

# Entrepreneurial Characteristics and Aspirations Influencing Career Choice in Tourism Family Businesses

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Family background often influences a person's career choice. The purpose of this study is to examine whether students originating from family businesses in the tourism sector have different entrepreneurial characteristics and aspirations than students coming from family businesses in other sectors.

The underlying assumption was that tourism students who come from tourism family businesses may, due to the specific nature of their business, be influenced in a different way regarding Bandura's four behavior factors: locus of control<sup>1</sup>, self-efficacy, independence and innovation. A balanced sample of 221 respondents surveyed was analyzed utilizing multi-nominal multivariate regression in order to distinguish three possible career path options: family business succession, founding one's own business, or becoming a hired employee.

The main finding is that there is a difference between the two groups in the internal locus of control perception. Tourism students express lower levels of start-up intent generated by the internal locus of control. They may find it difficult to believe that an internal locus of control is possible in the tourism business. Through this parameter, tourism students express a lack of self-confidence. Students raised in a family business environment are affected by the parent's absence due to business matters. It can be argued that an offspring from families in the tourism business may be more exposed to this effect during their adolescence, which could explain the differences.

The main implication is that there is a broader impact of family business background on individuals' entrepreneurial character, including the specifics coming from the nature of the tourism business; therefore more attention should be paid to this issue in the further research in entrepreneurship in tourism.

*Keywords:* Entrepreneurial characteristics, entrepreneurial aspirations, family business, tourism, start-up, succession

## Introduction

Growing up in a family business, people can acquire certain business ideas and skills to start their own or continue their families' businesses. The tourism industry is dominated by family businesses (Getz & Carlsen, 2005, Gurel, Altinay, & Daniele, 2009). Parents are a potential influential factor on their children's intention to continue with an existing business or start a new business (Altinay & Altinay, 2006). Growing up in a family in which parents are the managers and owners of a family business is a specific context in which an individual's personality and career intentions are both formed. (Vadnjak & Gantar, 2012).

Entrepreneurship research literature has intensively investigated career choice intentions and options together with different motives to start a business (Krueger et al., 2000; Simon et al., 2000, Carter et al., 2003). However, not much has been researched and stated with regard to the career options of those young people who were born to family business parents and predestinated to continue their careers in family businesses; most of the literature compares the following two options establishing own business or searching for employment. No instruments have been developed to investigate the issue of people continuing their careers in their families' businesses (Birley, 2001). One recent contribution did investigate the connection of the possible family backgrounds and entrepreneurial intentions of university students in several countries (Zellweger et al., 2011).

The primary objective of the present study is to investigate the possible different attitudes of possible successors in tourism and hospitality family businesses, comparing with possible successors coming from other sectors. There are some gaps in the research that should be filled. Firstly, findings about determinants of career choice intentions of students with family business background. The ambition is to prove that students coming from family businesses have different attitudes than those coming from other sectors. That is because primary objective of businesses in tourism is often fulfilling personal or family needs and preferences ahead of growth and profit maximization (Getz & Carlsen, 2005).

The primary motivation for writing this paper was to investigate whether study findings can at least partly confirm that a tourism family business background may have different impacts on the possible future entrepreneurial path of successors. It is necessary to take into account the country specifics where entrepreneurship has not yet been widely recognized as a legitimate career option for young people and, also, where the entrepreneurial success of an individual is often publicly associated with political participation (Chen & Touve, 2009). Consequently, the aim of the described motivation was to legitimize the relevance of the possible further research in tourism entrepreneurship with significant dedication to family business entrepreneurship.

The structure of the paper is as follows: after the introduction and setting the theoretical background, the methodology is explained in the third chapter where propositions are also given. Methods of data collection (surveying students) and data analysis (multinomial bivariate regression) are presented in the next section. Findings and results with discussion and implications are closing this paper together with some suggestions for possible further research avenues.

## Literature Review

As a theoretical framework, the theory of planned behaviour is applied in its entrepreneurial context (Ajzen, 2002; Kolvereid, 1996). How perceived behavioral control (defined by general locus of control and entrepreneurial self-efficacy) and attitudes (influenced by the independence and innovation motives) impact the likelihood of three career choice intentions (i.e. starting own firm, taking over a family business from parents, or becoming an employee in another organization outside the family firm) is examined.

