

**FAMILY INVOLVEMENT, INTERNATIONALISATION AND PERFORMANCE: AN
EMPIRICAL STUDY OF THE SPANISH HOTEL INDUSTRY**

KEYWORDS: Family firms, Hotel industry, Internationalisation, Performance.

ABSTRACT

The hotel industry includes a very large number of family enterprises. Hence the importance of studying the characteristics of such firms and their relationship with company decisions. Since the hotel industry can be considered highly globalised, the aim of this paper is to find how the degree of internationalisation (DOI) of family firms (FFs) influences their results. Concretely, this study empirically tests a model which brings together the following three issues for the Spanish hotel industry: family involvement, DOI and performance. Drawing on a sample of 76 internationalised Spanish hotel chains, we applied a component-based structural equation modelling (partial least squared-PLS). Our results show that internationalisation is a determining factor for the performance of Spanish hotel FFs. In our model, DOI is considered a mediating variable, and our findings suggest that a greater level of family involvement in the firm positively correlates with performance.

1. INTRODUCTION

Family firms (FFs) currently constitute the largest group of enterprises worldwide (Arregle, Hitt, & Mari, 2019). The high percentage of FFs in the business world leads us to recognise their great importance and strong impact on a wide variety of areas, such as economy, employment and local development. Family business research has considered different definitions of FFs, such as the presence of family in ownership or management (Abdellatif, Amann & Jaussaud, 2010; Kraus et al., 2016), or firms in which family involvement plays a crucial role (Andreu et al., 2019; Arregle et al., 2017; Casillas & Acedo, 2005). The consensus is to identify these companies when family members exert a strong influence over the firm (Gómez-Mejia et al., 2011).

In some cases, FFs tend to be associated with improved performance due to the convergence of certain advantages which make them more effective and efficient. Positive aspects include a stronger commitment to the firm and to the family, shared culture and values and a longer-term vision (Anderson & Reeb, 2003; Claver, Rienda & Quer, 2009). Nevertheless, other studies indicate that greater family involvement does not significantly influence the performance (Chrisman, Chua & Litz, 2004; O'Boyle, Pollack & Rutherford, 2012). In other words, FFs *per se* neither create nor destroy value in the enterprise; other factors are likely to impact on this

process. As suggested by Sharma, Chrisman and Gersick (2012), further research is required to understand the factors determining the results achieved by FFs.

Traditionally, growth strategies are considered as a push factor that could positively affect business results (Chen, Zhou & Wang, 2009). One important strategy is internationalisation, widely used in different industries, and considered as a very risky alternative in the literature about FFs (Chen, Hu & Chang, 2014).

We focus on the hotel industry, because the Spanish hotel industry has a large percentage of FFs that have reached a high level of internationalisation (Andreu et al., 2018). In recent years, the stewardship theory has gained importance in FFs research. This theory proposes that family managers enhance international activities since “they act as good stewards of the firm’s resources during internationalisation” (Banalieva & Eddleston, 2011; Zahra, 2003). According to this theory the following characteristics of FFs are emphasized: high levels of family identification with, and commitment to, the enterprise, shared and aligned values between the family and the business, and an orientation towards the long-term success of the firm (Zahra et al., 2008).

Some researchers have analysed the link between FF status and performance (García-Castro & Aguilera, 2014; Kim & Gao, 2013; O’Boyle et al., 2012) or between the DOI and the profitability of the hotel company (Assaf, Josiassen & Oh., 2016; Lee et al., 2014). However, no studies seem to have dealt with the importance of family involvement, DOI and performance in Spanish hotel chains. We have created a model that sheds light on the importance of DOI to FFs to improve the results obtained by the firm, despite it being considered a risky decision. In this way, international growth is considered as an attractive alternative for hotel companies if they want to continue improving their results, and transfer the business to future generations. This is of great importance in an industry as dynamic as the hotel industry. Our objective is to answer the following two questions: (a) Does family involvement influence the performance of Spanish hotel chains? And (b) Is the DOI of these businesses essential to the family involvement-performance relationship?

Our study represents an effort to contribute to the literature in several ways. First, despite the large number of studies which compare the internationalisation process followed by FFs and non-FFs, this study is apparently the first that analyses the effects of internationalisation on the performance of family hotels. The results obtained in this study tell us that a higher level of family involvement positively correlates with performance and that DOI mediates this correlation. Second, our findings show that the stewardship theory provides support for the relationships identified and that it explains the higher performance achieved by firms in the hotel industry. We increase our knowledge of the stewardship theory by providing a more in-depth understanding of the internationalisation-performance relationship for FFs, specifically in the hotel industry. Third,

this research contributes new insights into the emergent literature on family firm heterogeneity (Chua et al., 2012; Alayo et al., 2019). By considering family involvement in our model we were better able to explain the heterogeneous relationships between family involvement and both behaviour and performance (Chrisman et al., 2012).

The paper continues with a literature review and the proposal of different hypotheses, followed by an explanation of the sample, the variables and the method of analysis chosen on this occasion. The next section presents and discusses the main results obtained. And finally, a summary is provided of the most important conclusions drawn, highlighting the main managerial implications and commenting on some of the limitations faced.

2. LITERATURE REVIEW

In recent years, multiple theories reveal the relevance of FFs in a variety of contexts. The agency theory highlights the advantages of alignment of interests between owners and managers (Chrisman et al., 2004). The need to preserve and enhance socio-emotional wealth to benefit from the socio-emotional aspects of the business, through the socio-emotional wealth theory (Gómez-Mejia et al., 2011). Or the ideas of the stewardship theory, which postulates that owners and managers share interests and act in favour of the firm (Le Breton Miller & Miller, 2009). All of these theories share the view that the link between ownership and management brings different advantages.

The various agency relationships together with opportunism, altruism and nepotism¹, but also commitment and long-term vision, lead FFs and NFFs to pursue different goals when making decisions (James, 1999; Miller, Le Breton-Miller & Lester, 2011; Schulze et al., 2001).

The stewardship theory helps us to understand some specific behaviours of family managers (Chrisman et al., 2007; Le Breton-Miller & Miller, 2009; Miller & Le Breton-Miller, 2006). One of its basic principles is that managers' interests can be aligned with those of owners (Lee & O'Neill, 2003). These family managers are strongly committed to the enterprise and act for its good, even if that implies personal sacrifice (Davis et al., 2000). These attitudes prevail in FFs where family members have emotional links with the firm (Miller & Le Breton-Miller, 2006). FFs thus adopt a longer-term vision and are able to take riskier strategic decisions with the aim of preserving the continuity of the firm for future generations. Amongst these strategic decisions, internationalisation arises as one of the main challenges faced by FFs (Family Firm Institute,

¹ FFs have traditionally been characterised by having great altruism for the benefit of the organisation and its stakeholders (Le Breton-Miller & Miller, 2009), opportunistic behaviour of family members in some cases (Liu, Yang & Zhang, 2012), and nepotism or preference to hire family members (Jaskiewicz et al., 2013).

