitality, specific education in hotels with famous chefs, foreign language education, work safety, news in tax systems and HASAP\(^5\) education.

Three owners in their forties responded positively to the question Would you prefer to opt for online education? with an emphasis put on professional education (catering, regulations, business management, etc.).

In small family hotels where family members are employed and work with non-family members, the owners emphasized the need to educate their employees.

“I think additional training is needed for staff because it is difficult to find skilled and specialized workforce. Yes, all kinds of education are required from tourism, management, foreign languages, information technology. Lack of educated staff is a big problem.”

As for the conflicts between family members, 17 out of 20 interviewed owners stated that they did not come into conflict during work. If a conflict arises, they are quickly solved because the family is long in business. As a reason for disagreements, the three owners reported age gap and different lifestyles and preferences.

In the end of the qualitative research, the gestalten tree is formed that connects chosen research results with final statements.

\(^5\) Hazard Analysis and Critical Control Point (HACCP).
Figure 10.

GESTALTEN TREE OF BASIC CHARACTERISTICS OF SMALL FAMILY BUSINESSES IN TOURISM – INSERT FIGURE HERE

Source: author

Level 1 of the gestalten tree refers to the small family businesses and their main characteristics described in more detail in level 2 consisting of: business issues, motivation for starting a business, financing types when starting a business, business facilitation, what is success and innovativeness for owners. Level 3 describes level 2 in more detail. All statements are explained in more detail above in the text and are presented as a summary in the gestalten tree.

5. Discussion and conclusion

The purpose of the research in this paper was to investigate the characteristics of small family businesses in tourism on a sample of twenty small family hotel owners in Croatia. Upon conducted analysis, it has been determined that the most common business issues relate to taxes. ZAMP has been the most frequent cause of complaint amongst respondents. Inability to achieve fair market price for accommodation has been detected as an issue in Northern Croatia. As a conclusion to these business issues, local and/or regional authorities could fa-
cilitate businesses with various incentives, like lower or subsidized taxes, loans etc. Furthermore, owners proposed networking as found in other authors (Vlahov, 2014) and development of programs organized at local and/or regional levels to promote family entrepreneurship, destination development and raising awareness on tourism in the destination. Most of the owners stated that their business would greatly facilitate the reduction of costs and taxes, while a few owners also indicated a reduction in categorization. The most frequent motives for starting one’s own business are: previous work experience in the same business activity, recognized opportunity, i.e. market opportunity, and family motives referring to keeping family business within the family. Previous work experience is also found by other authors to be an important indicator for starting a family business (Lee et al., 2016; West & Noel, 2009).

Family start-ups are usually financed with own funds, while business operations and investments are funded by a combination of own funds and loans. The owners propose better cooperation with banks and subsidized credits which could add to the development of long-term strategies and investments in hotel infrastructure. They usually finance infrastructure with earned funds, e.g. own resources. Longer grace periods and subsidized interest rates could improve current situation in small family hotels. Moreover, owners also suggest more programs and activities organized by development agencies in specific counties. That way they could apply for EU grants more easily since they currently lack knowledge on how to compose project documentation and implement projects.

Furthermore, the perception of success is in most cases related to the expansion of business and the continuation of family business tradition. This clearly proves the dominance of non-financial performance in family business which relates to socioemotional wealth model putting family values and emotions ahead of financial benefits (Barbera & Moores, 2011; Berrone, Cruz, & Gomez-Mejia, 2012; Cennamo, Berrone, Cruz, & Gomez-Mejia, 2012; Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Zellweger, Eddleston, & Kellermanns, 2010; Zellweger, Nason, Nordqvist, & Brush, 2013). While non-financial performance is specific to family business, at the same time it undermines longevity of family businesses because it neglects financial funds important for survival of the business in general.

Innovation in small family hotels is kept at low levels, and when asked the question *What is innovativeness for you?* the owners responded - decorating space, introducing traditional / homemade food, internal quality control systems, creating your own biking routes, and so on. Reported innovations are of low levels, minimally associated with technology and generated internally by owners (the case of meals, own cycling routes, etc.). The results concur with other authors who confirmed that entrepreneurial family and employees are key drivers for innovation as actors internal to the firm (Kallmüenzer, 2018). Actually, reported answers
greatly correspond to the answers of the owners of small family hotels in Austria (Kallmüenzer, 2018). From these research results authors see the contribution of this paper, which is the need for education focused on innovative processes in tourism. We recommend organizing specifically tailored education for younger generations of family owned hotels who would learn on how new innovations and technologies can improve business operations. This would indirectly benefit to the development of the destination. The first stage initiator could be the National association of family and small hotels.