In some recent research, it has been revealed that perceived behavioural control has a significant impact on the career intent of next generation in family businesses (Krueger et al. 2000). Behavioural control itself originates from (1) the locus of control, which deals with external factors that may have an impact on behaviour, and (2) self-efficacy that deals with internal factors. To obtain credible and reliable results, both factors need to be measured (Ajzen, 2002). An individual can possess a strong internal locus of con-

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<sup>1</sup> The extent to which individuals believe they can control events affecting them (Rotter, 1966).

trol, but simultaneously believe that he/she is not truly capable of performing a particular task (Bandura, 1977). Self-efficacy is affected by performance and locus of control by life experiences (Dyal, 1984). In the context of this paper, self-efficacy is the conviction that an individual can execute a particular behavior (Bandura, 1994).

Previous research suggests that individuals' traits (high propensity for risk taking, tolerance for ambiguity and internal locus of control) positively influence their intentions to start new business (Robinson, Stimpson, Huefner, & Hunt, 1991; Koh, 1996; Mueller & Thomas, 2001). However, these studies do not consider sociocultural elements, specifically education, entrepreneurial family background and national culture. Education is studied in the research of Hayton, Zahra, and Zahra, (2002) and Morrison (2000) who determined that it influences individuals' level of entrepreneurship.

Gurel, Altinay, and Daniele (2009) investigated tourism students' entrepreneurial intentions and determined that there is a statistically significant relationship between innovation, a propensity to take risks, entrepreneurial family background and entrepreneurial intention. However, they say that education does not play an important role in fostering the entrepreneurial traits and intentions of university students.

### **Hypotheses, Methodology and Sampling**

#### **Hypotheses**

In accordance with these claims and recent research on the career choice intentions of students with family business backgrounds (Zellweger, Sieger, & Halter, 2011), it can be expected that students with higher levels of the internal locus of control will more likely start a new business than become successor in family business. Students of tourism with family business backgrounds mostly originate from tourism-related businesses where they have obtained experience in dealing with people under different, frequently stressful conditions. In this study, we rely on the assumption that tourism students represent a group of possible family business successors in tourism firms. Higher levels of self-efficacy reflect a higher motivation for achieving goals, even under stressful conditions (Bandura, 1997). Based on this theoretical background, it is expected that they would be more

self-confident, which should result in higher levels of both the internal locus of control and self-efficacy in comparison to students from other educational programs. As a result, students of tourism will prefer to found new businesses. Succession careers are expected to predominate at moderate levels of internal locus of control and self-efficacy.

Personal motives are necessary for career choice decisions; therefore, we have measured two additional parameters. The theory of planned behavior assumes that if the outcome of a behavior is expected to satisfy an individual motive, the probability of performing that behavior will be higher. Independence and innovation are described as two highly significant factors (Carter et al., 2003).

Based on the fact that tourism business requires a high level of creativity to obtain competitive advantage and to maintain it under demanding market conditions, we assume that independence and innovation motives are noticeably stronger with students with family business background in tourism. Consequently, we expect that students of tourism will score higher in measuring these two motives in comparison to other students surveyed. In the case of this particular study, they are regarded as a control group of students.

*Hypothesis 1:* Higher levels of the internal locus of control results in preferring the intention to found a business to succession in a family business, and succession to external employment. Students of tourism and hospitality demonstrate higher levels of founding intentions and succession intentions in comparison to other students.

*Hypothesis 2:* Higher levels of self-efficacy results in preferring the intention to found a business to succession in a family business, and succession to external employment. Students of tourism will achieve higher levels of probability in comparison to other students.

*Hypothesis 3:* Higher level of independence motive results in preferring the intention to found a business to succession in a family business, and succession to external employment. Students of tourism will achieve higher levels of probability in comparison to other students.

*Hypothesis 4:* Higher level of innovation motive results in preferring the intention to found a business to succession in a family business, and succession to external employment. Students of tourism will achieve higher levels of probability in comparison to other students.