2018). Despite the potential risk involved in this strategy, internationalisation can be an attractive long-term strategy because it provides competitive advantages (Claver, Rienda & Quer, 2008). One important decision for firms is how to improve performance over the years, and how to perpetuate the business in the case of FFs (Van Essen et al., 2015). The stewardship theory is a useful framework to study the internationalisation decisions of FFs. Studies on internationalisation and performance (e.g. Jeong, 2003; Sullivan, 1994), FFs' internationalisation process (e.g. Andreu et al., 2019; Arregle et al., 2019; Claver et al., 2009) or FFs and financial performance (e.g. Anderson & Reeb, 2003; Miller & Le Breton-Miller, 2006) can be found in different areas of research. Nevertheless, more studies that link these issues are needed in the service sector. The hotel industry is framed in a dynamic environment that needs to take risky strategic decisions with the aim of continued competitiveness (Olsen & Roper, 1998). The advantages of both FFs and DOI could enhance a family hotel chains' result.

2.1 Internationalisation and hotel chain performance

Despite the costs associated with internationalisation related to the need to handle possible cultural differences (Hofstede, 1980) which increase the risks and costs involved in undertaking or making progress in this type of corporate strategy (Ruigrok & Wagner, 2003), there are actually many benefits to becoming internationalised. A number of theories postulate advantages derived from the chance to obtain economies of scale or scope as a result of being positioned in various markets (Buckley & Casson, 1976; Caves, 1971). Others refer to possible advantages concerning risk diversification (Elango, 2004; Levy & Sarnat, 1970). And, from a perspective more closely related to management, internationalisation is associated with the increase or creation of specific competences resulting from the transfer of resources between the different international units. The resource-based view and the theory of organisational learning propose the consideration of global resources and basic skills as drivers of organisational learning and knowledge development inside enterprises (Wernerfelt, 1984). This last theory might explain the real impact of internationalisation on performance (Ruigrok & Wagner 2003).

The status of the hotel industry as one of the most globalised service-intensive industries (Assaf et al., 2016) makes it interesting for us to test the impact of internationalisation on hotel chain performance. Even though a number of studies have dealt with different aspects of the internationalisation process, such as entry mode (Altinay, 2005; Chen & Dimou, 2005; Kundu & Contractor, 1999) or location strategies (Dunning & Kundu, 1995; Johnson & Vanetti, 2005), few studies have carried out an in-depth analysis of the relationship between international activity and performance. Based on the organisational learning theory, our paper presents internationalisation as a dynamic process, and we will study the DOI of the hotel chain. The internationalisation

process means that the firm is going to have new experiences, take risks and interact with a new environment, amongst other things, all of which will surely lead to the development of a wide range of organisational and managerial factors (Chiva & Alegre, 2009).

Recent studies have found a significant positive relationship for the hotel industry, insofar as performance improves when there is greater DOI (Lee et al., 2014). However, other studies point out that the link between internationalisation and performance is more complex and other variables need to be considered which affect the dependence between one and the other (Assaf et al., 2016).

That is why we suggest in our first hypothesis that the strategies which imply an expansion towards other markets positively influence results. Nevertheless, a more complex model is suggested which includes other important dimensions which may have an impact on this relationship. Therefore, we propose our first hypothesis:

H1: Hotel chains which have a higher DOI show better performance.

2.2 Internationalisation and family hotel chains

Even though internationalisation is one of the growth strategies associated with better results for enterprises (Grant, 1987; Pangarkar, 2008), no conclusive studies exist on the link between the FF status and the internationalisation of these firms. According to some studies, FFs have characteristics which are helpful to the internationalisation process (Zahra, 2003). Conversely, other studies stress a lower propensity towards internationalisation amongst these businesses, which tend to concentrate on local or regional markets (De Massis et al., 2016), or stress that FFs usually assume a lesser international commitment (Graves & Thomas, 2006). To this must be added that some academics find no differences between FFs and non-FFs regarding their internationalisation process (Cerrato & Piva, 2012; Claver, Rienda & Quer, 2007).

In the case of the Spanish hotel industry, the high level of internationalisation shown by Spanish hotel chains along with the high percentage of FFs might lead us to expect a positive relationship between these variables (Andreu et al., 2018). In our view, the stewardship theory can serve as the basis to justify this idea. Despite having been available for some decades, researchers have only recently begun to apply the postulates of this theory to the business context as a whole and more precisely to FFs (Miller, Le Breton-Miller & Scholnick, 2008).

In accordance with this theory, FFs boast unique features due to the socio-emotional link between owners and managers and their businesses (Sciascia et al., 2012). Business activity is seen as a way to support the family in the future, to provide continuity and security to future generations (Miller & Le Breton-Miller, 2006; Miller et al., 2008). Hence why these enterprises

invest in creating the conditions required to ensure long-term benefits for all family members (Gómez-Mejía et al., 2007). Seeking to guarantee long-term continuity and survival, FFs will tend to undertake strategies aimed at rapid growth. This may lead them to achieve a larger market share in their current markets or even to expand towards new markets through an internationalisation strategy. Zahra (2003) observed that greater involvement of family members is likely to have a positive influence on the decision to compete internationally. In this regard, our second hypothesis is proposed:

H2: Hotel chains with greater family involvement have a higher DOI.

2.3 Family involvement, internationalisation and hotel chain performance

With regard to the link between FF status and firm performance, the existing studies are far from conclusive. On the one hand, some authors stress that these enterprises characteristically reveal greater affinity of their owners-managers with the firm's mission; they prioritise the continuity of the business in the future and pay considerable attention to the relationships existing inside the firm (Davis et al., 2000). In turn, such an attitude is likely to help generate distinctive capabilities and to produce a better financial performance in the long run (Anderson & Reeb, 2003; Miller & Le Breton-Miller, 2006). On the other hand, we can find the opposite relationship with the characteristics of FFs being negatively associated with results (Filatochev, Lien & Piesse, 2005; Westhead & Howorth, 2006). From this perspective, stronger commitment or the need to perpetuate the business over time makes them more risk averse and leads them to adopt decisions that may prove detrimental to performance. Some studies even insist on the absence of a direct connection between a higher level of family involvement and performance (Kim & Gao, 2013; Villalonga & Amit, 2006).

