

BEST Education Network

Think Tank VI

Corporate Social Responsibility for Sustainable Tourism

JUNE 13 - 16, 2006, Girona, Catalonia, Spain

*Family Businesses and Sustainable Tourism: the role of family
businesses in sustainable tourism development*

Abstract Submission

By Associate Professor Janne Liburd and Professor Jack Carlsen

Contact: jack.carlsen@cbs.curtin.edu.au

Family Businesses and Sustainable Tourism: the role of family businesses in sustainable tourism development

Introduction

Family businesses, that is, businesses owned and/or operated by members of a single family, are predominant in Western economies. This is also an important category of business within tourism hospitality, particularly in rural areas where research indicates that they form the majority (Getz et al 2004). Whereas lifestyle is a main reason for the establishment of these businesses, they are also motivated by conservation (Carlsen et al 2001, Schaper and Carlsen 2004), and sustainability remains an option as well (Bramwell and Alletorp 2001; Getz et al 2004). Key issues for family business are the role of family members, cultural practice and quality of life. Understanding these dimensions is important to a large number of people in the tourism and hospitality industry, tourism planning and sustainable development, especially in ecologically and socially sensitive rural areas.

This paper proposes that our understanding of sustainable tourism should be extended to embrace the dynamics of cultural practice and sense of belonging. Culture is constantly appropriated as a tourism resource, which is used to generate economic opportunities and simultaneously reinforce a positive sense of place, identity, tradition, professional pride and mutual respect. The latter is of particular relevance since tourism is also well known for producing unequal encounters between visiting tourists, hosts and local residents (Liburd 2006). Moreover, sustainable development is not a static target to be achieved but a process of transformation where acceptable levels of change by those involved in hospitality and tourism are of key importance. It will be argued that inter-generational collaboration and democratic equity are critical to sustainability within family businesses in tourism and hospitality. Previous research by Getz and Carlsen (2000) indicates that the most important goal for family businesses was the sharing of key decisions. Moreover, the cumulative decisions of the multitude of family businesses in tourism and hospitality have more influence on sustainable development than do the singular programs and policies of corporations, which invariably focus on profits not people. This paper will demonstrate that family businesses, not corporations, are best placed to embrace the transformation towards

sustainable tourism development because principles of equity and concern for matters beyond profitability are paramount for these businesses.

Methodology

The paper draws on the extensive research by the authors in Australia and Denmark, including the anthropological method of participant observation and Liburd's involvement in the development of course materials and delivery of sixteen all-day competence development seminars in 2004-2005 for the Association of Danish Inns and Hotels. With an overall membership of 89 independently owned inns and hotels, several informal and semi-structured interviews were conducted with managers/owners of select inns and hotels during the module development process. Lessons and insights from these interactions are supplemented with case studies and examples of family businesses that have clearly made a commitment to sustainable environmental and cultural practices and creating a sense of place and belonging.

Findings

In his review of the seminal work of *The Family Business in Tourism and Hospitality* (Getz, Carlsen and Morrison 2004), Jones (2005) highlights that one feature of this book and the case studies therein is that it is about peoples' "hopes and fears, idiosyncracies and determination, and above all...love". The paper will emphasize the importance of understanding cultural practice, identity and sense of belonging in family-owned tourism and hospitality businesses. Examples include *Henry of Pelham Estate* where three brothers abandoned their own careers to take over their father's vineyard when he became ill and subsequently died. This vineyard, and the land it is on dates back several generations of that family, and there is clear evidence of veneration and respect for the forefathers. In fact, the wine label *Henry of Pelham* and the themed events and merchandise are tangible evidence of their ancestry. There is clear evidence of fraternity amongst the brothers, who have all worked together to make the business successful and respected the wishes of their deceased father. Traditional Inns of Europe also demonstrate strong family traditions and there are

numerous examples in Scandinavia, including the Gunnar Bergstedt's cabins in Åre, Sweden, built on land first recognized for its tourism potential by Gunnar's grandfather's grandfather in 1882. Similarly, Ol' Macdonalds Resort on Buffalo Lake, Alberta was developed by the family to fulfill their mother's dream of starting and owning a tourism business on the attractive and peaceful farming property (Getz et al 2004).

It is reasonable to assume that had these successful family businesses been viewed from the pure profit perspective of corporations, they would never have been established, nor would they be in a position to pursue sustainable business practice. That is not to say that all family businesses can seek sustainability. Where there is lack of commitment to family values, the transformation to sustainability is impeded. Liburd (2006) observed a notably high staff turnover in Danish Inns and Hotels and that siblings were "visibly reluctant to follow in the footsteps of their hardworking parents, grandparents and in some cases even following five generations" (p.1452). Similarly, Getz et al (2004) found an acute lack of success in planning evident in Western Australian family businesses and that the dreams of the founders of leaving a legacy for their children and grand-children often faltered at the second generation. This observation is supported by a study on the Danish island of Bornholm family businesses that indicated that less than ten percent involved children. Of those that do involve children, about one quarter of children indicated that they either did not want to own the business, nor continue to live on Bornholm (Getz et al 2004). Whereas main barriers to inheritance in the case of Bornholm can be ascribed to Danish inheritance taxes, we argue that occupational pride, respect and cultural heritage are of pivotal importance to the success and sustainability of family businesses in hospitality and tourism.