### Methods and Sampling

The methodology is based on Zellweger, Sieger, and Halter's research of career choice intentions of students with family business backgrounds (2011). A similar methodology is being utilized to track the possibility of comparing the results. Multinomial logistic regression was used as a method for data analysis. The method is selected because our dependent variable is categorical, with three possible values. The central category in all hypotheses is succession intention; therefore, it is also used as a reference category for multinomial logistic regression (Gregory et al., 2005). Students were asked to declare their career intention within five years' of their completion of studies. The three choice options were: (1) an employee, (2) a successor, or a (3) founder. There are four independent values: (1) locus of control, (2) self-efficacy, (3) independence motive and (4) innovation motive. To measure each independent value, a six-point Likert scale was used ranging from '1-very unimportant' to '6-very important'. The six-point scale was used to avoid neutral decisions.

The research and analysis is based on the dataset collected on four faculties (higher education institutions) in Slovenia, three public and one private. The research was conducted in 2012, and 576 students participated by filling in the questionnaire; researchers used an opportunistic approach of data collection and visited students in the classroom where they immediately had chance to complete the survey without any delay or drop-out of not sending back the questionnaires to the research team. It turned out that 221 participants had a family business background. For the purpose of comparing results, students of tourism were separated and two groups were created: 'Tourism' with 86 students and 'Others' with 135 students with family business background. The demographics of the entire sample are presented in Table 1.

Table 1 Demographic Data

	Demographic	Students	% of total
Year	1 <sup>st</sup> year	85	38.5%
	2 <sup>nd</sup> year	52	23.5%
	3 <sup>rd</sup> year	84	38.0%
Gender	Female	130	58.8%
	Male	92	41.2%
Family business ownership	Father	110	49.7%
	Mother	24	10.9%
	Both parents	87	39.3%

### Results and Analysis

The dependent variable is categorical with three possible dimensions, which suggested the multinomial logistic regression model as the most suitable one (Gregory et al., 2005). Table 2 reports the results of multinomial regression analysis for both groups of students.

We are using linear regression model specified as:

$$Y = A_0 + B_1 * X_1 + B_2 * X_2 + B_3 * X_3 + B_4 * X_4 + \epsilon$$

Where Y is observed categorical value of dependent variable,  $A_0$  is the population intercept,  $B_i$  is the partial regression slope parameter and  $\epsilon$  is the error associated with prediction for Y. In our case, we have four predictors ( $X_i$ ) and four regression weights ( $B_i$ ).

It is assumed that no pairs of predictors are correlated to such an extent as to either cause the singularity of the correlation matrix, or to destabilize the estimation of model parameters (population intercept, partial regression slopes).

Pearson correlations are provided in Table 3. Since all correlations are well below the 0.60 cut-off, there is no indication of multi-collinearity. To support this claim, a variation inflation factor (VIF) was calculated for both groups of students. All VIF factors are below 1.3m which is far below the suggested maximal cut-off of 10.0 (Hair et al. 2006) or 5.0 suggested with a more conservative approach (Daniel 2011). With all our VIF factors between 1.0 and 1.3m we are close to ideal value of 1.0.

Table 2 Multinomial regression analysis

The reference category is: Successor Tourism	Co-efficient B		Std. Error		Significance		Exp(B)		
	Others	Tourism	Others	Tourism	Others	Tourism	Others		
Employment	Intercept	3.036	1.739	3.431	2.627	0.376	0.508		
	Locus of control	0.398	0.002	0.611	0.453	0.514	0.996	1.489	1.002
	Self-efficacy	-0.616	-0.350	0.367	0.305	0.094	0.252	0.540	0.705
	Independance	-0.177	-0.276	0.597	0.445	0.767	0.536	0.838	0.759
	Innovation	-0.061	0.384	0.444	0.339	0.891	0.257	0.941	1.468
Founder	Intercept	-2.996	-7.579	4.634	3.180	0.518	0.017		
	Locus of control	-0.121	0.529	0.757	0.530	0.873	0.318	0.886	1.697
	Self-efficacy	0.080	0.098	0.480	0.357	0.868	0.783	1.083	1.103
	Independance	-0.228	0.239	0.765	0.512	0.765	0.641	0.796	1.270
	Innovation	0.898	0.759	0.569	0.394	0.115	0.054	2.454	2.137