Several studies have tried to show how family leadership may be linked to greater geographical dispersion, which in turn improves performance (Banalieva & Eddleston, 2011). However, according to our approach, geographical dispersion could play a mediating role, allowing such firms to obtain better results when a stronger family link exists.

When it comes to the hotel industry, the role played by owners is essential, insofar as they usually implement different strategies, including internationalisation, aimed at improving results (Xiao, O'Neill & Mattila, 2012). This relationship is supported by the stewardship theory, according to which, FF owners and managers show a strong psychological and emotional tie with their firm (Kim & Gao, 2013). Few scholars have attempted to identify the impact of internationalisation on the performance of hotel chains (Xiao et al., 2012). In relation to different aspects of the internationalisation process undertaken by hotels, a variety of studies have dealt

with entry mode (Altinay, 2005; Chen, & Dimou, 2005; Kundu & Contractor, 1999) or location strategies (Dunning & Kundu, 1995; Johnson & Vanetti, 2005), but hardly any have performed an in-depth analysis of the connection between higher international activity and improved performance or of the extent to which family leadership influences results.

For this reason, it is our suggestion that greater family involvement in the management and ownership of Spanish hotel chains—which implies a shared vision and objectives of continuity—will surely correlate with a higher DOI; and this increases the chances for these enterprises to improve performance. In view of the above, we put forward the following hypothesis:

H3: The DOI mediates the family involvement-performance relationship of hotel chains.

3. METHODOLOGY

3.1 Data selection and sample

The data used in this paper were selected from the 2016 Alimarket Hotels and Catering Yearbook, a database which gathers financial and commercial data on the most important Spanish based hotel firms. More specifically, this database includes 697 hotel chains for 2016. Because one of the key variables in our study is DOI, we only considered internationalised firms, i.e. those with hotels abroad. The number of internationalised Spanish hotel chains in 2016 amounted to 76 (with a total of 981 hotel establishments located abroad).

Furthermore, 36 of these 76 internationalised hotel chains are family chains (47.4%); or expressed differently, they have some degree of family involvement in their ownership and management, whereas 40 of them (52.6%) are non-family hotel chains. The 36 family hotel chains own 596 hotel establishments abroad, whereas the 40 non-family chains have 385 hotels outside Spain. This shows the high propensity of family hotel chains to become internationalised. Table 1 descriptively summarises some of the main characteristics of our sample.

Insert Table 1 here

3.2 Variables

3.2.1 Dependent variable

Firm performance (PERF) has been examined from different perspectives and contexts. In our case, we have tested the extent to which internationalisation and the level of family involvement influences performance. To this end, performance was found through two pieces of information

collected in the Alimarket database as well as in SABI [Iberian Balance Analysis System]. We measured performance using different variables: operating profit (through EBITDA); ROA (return on assets); and sales. All variables corresponding to the last three years. These variables have been used previously (Anderson & Reeb, 2003; Chrisman et al., 2004; Granata & Chirico, 2010). Other studies focused on the tourism industry have also used these values to measure firm performance (Neves & Lourenço, 2009; Segarra-Oña et al., 2012).

3.2.2. *Independent variables*

The first of the independent variables refers to family involvement (FAM_INV). An FF is defined as one in which most of the ownership and the management is in the family's hands (Claver et al., 2009; Graves & Thomas, 2004). According to Gómez-Mejía, Makri and Larraza-Kintana (2010), a firm is considered an FF if both of the following conditions are met: two or more managers must have a family relationship and family members must hold at least 10% of the firm's capital stock. When it comes to assessing the influence of the family on the firm, numerous studies have focused on the presence of family members in ownership, in management, or in both (Abdellatif et al., 2010; Kraus et al., 2016). Nevertheless, other studies suggest measuring this influence according to different situations which may arise within the enterprise (Abdellatif et al., 2010; Arregle et al., 2017; Casillas & Acedo, 2005). Following Andreu et al. (2019) and Arregle et al. (2017), we established four categories: (1) Firms with less than 10% of the corporate capital in the hands of the family and fewer than two family managers. These are classified as "firms without family involvement" (Gómez-Mejía et al., 2010); (2) Firms with more than 10% of the firm's capital in the hands of the family and more than two managers in management positions but whose percentage is still minority in both ownership and management (firms with low family involvement); (3) Firms with a majority presence of family members in management positions but not in ownership (family managed firms) or firms with a majority percentage of family presence in ownership but not in management positions (family owned firms); (4) Firms with a majority family presence in both ownership and management positions (family owned and managed firms), which are the enterprises with the highest degree of family involvement. This variable allows us to represent family involvement in the firm through an ordinal scale, and it could be considered the first formative indicator of the FAM_INV construct.

The presence of the family in management, more precisely in the CEO position, has been widely studied (Garcia-Castro & Aguilera, 2014). Family involvement increases when this managerial position is occupied by a family member. Owners who simultaneously hold top management positions, such as CEO, enjoy the discretion of acting with the possibility to influence corporate decisions (Miller & Le Breton-Miller, 2006). Hence we include it as another

formative indicator of the FAM_INV construct. This indicator takes the value of 1 when one of the family members is the firm's CEO and 0 otherwise (Garcia-Castro & Aguilera, 2014).

The second independent variable in our model is DOI, which is used as a mediating variable in the relationship between family involvement and performance. The impact of DOI on firm performance has been examined through two measures. First, the number or volume of international activities, which is often measured by the ratio of sales abroad over total sales (Grant, Jammine & Thomas, 1988; Miller et al., 2008). In the case of the hotel industry, the most frequently used ratio is the number of rooms abroad over the total number of rooms (Lee et al., 2014). The higher the ratio, the higher the DOI. This enabled us to measure the intensity of internationalisation. Second, DOI was assessed according to the scope of the geographical dispersion achieved by the firm's activities (Lin, 2012; Lu & Beamish, 2004). This is another widely used measure in hotel industry studies.

3.2.3 Control variables

We included a number of control variables which may influence the model and the relationships proposed.

The first control variable used is firm size (SIZE). The literature has largely recognised that the size of a firm exerts a significant influence on its results (Bers & Springer, 1979). This influence may be positive, because economies of scale derived from reducing the average costs per production unit arise when the enterprise broadens its markets (Ambrose, Highfield & Linneman, 2005; Dunning, 1989). However, it is also possible to identify a negative influence resulting from the diseconomies of scale mentioned in the agency costs theory (Canback, Samouel & Price, 2006). The chain's total number of rooms was taken as a measure of firm size on this occasion. Previous studies focused on the hotel industry, such as those of Andreu, Claver and Quer (2017), Brida et al. (2016) or Camisón (2000) adopted this measure.