Small and family businesses generally lack the time and capital to implement sustainable development practices and hence government intervention may be needed to encourage adoption of sustainability measures, as Bramwell and Alletorp found in the Danish Tourism Industry (Bramwell and Alletorp 2001). Likewise Liburd (2006)

has found in Denmark, that sustainable family business examples in practice are rare and the financial viability and cultural survival of Danish Inns are threatened to the point where an extensive, government supported research and training program was implemented by the Association of Danish Inns and Hotels in collaboration with VisitDenmark. Whereas the overarching aim was to address external threats such as economic recession, the lack of succession planning, inter-generational equity and commitment by children pose a much more significant threat.

The competence development project was able to produce good learning outcomes for both financial viability and cultural survival. Tangible results such as increased turnover were achieved and impediments to sustainability in such as inter-generational problems were addressed. During course discussions and exchange experiences, the paternal role of the Inn Father and embedded power distances toward the staff exposed a need for better knowledge management and means for personnel to internalise and sustain the unique company culture. On a positive note Liburd (2006) also demonstrates the dynamics of change and how research conducted with these families “brought about inter-generational discussions of professional pride, heritage and mutual respect” (p. 1452).

With respect to cultural values, Liburd (2006) finds that Danish Inns place a great deal of emphasis on them in their business practices. Owning or managing a Danish inn or hotel is not just a matter of occupation and corporate status rather it is about *being*, as expressed in the presentation: “I am the Inn Father”. Being an Inn Father or Inn Mother correspondingly implies parental behaviour directed at guests and personnel alike, and regardless of blood affinity. In an in-depth interview with an inn keeper couple, numerous examples of the virtues of empathy, visibility and helpfulness were illustrated through everyday stories. Golf guests are often supplied with a thermos of coffee and a sandwich at no extra charge “because they’ll need it even if they had a solid breakfast”. Hosting an annual Christmas banquet at no charge to locals “instead of letting the food go to waste” before they close down between Christmas and New Years, are examples of cultural values embedded in being an inn

host. Moreover, the latter example underscores the importance of democratic equity and traditional role of the inn as a family business and gathering place for locals and tourists alike.

Directly visible in the Association's new marketing strategy, individual member sites are in the process of moving away from selling rooms based on advertisement of clock radios, cable television and nearby golf courses towards the strategic use of their own, personal stories. To illustrate from the Absalon Hotel in Copenhagen (<http://www.krohotel.dk/en>):

“When staying at Absalon Hotel, you have Copenhagen at your feet. The hotel is family-run, and our ambition to fulfil all our guests' wishes is legendary. In the old days, the manager used to pick up the guests at the station. And when an American, Mr. Johnson, cycled around the world, the girls at the reception mended his tyre. He had not experienced such helpfulness anywhere else in the world.

What can we do for you?”

Similar examples of strategic use of story-telling abound in other family businesses, as a means of not only promoting, but also preserving their family history, traditions and values. The pioneering origins of the O'Reilly family are featured on their Rainforest Guesthouse website (www.oreillys.com.au). It is story of four generations beginning in 1911 with no less than eight O'Reilly boys from two related families, who secured 100 acres each of mountainous land for dairy farming and sheep grazing in the far hinterland of the state capital, Brisbane, Australia. With great foresight a national park was declared around the O'Reilly lands in 1915, in order to stop logging and preserve this mountainous pristine rainforest for recreation. A major part of the O'Reilly legend stems from a famous air crash in 1937. A Stinson airliner, just taken off from Brisbane and headed south to Sydney, disappeared in the McPherson Range. Almost a week went by before the O'Reilly's heard of the tragedy, so it was an unexpected triumph when Bernard O'Reilly trekked into the forest and saved two survivors after a full ten days of isolation. This story of courage and skill was very big news, making Bernard into a celebrity. He later published a book entitled Green

Mountains to meet the public interest. A statue of Bernard and the rescued survivors has been erected at the guesthouse site.

Summary

Clearly several of the principles of sustainability in relation to equity and concern for cultural and social well-being are encapsulated in family businesses. In contrast to corporations that merely pay lip-service to sustainability, family businesses are making the transformation to environmental (Schaper and Carlsen (2004), social and cultural sustainability. They do this not in response to pressures to profit from the increased savings and enhanced reputation that corporations often seek from such actions. Rather, they are driven by a personal desire to sustain the family values, culture and tradition that is at once the goal as well as the unique selling proposition of family businesses in tourism and hospitality. Further comparative research and detailed exploration on the role and transformation of family businesses in relation to sustainable tourism development is clearly needed.

References

Bramwell, B and L Alletorp (2001) 'Attitudes in the Danish Tourism Industry to the Roles of Business and Government in Sustainable Tourism'. *International Journal of Tourism Research* 3, pp 91-103.

Danish Inns and Hotels. URL

<http://www.krohotel.dk/en/home/findkro/hotel/visitkort/?stayGroupId=14&hotelnumber=189> Accessed March 8, 2006.

Getz, D and J. Carlsen (2000) "Characteristics and Goals of Family Owner-Operated Businesses in the Rural Tourism and Hospitality Sectors" *Tourism Management*, Vol 21 No. 6 pp547-560.

Getz, D., J. Carlsen and A. Morrison (2004) *The Family Business in Tourism and Hospitality*. CABI Publishing: Wallingford

Jones, P. (2005) Book Review: *The Family Business in Tourism and Hospitality*. *The Hospitality Review*, April, pp 45-46.

Liburd, J. (2006). “Sustainable Tourism, Cultural Practice and Competence Development for Hotels and Inns in Denmark”. CAUTHE: Proceedings of the 16th Annual Conference. pp. 1449-1453.

Schaper, M and J. Carlsen (2004) “Overcoming the Green Gap: Improving Environmental Performance of Small Firms in Western Australia” in Thomas, R. (Ed.) *Small Firms in Tourism: International Perspectives*. Elsevier Science: Oxford.