Table 3 Pearson Correlations

Pearson correlations Others		Locus		Self-efficiency		Independance		Innovation		Y	
		Tourism	Others	Tourism	Others	Tourism	Others	Tourism	Others	Tourism	Others
Locus of control	Pearson Correlation	1	1	0.351**	0.186	0.269**	0.361**	0.220*	0.232*	0.064	-0.051
	Sig. (2-tailed)			0	0.087	0.002	0.001	0.010	0.032	0.458	0.644
	N	135	86	135	86	135	86	135	86	135	86
Self-efficiency	Pearson Correlation	0.351**	0.186	1	1	0.175*	0.218*	0.270**	0.235*	0.121	0.183
	Sig. (2-tailed)	0	0.087			0.042	0.044	0.002	0.029	0.162	0.092
	N	135	86	135	86	135	86	135	86	135	86
Independance	Pearson Correlation	0.269**	0.361**	0.175*	0.218*	1	1	0.431**	0.282**	0.065	0.078
	Sig. (2-tailed)	0.002	0.001	0.042	0.044			0	0.009	0.457	0.473
	N	135	86	135	86	135	86	135	86	135	86
Innovation	Pearson Correlation	0.220*	0.232*	0.270**	0.235*	0.431**	0.282**	1	1	-0.017	0.182
	Sig. (2-tailed)	0.010	0.032	0.002	0.029	0	0.009			0.841	0.094
	N	135	86	135	86	135	86	135	86	135	86

Pearson correlations Others	Pearson Cor- relation	Locus		Self-efficiency		Independance		Innovation		Y	
		Tourism	Others	Tourism	Others	Tourism	Others	Tourism	Others	Touri- sm	Y
Y	Pearson Cor- relation	0.064	-0.051	0.121	0.183	0.065	0.078	-0.017	0.182	1	1
	Sig. (2-tailed)	0.458	0.644	0.162	0.092	0.457	0.473	0.841	0.094		
	N	135	86	135	86	135	86	135	86	135	86

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

### Locus of Control

The results show that students of tourism with higher level of internal locus of control will more likely select employment than succession. In contrast, the same students will more likely decide for succession than for founding a business. In the second group, we see that locus of control has no influence on selection between employment and succession, but it does influence the second part of our hypothesis. Students with higher levels of internal locus of control will more likely decide to found a new business than to work in the family business.

Based on our findings, the first hypothesis can be completely rejected in the case of tourism students and partly confirm it in the case of other student. Consequently, the idea that tourism students will achieve higher level of founding intentions and succession intentions can be rejected.

### Self-efficacy

In the case of self-efficacy, the second hypothesis can be completely confirmed for both groups. It can be observed that both groups will more likely choose to work in the family business than external employment and would choose a starting a new business than a career in the family business. There is no noticeable difference between the two groups with re-

gards to the succession intention and starting of a new business, but the result confirms that tourism students with high levels of self-efficacy are much more likely to select succession before employment in comparison to the reference group ( $\exp B=0.54$ ).

### Independence Motive

In the case of tourism students the third hypothesis is partly confirmed. The claim that tourism students with higher independence motive will more likely start a new business than be a successor in a family business is rejected. For our reference group, the third hypothesis can be completely confirmed. In this case, the reference group will outperform tourism students, so the expectation that tourism students will do better is rejected.

### Innovation Motive

Among the tourism students group, the fourth hypothesis can be entirely confirmed while for the reference group the claim that students with higher innovation motive will choose succession rather than employment had to be rejected. It can be also partly confirmed that tourism students with higher innovation motive will more likely choose the succession path than employment in comparison to reference group ( $\exp B=2,454$ ). In other words, innovation

Hypothesis	Tourism students	Others	Tourism students do better than others
1	-/-	o/+	(-/-) No, worse
2	+/+	+/+	(+/-) Yes for succession before employment relation
3	+/-	+/+	(-/-) No, worse
4	+/+	-/+	(+/-) Yes for succession before employment relation

is a stronger motive among tourism students in comparison with the reference group with regards to career decisions between employment and succession of family business.