Finally, a decision was made to include another control variable which measures the international experience of the hotel chain (INT_EXP). Various studies have found that international experience positively influences the internationalisation-performance relationship (Ruigrok & Wagner, 2003). International experience was calculated through the total number of years operating abroad (Brida et al., 2016; León-Darder, Villar-García & Plá-Barber, 2011).

3.3 Analysis

We developed a structural equation model, based on variance (PLS-SEM), with the aim of verifying our hypotheses. This technique proves particularly useful when it comes to examining relatively complex predictive inquiries, such as mediation relationships. It is also useful when

working with small sample sizes (Chin & Newsted, 1999; Reinartz, Haerlein & Henseler, 2009). We decided to use the software SmartPLS, version 3.2.8, for data analysis purposes.

3.3.1 Evaluation of the measurement model

Our study starts with the evaluation of the individual reliability of each indicator (Table 2). This reliability represents the consistency of each measure, as can be checked through an examination of the measure or indicator loadings with their respective construct. Values should be close to the accepted value of 0.7 (Carmines & Zeller, 1979), eliminating those equal to or below 0.4 (Hair, Ringle & Sarstedt, 2011). The table shows one indicator (DOI-intensity) which is close to 0.7 but does not exceed it. Hair et al. (2011) suggest verifying the result with the other measurement indices for this construct in such cases. As can be seen in Table 2, the remaining values are indeed acceptable, which justifies the decision to keep this variable. However, the ROA variable has a very low loading value, which is why we decided to remove it from the model.

As for construct reliability, it determines whether the various items measuring a construct are similar in their scores. The results collected in Table 2 show that all our reflective constructs are reliable, insofar as all the indicators used in our model fulfil this requirement. The values concerning construct reliability (Rho_A) exceed 0.7 —Nunnally and Berstein (1994) suggest 0.7 as a suitable reliability level. Finally, with regard to convergent validity (AVE), which implies that a set of indicators represents a single underlying construct (Henseler, Ringle & Sinkovics, 2009), its value must be above 0.5. In our case, the table reveals that all of them exceed this value, which means that each construct accounts for at least 50% of the variance for the assigned indicators.

In relation to constructs with formative items, the weights of each indicator are examined (Table 2). These weights show us the extent to which each indicator contributes to its respective construct (Chin, 1998). Attention is also paid to potential multicollinearity between indicators. Various statistical tests can be used, the most common being the “Variance Inflation Factor” (VIF) (Diamantopoulos & Siguaaw, 2006). All the values observed in Table 2 lie below 3.3; i.e. we do not have high multicollinearity.

Insert Table 2 here

Finally, the examination of discriminant validity will complete our assessment of the measurement model. Our essential reference in this respect is the heterotrait-monotrait (HTMT) ratio, which represents the mean of the correlations between various constructs which measure different phenomena in relation to the mean of the correlations between indicators which measure

the same construct (Henseler, Ringle & Sarstedt, 2016). Values must be below 0.85 (Kline, 2011), as is the case in this study (see Table 3).

Insert Table 3 here

3.3.2 Evaluation of the structural model

A number of different issues serve as the starting point to evaluate the structural model. Our first focus of attention is the algebraic sign, the magnitude and the significance of standardised regression coefficients (path coefficients). These coefficients reveal the estimates for the relationships in the structural model, that is, for the hypothesised relationships between constructs. Furthermore, R^2 values represent a measure of the predictive power, with values ranging between 0 and 1. R^2 must be at least higher than or equal to 0.10 (Falk & Miller, 1992), as is the case in our model, to reach a minimum level of explanatory power. R^2 can be seen in Figure 1.

Insert Figure 1 here

Figure 1 shows the model proposed in this paper which describes relationships considering the mediating effect of DOI. As for the direct effects, the bootstrapping procedure (5000 samples) provides t -values that allow the evaluation of the statistical significance of the relationships included in our research model (Hair et al., 2019). The two direct effects linked to the proposed hypotheses (H1 and H2) are significant; and the same holds true for the effects of control variables (Table 4).

Insert Table 4 here

In terms of the suggested mediation, the analytical approach proposed by Preacher and Hayes (2008) was chosen as the means to verify the mediating effect of DOI (H3). The scores for the latent variables obtained from PLS analysis served as the basis to calculate the total, direct and indirect effects as well as the 95% confidence interval (CI) for the mediating variable (Table 4, Figure 1). The bootstrapping procedure with 5000 resamples was carried out following Hayes (2009). When an interval with respect to a mediating effect does not contain zero, it means that the indirect effect is significantly different from zero with a 95% confidence interval. Table 4 provides the results of this analysis. It shows that FAM_INV has a significant total effect on PERF (0.169, $t=8.933$). When the model includes DOI as a mediating variable, hotel chains with a higher

level of family involvement do not have a significant direct effect on performance ($c'=0.027$, $t=0.840$). Their indirect effect through DOI is significant, though ($axb= 0.143$, $t=3.472$). Since none of the CIs contain zero, the indirect effect is significant; H3 can thus be accepted. In our case, when the mediating variable is included in the model, the relationship between FAM_INV and PERF has no significant direct effect, which means that DOI totally mediates the relationship between hotel chains with a higher degree of family involvement and their firm performance.

4 DISCUSSION

One of the aims pursued in our research study was to test the extent to which internationalisation is a determining factor for the performance of Spanish hotel FFs. Our findings confirm the existence of greater profitability for FFs in the Spanish hotel industry. In the context of this relationship, the strategic decisions associated with internationalisation play a mediating role, positively influencing the correlation between family involvement and performance. This leads us to conclude that family involvement alone does not constitute a competitive advantage which directly affects business outcomes (O'Boyle et al., 2012).

The DOI identified in the hotel chain acts as a mediating factor for the relationship between family involvement and the performance achieved by the FF. Nonetheless, further research is required in order to detect new relationships or variables due to the scant consensus with regard to these relationships (Kim & Gao, 2013). Some authors have highlighted inconsistencies when it comes to the relationship between family involvement and business results (Chrisman, Chua & Sharma, 2005; Dyer, 2003).

As for the control variables included in our proposed model, DOI also mediates the relationships between size and international experience and performance. Future studies focused on examining such relationships may prove interesting both for FFs and for the hotel industry as a whole.

