

**FAMILY DYNAMICS AND FAMILY-BUSINESS  
SUCCESS THROUGH WORK-FAMILY  
INTERFACE IN TOURISM IN SRI LANKA**

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## **ABSTRACT**

The majority of firms begin as family businesses (FBs) and are considered to be the lifeblood of any economy. Any business which is owned and operated by an individual, couple or family is considered to be a family business. The mutual impact of family on business and business on family differentiates the field of family business studies from others. Throughout history and all over the world, families and businesses have always been integrated. The business provides income to the family, and the family may provide paid and unpaid labour. Moreover, the family system contributes to business additional resources such as money, space, equipment, and other factors of production. From this point of view, family could be considered as the key resource for the family business. Further, business and family interface plays a critical role in determining family responses to business and vice-versa. Enrichments and conflicts occur in both domains impact not only within the specific domain but also on interactions of domains.

Hence, in order to identify the behaviour of family and its impacts on a business, several theories and models have been developed. However, there is a notable research gap in the literature in that, to date, no specific model has been proposed to determine the impact of a business-family interface in terms of both conflict and enrichment on the relationship between business and family. Thus, this study was undertaken to address the lack of research pertaining to the various influences of family on family business success including: the merging of family business with other disciplines, the business-family interface of family business owners, the factors that mediate and moderate family and business relationships, the family business owner of small and privately held family business, in a non-western context, and family business in the tourism industry. Consequently, the aim of this study was to investigate the impacts of family dynamics on family business success, the mediation of business-family interface, and the moderating effects of owner and business attributes on family and business of small scale family business in the tourism industry in Sri Lanka.

Moreover, this study was conducted in relation to the tourism industry in a developing country in the Asian region, where the future of the economy as a consequence of its natural resources, culture, heritage and traditions seems to depend on the tourism industry. Thus, it was anticipated that this research would provide new insights into family tourism businesses in a country which has great tourism potential that could

significantly improve its future economic prospects. Given its critical realist perspective, the study adopted a research approach that was appropriate for a study of the complexity and dynamics unique to family business. Thus, the mixed methods approach was selected as a means of achieving the research objectives.

Both quantitative and qualitative data collection methods were used for the purposes of data comparison and contrast, and to identify 'information-rich' cases for the interview process. To select samples, simple random sampling was used according to the quantitative method approach, and convenient sampling was utilized for the qualitative approach. Data was collected by means of personally administered questionnaires and semi-structured interviews. Since the study was intended to determine the relationships and links between the chosen variables, the structural equation model was chosen as the most appropriate. The quantitative data was not normal, data was analysed using partial least squares-structural equation modelling (PLS-SEM) with SmartPLS 3.0, which includes estimating the measurement model before estimating the proposed structural model. Content analysis was used to analyse qualitative data. After the quantitative and qualitative data sets had been analysed separately, they were merged to produce a complete picture of the impact of identified factors on FB success.

It was concluded that family dynamics do predict the success of small scale family businesses in the tourism industry in Sri Lanka. Family-to-business enrichment partially mediated the relationship between family resources and demands and family business success of small scale family businesses in the tourism industry in Sri Lanka. No relationships were mediated by family-to-business conflicts. Results indicated that some relationships mediated by family-to-business enrichment were moderated by the age and education of the business owner, the age and size of the business, the business' proximity to the home, and the business location.

This study made several theoretical contributions to the literature and provided further insights into the current family business and work-family interface. The findings in this study have advanced theory with respect to family business success, family-to-business interface, and the ability of business owners'/CEOs' and business' characteristics to moderate the family and business relationships. Methodological and practical implications are discussed and several potential avenues for future research are identified and proposed. Finally, the formation of a national body with the specific responsibility for promoting family was suggested for the betterment of both FBs and national economic growth of Sri Lanka.

## **STUDENT DECLARATION**

I, Amali Nisansala Ediriweera, declare that the PhD thesis titled *Family Dynamics and Family-Business Success through Work-Family Interface in Tourism in Sri Lanka* is no more than 100,000 words in length, exclusive of tables, figures, appendices, references and footnotes. This thesis contains no material that has been accepted for the award of any other degree or diploma in any university or institution. To the best of my knowledge, this thesis contains no material previously published or written by another person, except where due reference has been given.

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**AMALI NISANSALA EDIRIWEERA**

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**DATE**



## **DEDICATION**

I dedicate this thesis to my late parents, my husband and my daughter.

Without their love, commitment, and support, I would not be who I am today.

## ACKNOWLEDGMENTS

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## **PUBLICATIONS**

### **Journal Articles**

- **Ediriweera, A.N.**, Armstrong AM A., & Heenatigala, K. (2015). Governance in Family Business: A Literature Review, *Journal of Law and Governance*, 10, 2, 36-46.

