Chapter 4

The Accumulation of Distinctive Competences in Family Firms

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ABSTRACT

Taking as its basis the resource- and capability-based view of the firm, this study provides an in-depth exploration of the ability of the family tourism firm to accumulate and develop the distinctive competences that are key to its success. Specifically, the analysis centres on how the family tourism firm acquires distinctive competences through the development of managerial capabilities. Using structural equation modelling (SEM), the empirical analysis focuses on a sample of 1,019 Spanish tourism firms. The results of the study suggest that family businesses face certain problems in accumulating distinctive competences. Moreover, the study indicates that such problems are due in part to the difficulties of developing efficient managerial capabilities in this type of company, which is an obstacle to the accumulation and management of other distinctive competences.

INTRODUCTION

In recent decades, there has been unprecedented growth in world tourism demand, fuelled by the population explosion and the rise in global income (Pedreño & Ramón, 2009). In Spain, tourism is one of the main drivers of growth in the economy, and it is a key sector in terms of its contribution to GDP and employment (Vera & Marchena, 1996; Larrinaga & Vallejo, 2013; Cuadrado Roura & López Morales; 2015). Certain characteristics of many tourist activities facilitate the entry and growth of family firms in this sector. As such, the tourism sector in Spain has traditionally been dominated by this type of company (Camisón, Forés & Puig-Denia, 2016). This sector offers a wide range of opportunities for family firms; the small size of various tourism businesses (cafés, bars, restaurants, etc.) along with the link between tourism and certain preferences in terms of leisure, lifestyle or location (Ateljevic & Doorne, 2014).
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(2000; Getz & Carlsen, 2000) make this an appealing sector for setting up a family business. In addition, the tourism sector is conducive to host-guest interactions in the family property (Getz & Carlsen, 2005); moreover, the families from the family firms can even form part of the tourist experience (Wanhill, 1997, 2000), thereby enhancing the value of the service. Despite the important role played by family firms in the Spanish tourism sector, family control of firms has only been studied incidentally in the context of tourism (Andersson, Carlsen & Getz, 2002; Getz & Carlsen, 2005); hence the interest and relevance of analysing it within this sector.

The characteristic features of family firms set them apart from non-family firms and shape their strategic and competitive behaviour (Esparza et al., 2009). Some authors suggest that these family-firm-specific characteristics make them unique (Tokarczyk et al., 2007) and rich in intangible resources (Habbershon & Williams, 1999). The family/business combination fosters the creation of relationships and elements that are unique to each company. In turn, these enable the development of intangible capabilities and resources that would be unthinkable in another type of organization and, in many cases, practically impossible to measure or quantify. Most of the studies that analyse these specific features of the family firm are based on the concept of “familiness” (Habbershon & Williams, 1999). Inspired by the resource-based view (RBV), such studies hold that familiness is a key concept to consider in the analysis of the relationship between the competitive advantages derived from a family firm’s resources and capabilities, and its performance outcomes (Habbershon, Williams & MacMillan, 2003; Habbershon, 2006; Pearson, Carr & Shaw, 2008). Familiness refers to the unique set of resources and capabilities that a family business develops through the interaction of different systems: the family as a whole, the individual family members, and the business. In this regard, previous studies focusing on the concept of familiness highlight how the elements born of the nexus between family and business represent a source of advantage that influences family firms’ success.

However, this subject has attracted a good deal of controversy, as not all the resources and capabilities generated by the interaction of these two systems have a direct or even a positive impact on the development and maintenance of a competitive advantage that genuinely influences the success of the company. In fact, they may even be an obstacle at times. That is, although a firm may have certain unique elements due to its status as a family business, these do not necessarily contribute positively and significantly to its competitiveness or organizational performance. Rather, the combination of family and business involves a myriad of distinctive characteristics; while some of these may have a positive impact, others can have a negative effect on the company. Indeed, while some authors argue that family businesses are rich in intangible resources, and that the characteristics specific to this type of company make them unique, inimitable entities and can thus be a source of competitive advantage (e.g., Habbershon & Williams, 1999, 2000; Cabrera et al., 2001; Habbershon et al., 2003, Hoffman et al., 2006; Eddleston et al., 2008), it is practically impossible to determine whether the unique set of resources generated internally due to the family nature of the firm will overall be an advantage or a disadvantage.

Taking that into consideration, it may be worth focusing on elements that the literature highlights as key to achieving a competitive advantage, regardless of whether or not the company is family-owned: distinctive competences. Distinctive competences have been held up as the most important determinants of business competitiveness (Barney, 1991, 1997; Amit & Schoemaker, 1993; Peteraf, 1993; Barney et al., 2001). Despite the complementarity and interrelationships between external and internal aspects, the only ones that the company can to some extent control are the internal elements. In this regard, the RBV (Barney, 1991; 1997, Amit & Schoemaker, 1993; Peteraf, 1993; Barney et al., 2001) emphasizes that the roots of competitive advantage lie in the acquisition and maintenance of an organization’s core
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