From a theoretical point of view, first, our results shed light on different lines of research that are traditionally shown as separate. We try to link subjects with a special interest for FFs in a dynamic industry. Second, this paper highlights the advantages of FFs with regard to the stewardship theory. Following the premises of this theory, FFs internationalise more than others, and we can conclude that a higher degree of internationalisation, motivated by the desire to continue the business in the future, improves their business performance. Third, with this study we could enlarge the recent research that highlights the importance of heterogeneity in FFs. Differences in FF involvement may lead to different strategic choices, with the consequent impact on hotel performance. This emergent view allows us to gain a better understanding of the behaviour of this kind of firm.

From a managerial point of view, the results of this research have several important implications for hotel chain owner-managers, who must select strategic objectives. Growth strategies focusing on internationalisation enhance profit performance. Even though FFs are typically more risk averse and tend to concentrate on local and regional markets, this study has made it clear that their international expansion improves results. With this study we have enhanced our understanding of how family involvement may (or may not) contribute to family hotels' internationalisation and the implications for hotel performance. The positive effects on the results of family hotels can help owner-managers consider internationalisation as an attractive alternative.

This paper is not exempt from limitations. The first limitation is related to the database used. Secondary data very often force us to include variables extracted from this database, and those variables may not always be the most suitable ones. For this reason, we consider it essential to contact the owners-managers of FFs directly, as this will surely allow us to obtain more detailed information in future research studies. The second limitation arises from the Spanish hotel chains' empirical data, and its difficulty to generalise the results to other countries. Future research that includes data from other countries could improve and expand our study. The third limitation concerns the number of observations. The fact that we were examining different variables at a firm level and that the analysis was confined to already internationalised firms reduced our sample. Nevertheless, in order to continue to explore the internationalisation process of FFs and its link to performance, our future studies will include the different entry modes used by these enterprises to access international markets, enlarging both the number of observations and the variables involved in our new model.

5 CONCLUSIONS

The aim of this paper consists in exploring the effects of internationalisation on firm performance from the perspective of FFs within the hotel industry. This is one of the few studies which focuses on the characteristics of the enterprise, on the decisions on internationalisation, and on how business performance is influenced by these decisions—in the context of the hotel industry—providing new research dedicated to hotel chain management. It can be concluded that FFs belonging to this industry obtain better performance; and also that DOI is crucial in this respect. The higher level of family involvement and its influence on growth decisions at an international level must be considered in future research studies so that we can further deepen our knowledge of this important relationship for FFs.

6 REFERENCES

- Abdellatif, M., Amann, B., & Jaussaud, J. (2010). Family versus nonfamily business: A comparison of international strategies. *Journal of Family Business Strategy*, 1, 108-116.
- Altinay, L. (2005). Factors influencing entry mode choices: Empirical findings from an international hotel organisation. *Journal of Hospitality & Leisure Marketing*, 12 (3), 5-28.
- Ambrose, B., Highfield, M., & Linneman, P. (2005). Real estate and economies of scale: The case of REITs. *Real Estate Economics*, 33(2), 323-350.
- Anderson, R.C., & Reeb, D.M. (2003). Founding family ownership and firm performance. *Journal of Finance*, 58(3), 1301-1329.
- Andreu, R., Claver, E., Quer, D., & Rienda, L. (2019). Family involvement and Spanish hotel chains' entry modes. *Current Issues in Tourism*. <https://doi.org/10.1080/13683500.2019.1620186>.
- Andreu, R., Claver, E., & Quer, D. (2017). Foreign market entry mode choice of hotel companies: Determining factors. *International Journal of Hospitality Management*, 62, 111-119.
- Andreu, R., Claver, E., Quer, D., & Rienda, L. (2018). Family ownership and Spanish hotel chains: an analysis of their expansion through internationalization. *Universia Business Review*, 59, 40-75.
- Alayo, M., Maseda, A., Iturralde, T., & Arzubiaga, U. (2019). Internationalization and entrepreneurial orientation of family SMEs: The influence of the family character. *International Business Review*, 28, 48-59.
- Arregle, J.L., Duran, P., Hitt, M.A., & van Essen, M. (2017). Why is family firms' internationalization unique? A meta-analysis. *Entrepreneurship Theory and Practice*, 41(5), 801-831.
- Arregle, J-L., Hitt, M.A., & Mari, I. (2019). A missing link in family firms' internationalization research: Family structures. *Journal of International Business Studies*, 50, 809-825.
- Assaf, A.G., Josiassen, A., & Oh, H. (2016). Internationalization and hotel performance: The missing pieces. *Tourism Economics*, 22(3), 572-592.
- Banalieva, E.R., & Eddleston, K.A. (2011). Home-region focus and performance of family firms: The role of family vs non-family leaders. *Journal of International Business Studies*, 42(8), 1060-1072.
- Bers, M., & Springer, T. (1979). Economies of scale of real state. *The Journal of Real State Research*, 14(3), 275-290.
- Brida, J.G., Driha, O., Ramón-Rodríguez, A.B., & Such-Devesa, M.J. (2016). The inverted-U relationship between the degree of internationalization and the performance: The case of Spanish hotel chains. *Tourism Management Perspectives*, 17, 72-81.
- Buckley, P.J., & Casson, M. (1976). *The future pf the multinational enterprise*. London: MacMillan.
- Camisón, C. (2000). Strategic attitudes and information technologies in the hospitality business: an empirical analysis. *International Journal of Hospitality Management*, 19(2), 125-143.
- Canback, S., Samouel, P., & Price, D. (2006). Do Diseconomies of Scale Impact Firm Size and Performance? A Theoretical and Empirical Overview. *Icfai Journal of Managerial Economics*, 4(1), 27-70.
- Carmines, E.G., & Zeller, R.A. (1979). *Reliability and validity assessment*. Beverly Hills: Sage.
- Casillas, J.C., & Acedo, F.J. (2005). Internationalisation of Spanish family SMEs: An analysis of family involvement. *International Journal of Globalisation and Small Business*, 1(2), 134-151.
- Caves, R. (1971). International corporations: The industrial economics of foreign investment. *Economica*, 38(149), 1-27.
- Cerrato, D., & Piva, M.C. (2012). The internationalization of small and medium-sized enterprises: the effect of family management, human capital and foreign ownership. *Journal of Management & Government*, 16(4), 617-644.