To sum up, family business in tourism is a complex area involving diverse scientific fields, among which psychology (owner specific attitudes, behaviour traits, emotional component in family business, etc.) and sociology (behaviour in family, community acknowledgments and engagement, destination, etc.) can be accentuated as the most important alongside economics. The combination of different fields is part of contemporary trends in research to better understand the characteristics of family work. In this research, the most common business issues were identified, future research could examine the impact of business problems on business performance or measure the impact of particular problems on current or long-term business situation.

6. Research limitations and suggestions for further research

Although qualitative research gives a deeper insight into the subject of research, the same can sometimes lead to biased results. In other words, respondents’ inputs and responses relate more to the desired rather than to the actual state (Hofmann, 2009; Lyon, Lumpkin, & Dess, 2000). However, in most cases the respondents describe the actual state. Interviews apply to the end of 2016 and beginning of 2017, when they were conducted, and it is not possible to make a temporal comparison of the results which authors see as research limitations. Another set of interviews should be taken for at least three consecutive years to compare the results. Benefits of interviews are the ability to discuss research topics with respondents in more detail where some additional useful inputs could be obtained. Gestalten principles and GABEK© software were used to summarize and organize research results and this way hypotheses in future research could be set and confirmed since the method “counts” positive, negative and neutral statements. Presentation of qualitative interview results by combining the original statements and gestalten trees gives better overview of the analysed topics.

Importantly, this research can be considered exploratory. According to the author’s findings, the same research was not conducted for the territory of Croatia
and it is suggested to further investigate the constructions of entrepreneurial knowledge and entrepreneurial traits on a larger sample that would cover more than one business activity. Furthermore, as the target group in this survey are owners of small family hotels, it is suggested to conduct a research on the sample of family members who are employed in the business and who are non-family members. This would contribute to the comparison of the state and validity of the answers, because, as detected in the limitations of the survey, the owners sometimes do not see the real state, but the state they would like to accomplish. It would also be interesting to survey guests visiting a small family hotel to get a deeper insight into the hotel characteristics.

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OBILJEŽJA MALIH OBITELJSKIH PODUZEĆA
U TURIZMU S ASPEKTA VLASNIKA

Sažetak

Turizam i obiteljsko poduzetništvo čine značajan doprinos hrvatskom gospodarstvu, stoga je važno utvrditi koja su obilježja i načini poslovanja obiteljskih poduzeća u turizmu. U ovom kvalitativnom istraživanju kao primarni mjerni instrument korišten je intervju, a znanstvena metoda za obradu podataka temelji se na gestalt principima. Za potrebe kvalitativne analize i obradu teksta korištena je GABEK© metoda. Cilj istraživanja bio je analizirati odabrana obilježja malih obiteljskih poduzeća u turizmu, izvore financiranja, poslovne poteškoće, načine lakšeg poslovanja i inovativnost na uzorku malih obiteljskih hotela u Republici Hrvatskoj. Za svako navedeno obilježje izrađeno je gestalten drvo temeljem agregiranih tvrdnji vlasnika proizašlih iz intervjua, dok se konačno izrađuje jedno zbirno gestalten drvo koje obuhvaća sva obilježja malih obiteljskih hotela. Motivi za pokretanje posla, kao što je i bilo očekivano, usmjereni su na obitelj s ciljem oživljavanja obiteljske vizije u budućnosti. Kvalitativne, nefinancijske mjere uspješnosti poslovanja važnije su od financijskih. Poslovanje se obično financira iz vlastiti izvora ili kombinacijom kredita, dok su najčešći problemi poslovanja previsoki porezi. Razine inovativnosti su niske što se povezuje s nižim razinama obrazovanja. Izvornost istraživanja očituje se u činjenici da niti jedno slično istraživanje nije provedeno u Republici Hrvatskoj kao niti upotreba metode GABEK©. Rezultati istraživanja čine doprinos još uvijek relativno neistraženom području obiteljskog poslovanja u turizmu. Praktične implikacije istraživanja očituju se u utvrđivanju potreba za edukacijom vlasnika i članova obitelji, utvrđenim i predloženim načinima olakšanja poslovanja i utvrđenim najčešćim poslovnim problemima.

Ključne riječi: obiteljski posao, turizam, gestalten, poduzetništvo, motivacija