### **Discussion and Implications**

The influence of family business background on the entrepreneurial intentions of potential successors was investigated. By comparing two groups of students with different family business backgrounds, the study contributes several important observations to the general understanding of this field. Aim of study was also to reveal particularities of career intentions in family businesses in tourism sector. The findings reveal that there is a certain significant difference between the two groups in internal locus of control perception. Tourism students express significantly lower levels of intention for self-employment generated and triggered by the internal locus of control. This can be interpreted as meaning that tourism students find it difficult to believe that the internal locus of control is possible in the tourism business. The reasoning for this may be in the fact that tourism is an industry with direct dependence on consumers' behaviour, preferences and attitudes, thus perhaps making the locus of control more difficult than in other fields. Through this parameter, tourism students express a lack of self-confidence in comparison with other students. Presumably, offspring from families in tourism business may be more exposed to this effect during adolescence, which could explain the difference that result from our data.

Consequently, the first postulated hypothesis can be completely rejected for tourism students and partly confirmed for other students in the sample. Despite this, it can be argued that segments of different attitudes toward the locus of control issue can be observed among two groups, thus confirming that family businesses in tourism deserve more research.

Tourism students express more self-confidence than other students when speaking about self-efficacy and innovation motives. Comparing the results on these two parameters, it can be observed that tourism students will more likely choose careers in their existing family business than employment elsewhere. Such results may imply that working in the tourism business gives more self-confidence to individuals of the younger generation. Self-efficacy pa-

rameter which is expressed by tourism students suggests that within their studies students get a quite clear idea about what are the main challenges of a tourism business. In other words, a positive experience in tourism-based family businesses may lead business students to self-efficacy supported decision on their career future, which is significantly inclined to continue in the family business. Thus, that second hypothesis can be entirely confirmed for both sample groups.

For tourism students it can be confirmed that innovativeness would influence them to choose the family business succession option. Or, to put it differently, tourism students express higher expectations that they would be offered both, ability and possibility to engage and fulfil their innovativeness and creativity potential in the existing family businesses. This belief may be explained with the recent decade's dramatic changes in tourism industry which is at present one of the rare growing industries. This is predominantly due to fast changes encompassed by fast developments of information technologies which changed traditional distribution channels. Thus, preferring family business to founding own business among tourism students may be interpreted as their response of future increased demand for innovations in their industry. To summarize, the fourth hypothesis can be entirely confirmed for tourism students and partly rejected for non-tourism students.

Studying independence motive and its influence on both groups of students, the third hypothesis can be entirely confirmed for non-tourism students. On the other hand, it can be confirmed that tourism students will prefer family business compared to employment or new start-up. This finding may lead to a conclusion that tourism students already feel the adequate level of independence. They don't feel they need their own business. Continuing family traditions gives them enough room for independence and creativity. Finally, it can be stated that that third hypothesis can be partly confirmed for tourism students and entirely confirmed for the other students.

Comparing the two groups, it can be said that tourism students are closer to their family businesses. Consequently, they feel more responsibility and are more motivated to continue the family tradition. Again, this can be probably explained with the nature of the tourism business which is based on a per-

sonal interaction. Small family businesses are the most common type of small businesses in tourism sector.

Our study is limited by relatively small sample that resulted with several non-significant parameter values which cannot be entirely trusted to draw any conclusions. A larger sample may lead to different results so this may be a challenge for some future research in the field of entrepreneurship in tourism with emphasis on family business. Thus, one of the missions of this research is accomplished: family businesses in tourism deserve more intensive research focus with the objective to increase the understanding of them. There is a threat for a certain bias level coming from the possibility that students (1) might not correctly understand the difference between given options in the questionnaire and (2) might have swapped the realistic present situation of their family business with their wish and preference in the future. In order to eliminate this doubt, some future research should be implemented on the sample of proved family businesses instead of the sample of students coming from family businesses. Furthermore, the number of siblings and their birth order was not considered, but may also have a significant impact on individual career decisions. Apparently, one of the threats for the future of family businesses is the frequent case that there may be more than one sibling, meaning more candidates for succession.

There can be several implications derived from this research. Findings on possible career intentions may be dependent on the sector in which possible successors have experience. Moreover, there may be other factors not included in the analysis. As suggested in earlier research, professional work with enterprises may be aware of the danger of overgeneralizing advice without involving sector-specific attributes. Finally, it is predicted that findings may be of high value to educators. Courses in entrepreneurship should be included in the tourism studies curricula and also family business management and succession should be topics as well.

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