- Rienda, L.; Claver, E.; Andreu, R. (2020). Family involvement, internationalisation and performance: An empirical study of the Spanish hotel industry. *Journal of Hospitality and Tourism Management*, 42: 173-180. doi:10.1016/j.jhtm.2020.01.002
-
- Chen, J.J., & Dimou, I. (2005). Expansion strategy of international hotel firms. *Journal of Business Research*, 58(12), 1730-1740.
- Chen, X., Zou, H., & Wang, D.T. (2009). How do new ventures grow? Firm capabilities, growth strategies and performance. *International Journal of Research in Marketing*, 26, 294-303.
- Chen, H.-L., Hu, W.-T., & Chang, C.-Y. (2014). Family Ownership, Institutional Ownership, and Internationalization of SMEs. *Journal of Small Business Management*, 52(4), 771-789.
- Chiva, R., & Alegre, J. (2009). Organizational learning capability and job satisfaction: an empirical assessment in the ceramic tile industry. *British Journal of Management*, 20(3), 323-340.
- Chin WW. (1998). Issues and opinion on structural equation modelling. *Management Information System Quarterly*, 22(1), vii-xvi.
- Chin, W.W., & Newsted, P. R. (1999). Structural equation modeling analysis with small samples using partial least squares. In R. Hoyle (Ed.), *Statistical strategies for small samples research* (pp. 307-341). US: Sage.
- Chrisman, J., Chua, J., Kellermanns, F.W., & Chang, E.P.C. (2007). Are family managers agents or stewards? An exploratory study in privately held family firms. *Journal of Business Research*, 60, 1030-1038.
- Chrisman, J.J., Chua, J.H., & Litz, R.A. (2004). Comparing the agency cost of family and non-family firms: Conceptual issues and exploratory evidence. *Entrepreneurship Theory and Practice*, 28(4), 335-354.
- Chrisman, J.J., Chua, J.H., Pearson, A.W., & Barnett, T. (2012). Family involvement, family influence, and family-centered non-economic goals in small firms. *Entrepreneurship Theory and Practice*, 36(2), 267-293.
- Chrisman, J.J., Chua, J.H., & Sharma, P. (2005). Trends and directions in the development of a strategic management theory of the family firm. *Entrepreneurship Theory and Practice*, 9(5), 555-575.
- Chua, J. H., Chrisman, J. J., Steier, L.P., & Rau, S.B. (2012). Sources of heterogeneity in family firms: An introduction. *Entrepreneurship Theory and Practice*, 36(6), 1103-1113.
- Claver, E., Rienda, L., & Quer, D. (2007). ¿Incide el carácter familiar en el compromiso internacional de las empresas españolas? *Investigaciones Europeas de Dirección y Economía de la Empresa*, 13(3), 13-32.
- Claver, E., Rienda, L., & Quer, D. (2008). Factores familiares y compromiso internacional: Evidencia empírica en las empresas españolas. *Cuadernos de Economía y Dirección de la Empresa*. 35, 7-26.
- Claver, E., Rienda, L., & Quer, D. (2009). Family firms' international commitment: The influence of family-related factors. *Family Business Review*, 22(2), 125-135.
- Davis, J.H., Schoorman, F.D., Mayer, R.C., & Tan, H.H. (2000). The trusted general manager and business unit performance: empirical evidence of a competitive advantage. *Strategic Management Journal*, 21(5), 563-576.
- De Massis, A., Frattini, F., Kotlar, J., Messeni-Petruzzelli, A., & Wright, M. (2016). Innovation through tradition: Lessons from innovative family businesses and directions for future research. *Academy of Management Perspectives*, 30(1), 93-116.
- Diamantopoulos, A., & Siguaw, J.A. (2006). Formative versus reflective indicators in organizational measure development: A comparison and empirical illustration. *British Journal of Management*, 17(4), 263-282.
- Dunning, J.H. (1989). *Transnational corporations and the growth of services: some conceptual and theoretical issues*. UNCTC Studies Series A, 9. Nueva York: United Nations.
- Dunning, J.H., & Kundu, S.K. (1995). The internationalization of the hotel industry - some findings from a field study. *Management International Review*, 35(2), 101-133.
- Dyer, W.G. (2003). The Family: The Missing Variable in Organizational Research. *Entrepreneurship Theory and Practice*, 27(4), 401-416.

- Rienda, L.; Claver, E.; Andreu, R. (2020). Family involvement, internationalisation and performance: An empirical study of the Spanish hotel industry. *Journal of Hospitality and Tourism Management*, 42: 173-180. doi:10.1016/j.jhtm.2020.01.002
-
- Elango, B. (2004). Geographic scope of operations by multinational companies: An exploratory study of regional and global strategies. *European Management Journal*, 22(4), 431–441.
- Falk, R. F., & Miller, N. B. (1992). *A primer for soft modeling*. Akron, OH: The University of Akron.
- Family Firm Institute (2018). *Factores de Competitividad y Análisis Financiero en la Empresa Familiar*. Barcelona: Instituto de la Empresa Familiar.
- Filatochev, I., Lien, Y.C., & Piesse, J. (2005). Internationalization strategy of small and medium-sized family business: Some influential factors. *Asia Pacific Journal of Management*, 22(3), 257-283.
- García-Castro, R., & Aguilera, R.V. (2014). Family involvement in business and financial performance: A set-theoretic cross-national inquiry. *Journal of Family Business Strategy*, 5, 85-96.
- Gómez-Mejía, L., Cruz, C., Berrone, P., & De Castro, J. (2011). The Bind that Ties: Socioemotional Wealth Preservation in Family Firms. *Academy of Management Annals*, 5(1), 653-707.
- Gómez-Mejía, L., Makri, M., & Larraza-Kintana, M. (2010). Diversification decisions in family-controlled firms. *Journal of Management Studies*, 47(2), 223-252.
- Gómez-Mejía, L., Haynes, K.T., Núñez-Nickel, M., Jacobson, K.J.L., & Moyano-Fuentes, J. (2007). Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly*, 52(1), 106-137.
- Granata, D., & Chirico, F. (2010). Measures of Value in Acquisitions: Family Versus Nonfamily Firms. *Family Business Review*, 23(4), 341-354.
- Grant, R.M. (1987). Multinationality and performance among British manufacturing companies. *Journal of International Business Studies*, 18(1), 79-89.
- Grant, R.M., Jammine, A.P., & Thomas, H. (1988). Diversity, diversification, and profitability among British manufacturing companies. *Academy of Management Journal*, 31, 771-801.
- Graves, C., & Thomas, J. (2004). Internationalisation of the family business: A longitudinal perspective. *International Journal of Globalisation and Small Business*, 1(1), 7-27.
- Graves, C., & Thomas, J. (2006). Internationalization of Australian family businesses: A managerial capabilities perspective. *Family Business Review*, 21(2), 151-167.
- Hair, J.F., Hult, T.M., Ringle, C.M., Sarstedt, M., Apraiz, J.C., Cepeda, G., & Roldán, J.L. (2019). *Manual de Partial Least Squares Structural Equation Modeling (PLS-SEM)*. (2nd ed.). Spain: Omnia Publisher.
- Hair, J.F., Ringle, C.M., & Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. *Journal of Marketing Theory and Practice*, 18(2), 139-152.
- Hayes, A.F. (2009). Beyond Baron and Kenny: Statistical mediation analysis in the new millennium. *Communication Monographs*, 76, 408–420.
- Henseler, J., Ringle, C.M., & Sarstedt, M. (2016). Testing measurement invariance of composites using partial least squares. *International Marketing Review*, 33, 405–431.
- Henseler, J., Ringle, C.M., & Sinkovics, R.R. (2009). The use of Partial Least Squares path modeling in international marketing. In R.R. Sinkovics, & P.N. Ghauri (Eds.), *Advances in international marketing* (pp. 277-320). Volume 20, Bingley: Emerald.
- Hofstede, G. (1980). *Culture's Consequences. International Differences in Work-Related Values*. Newbury Park-California: Sage Publications.
- James, H.S. (1999). What can the family contribute to business? Examining contractual relationship. *Family Business Review*, 12(1), 61-71.
- Jaskiewicz, P., Uhlenbruck, K., Balkin, D.B., & Reay, T. (2013). Is Nepotism Good or Bad? Types of Nepotism and Implications for Knowledge Management. *Family Business Review*, 26(2), 121-139.
- Jeong, I. (2003). A cross-national study of the relationship between international diversification and new product performance. *International Marketing Review*, 20(4), 353-376.

- Rienda, L.; Claver, E.; Andreu, R. (2020). Family involvement, internationalisation and performance: An empirical study of the Spanish hotel industry. *Journal of Hospitality and Tourism Management*, 42: 173-180. doi:10.1016/j.jhtm.2020.01.002
-
- Johnson, C., & Vanetti, M. (2005). Locational strategies of international hotel chains. *Annals of Tourism Research*, 32(4), 1077-1099.
- Kim, Y., & Gao, F.Y. (2013). Does family involvement increase business performance? Family-longevity goals' moderating role in Chinese family firms. *Journal of Business Research*, 66, 265-274.
- Kline, R.B. (2011). *Principles and practice of structural equation modeling*. New York: Guilford Press.
- Kraus, S., Mensching, H., Calabrò, A., Cheng, C.-F., & Filser, M. (2016). Family firm internationalization: A configurational approach. *Journal of Business Research*, 69, 5473-5478.
- Kundu, S.K., & Contractor, F.J. (1999). Country location choices of service multinationals: An empirical study of the international hotel sector. *Journal of International Management*, 5(4), 299-317.
- Le Breton-Miller, I., & Miler, D. (2009). Agency vs. stewardship in public firms: A social embeddedness reconciliation. *Entrepreneurship Theory and Practice*, 33(6), 1169-1191.
- Lee, P.M., & O'Neill, H.M. (2003). Ownership structures and R&D investments of U.S. and Japanese firms: agency and Stewardship perspectives. *Academy of Management Journal*, 46(2), 212-225.
- Lee, S., Upneja, A., Özdemir, Ö, & Sun, K-A. (2014). A synergy effect of internationalization and firm size on performance. US hotel industry. *International Journal of Contemporary Hospitality Management*, 26(1), 35-49.
- León-Darder, F., Villar-García, C., & Pla-Barber, J. (2011). Entry mode choice in the internationalisation of the hotel industry: a holistic approach. *The Service Industries Journal*, 31(1), 107-122.
- Levy, H., & Sarnat, M. (1970). International diversification of investment portfolios. *The American Economic Review*, 60(4), 668-675.
- Lin, W-T. (2012). Family ownership and internationalization processes: Internationalization pace, internationalization scope, and internationalization rhythm. *European Management Journal*, 30(1), 47-56.
- Liu, W., Yang, H., & Zhang, G. (2012). Does family business excel in firm performance? An institution-based view. *Asia Pacific Journal of Management*, 29(4), 965-987.
- Lu, J.W., & Beamish, P.W. (2004). International diversification and firm performance: The S-curve hypothesis. *Academy of Management Journal*, 47(4), 598-609.
- Miller, D., Le Breton-Miller, I. (2006). Family governance and firm performance: Agency, stewardship and capabilities. *Family Business Review*, 19(1), 73-87.
- Miller, D., Le Breton-Miller, I., & Lester, R.H. (2011). Family and lone founder ownership and strategic behavior. Social context, identity, and institutional logics. *Journal of Management Studies*, 48(1), 1-25.
- Miller, D., Le Breton-Miller, I., & Scholnick, B. (2008). Stewardship vs. stagnation: An empirical comparison of small family and nonfamily businesses. *Journal of Management Studies*, 45, 51-78.
- Neves, J.C., & Lourenço, S. (2009). Using data envelopment analysis to select strategies that improve the performance of hotel companies. *International Journal of Contemporary Hospitality Management*, 21(6), 698-712.
- Nunnally, J.C., & Bernstein, L.H. (1994). *Psychometric theory* (3rd ed.). New York: McGraw-Hill.
- O'Boyle, E.H., Pollack, J.M., & Rutherford, M.W. (2012). Exploring the relation between family involvement and firms' financial performance: A meta-analysis of main and moderator effects. *Journal of Business Venturing*, 27, 1-18.
- Olsen, M.D., & Roper, A. (1998). Research in strategic management in the hospitality industry. *International Journal of Hospitality Management*, 17(2), 111-124.
- Pangarkar, N. (2008). Internationalization and performance of small- and medium- sized enterprises. *Journal of World Business*, 43, 475-485.

Rienda, L.; Claver, E.; Andreu, R. (2020). Family involvement, internationalisation and performance: An empirical study of the Spanish hotel industry. *Journal of Hospitality and Tourism Management*, 42: 173-180. doi:10.1016/j.jhtm.2020.01.002

- Preacher, K.J., & Hayes, A.F. (2008). Asymptotic and resampling strategies for assessing and comparing indirect effects in multiple mediator models. *Behavior Research Methods*, 40(3), 879-891.
- Reinartz, W.J., Haenlein, M., & Henseler, J. (2009). An empirical comparison of the efficacy of covariance-based and variance-based SEM. *International Journal of Research in Marketing*, 26(4), 332-344.
- Ruigrok, W., & Wagner, H. (2003). Internationalization and performance: an organizational learning perspective. *Management International Review*, 43(1), 63-83.
- Schulze, W.S., Lubatkin, M.H., Dino, R.N., & Buchholtz, A.K. (2001). Agency relationships in family firms: Theory and evidence. *Organization Science*, 12(2), 99-116.
- Sciacia, S., Mazzola, P., Astrachan, J.H., & Pieper, T.M. (2012). The role of family ownership in international entrepreneurship: Exploring nonlinear effects. *Small Business Economics*, 38(1), 15-31.
- Segarra-Oña, M., Peir-Signes, R., Verma, A., & Miret-Pastor, L. (2012). Does environmental certification help the economic performance of hotels?: Evidence from the Spanish hotel industry. *Cornell Hospitality Quarterly*, 53(3), 242-256.
- Sharma, P., Chrisman, J.J., & Gersick, K.E. (2012). 25 Years of Family Business Review: Reflections on the Past and Perspectives for the Future. *Family Business Review*, 25(1), 5-15.
- Sullivan, D. (1994). Measuring the degree of internationalization of a firm. *Journal of International Business Studies*, 25(2), 325-342.
- Van Essen, M., Carney, M., Gedajlovic, E.R., & Heugens, P. (2015). How does family control influence firm strategy and performance? A meta-analysis of US publicly listed firms. *Corporate Governance: An International Review*, 23(1), 3-24.
- Villalonga, B., & Amit, R. (2006). How do family ownership, control and management affect firm value? *Journal and Financial Economics*, 80(2), 385-417.
- Wenerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, 5(2), 171-180.
- Westhead, P., & Howorth, C. (2006). Ownership and management issues associated with family firm performance and company objectives. *Family Business Review*, 19, 301-319.
- Xiao, Q., O'Neill, J.W., & Mattila, A.S. (2012). The role of hotel owners: The influence of corporate strategies on hotel performance. *International Journal of Contemporary Hospitality Management*, 24(1), 122-139.
- Zahra, S.A. (2003). International expansion of U.S. manufacturing family businesses: the effect of ownership and involvement. *Journal of Business Venturing*, 18, 495-512.
- Zahra, S.A., Hayton, J.C., Neubaum, D.O., Dibrell, C., & Craig, J. (2008). Culture of family commitment and strategic flexibility: The moderating effect of Stewardship. *Entrepreneurship Theory and Practice*, 32(6), 1035-1054.

TABLES

TABLE 1. *Sample description*

Variables		Percentage
Family involvement (CEO)	Family CEO	7.9
	Non-Family CEO	92.1
Family involvement (degree)	Without	52.6
	Little	10.5
	High	21.1
	Total	15.8
		Mean-value
DOI	Intensity (%)	36.67
	Scope (no. countries)	3.54
Firm size	No. rooms	251.03
International experience	Years abroad	13.36

TABLE 2. *Validity of the measurement model*

Construct/dimension/indicator	Variance Inflation Factor (VIF)	Weight	Load	Construct reliability (Rho_A)	AVE
FAM_INV (formative)				-	-
Ownership and management	1.014	0.274			
Family CEO	1.014	0.930			
DOI (reflective)				0.867	0.656
Scope (% rooms abroad)			0.637		
Scope (no. countries)			0.952		
PERF (reflective)				1.143	0.831
Exploitation (3 years before)			0.852		
ROA (3 years before)			0.368		
Total sales (3 years before)			0.967		
SIZE (reflective)				1	1
Size			1		
INT_EXP (reflective)				1	1
Years abroad			1		

TABLE 3. Discriminant validity (Heterotrait-Monotrait Ratio)

	DOI	PERF	SIZE	INT_EXP
DOI	0.850			
PERF	0.393	0.214		
SIZE	0.760	0.625	0.234	
INT_EXP				0.234

TABLE 4. Total, direct and indirect effects

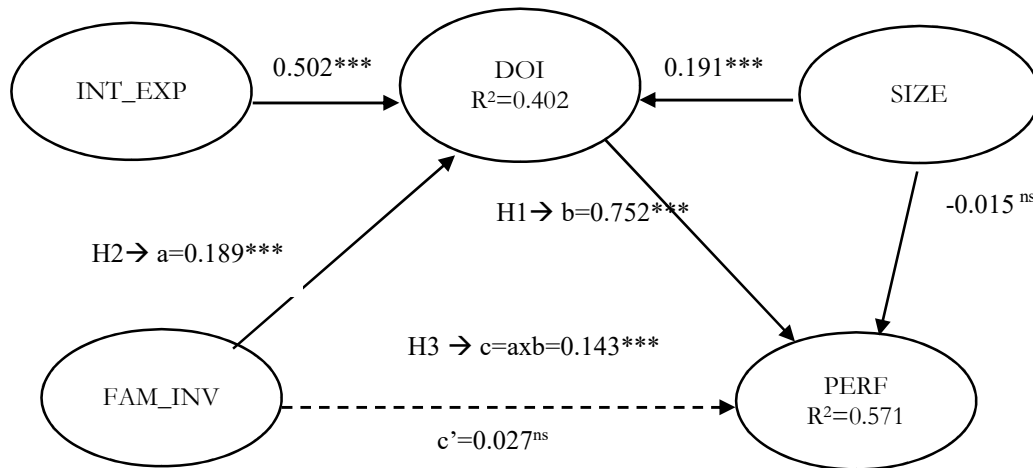
	Total effect		Direct effect		Indirect effect (mediation effects)		
	Coef. B	t-value	Coef. B	t-value	Coef. B	IC 95% ^a	
FAM_INV→DOI			0.189***	3.535		Low	High
DOI→PERF			0.752***	67.604			
FAM_INV→PERF	0.169***	8.933	0.027 ^{ns}	0.840			
SIZE→PERF	0.129***	7.954	-0.015 ^{ns}	0.813			
SIZE→DOI			0.191***	6.821			
INT_EXP→DOI			0.502***	23.397			
INT_EXP→PERF	0.377***	23.381					
FAM_INV→DOI→PERF					0.143***	0.061	0.224
SIZE→DOI→PERF					0.144***	0.103	0.186
INT_EXP→DOI→PERF					0.377***	0.348	0.413

^a 5.000 bootstrap

*** p< 0,001; ns = non-significant.

FIGURES

FIGURE 1. *Mediation effect*



*** p < 0.001, ns = non-significant (based on t(4999), one tail)