### **Conference Proceedings**

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## **ABBREVIATIONS**

AVE	-	Average Variance Extracted
CB-SEM	-	Co Variance based Structural Equation Modelling
CEO	-	Chief Executive Officer
EFA	-	Exploratory Factor Analyses
FB	-	Family Business
F-PEC	-	Family, Power, Experience, Culture
FWC	-	Family to Work Conflict
FEW	-	Family to Work Enrichment
GDP	-	Gross Domestic Production
PCA	-	Principal Component Analysis
PLS	-	Partial Least Square
PLS-MGA	-	Partial Least Square- Multiple Group Analysis
PLS-SEM	-	Partial Least Square based Structural Equation Modelling
SEM	-	Structural Equation Modelling
SLSI	-	Sri Lanka Standards Institution
SLTDA	-	Sri Lanka Tourism Development Authority
VIF	-	variance inflation factor
WFC	-	Work-Family Conflict



# CHAPTER ONE

## INTRODUCTION TO THE STUDY

### 1.1 INTRODUCTION

The majority of firms begin as family businesses (J. H. Astrachan & Shanker, 2003) and are considered the lifeblood of any economy. It is the most common form of business organization in the world (Kang & Kim, 2016; J. Lee, 2004, 2006). Statistics also show that a substantial number of business firms worldwide are family businesses (Carlock & Ward, 2001). Any business which is owned and operated by an individual, couple or family is considered to be a family business (Getz, Carlsen, & Morrison, 2004). The business provides income to the family, and the family may provide paid and unpaid labour; moreover, the family system contributes to the business additional resources such as money, space, equipment, and other factors of production (Zachary, 2011). Accordingly, the family as a unit of society becomes the crucial constituent in family business research. Therefore, many scholars have been attracted to this area of research, seeking knowledge and understanding of the reciprocal impact of family on business and business on family (e.g. J. H. Astrachan, 2003; Dyer, 2003; Habbershon, Williams, & MacMillan, 2003; Rogoff & Heck, 2003). More to the point, to capture the core values of this reciprocal impact, scholars such as Eby, Casper, Lockwood, Bordeaux, and Brinley (2005) have motivated researchers to examine sources of support in both the work and family environments.

Throughout history and all over the world, families and businesses have always been related (Rogoff & Heck, 2003; Zachary, 2011). Hence, the business and family interface plays a critical role in determining family responses to business issues and vice versa. Explaining further, the work–family interface has been acknowledged as a complicated concern (M. S. Lee & Rogoff, 1996) that may generate reciprocal impacts on work–family fit (Rothausen, 2009). This leads to individual and business success, and business success will lead to the overall national economic growth consequently (Jennings & McDougald, 2007).

Work-family interface is the intersection where work and family intersect each other. Basically, there are two aspects as positive and negative. These aspects of an individual's work-family interface have been identified as work-family enrichment and work-family conflict respectively. However, the notable research gap in the literature is that there is no particular model regarding business-family interface in terms of both conflict and enrichment. This study attempted to address this gap by proposing a single model, including both spillovers that could provide a complete picture for the realization of what business owners experience from the work-family interface. Although, Kwan, Lau, and Au (2011) attempted to determine the impact of work-family conflict on job satisfaction and social networks, their research was limited to work-family conflict. Thus, by addressing work-family enrichment together with work-family conflict, this study attempted to address this research gap. Hence, this study examined the mediating impact of family-to-business interface in terms of conflict and enrichment on family dynamics and their impact on business success of small scale family-owned businesses in the accommodation sub sector of tourism industry in Sri Lanka.

## **1.2 BACKGROUND OF THE STUDY**

It is “generally accepted that a family's involvement in the business makes the family business unique” (Chua, Chrisman, & Sharma, 1999, p. 19). Broadly-based conceptual models of sustainable family businesses to address the reciprocal relationship between family and business systems (Stafford, Duncan, Dane, & Winter, 1999) are evident in the literature (Sharma, 2004). These models are designed to achieve the development of functional families and profitable firms (Sharma, 2004) at the same time. Parallel to this, in research studies, a “family embeddedness perspective” was developed to explain the characteristics of family systems (Aldrich & Cliff, 2003; Chrisman, Chua, & Steier, 2003; Zahra & Sharma, 2004).

In addition to these various theories, the literature provides models to explain the influence of the family element on business, such as the unified systems perspective of family firm performance, F-PEC scale (A scale to measure family involvement in business along with power, experience, and culture), and resources-based view. Olson et al. (2003) concluded that the success of an FB is subject to the effective management of the overlap between family and business, not on their resources or processes.

According to Sharma (2004), it is apparent that the reciprocal impacts of family on business and business on family differentiate the FB research from others (J. H. Astrachan, 2003; Dyer, 2003; Habbershon et al., 2003; Rogoff & Heck, 2003). Therefore, the investigations into the reciprocal influences of family and business have not been exhausted, prompting FB scholars to identify and pursue various other avenues of research. This situation confirms that studying reciprocal impact of family on business and vice versa is a growing prospect for FB researchers. Further, recent literature has called for research that focuses on family variables in FBs (Danes, 2014; Jennings, Eddleston, Jennings, & Sarathy, 2015; Yu, Lumpkin, Sorenson, & Brigham, 2012). At the same time, a review of relevant literature revealed several gaps in the current understanding of the family element in FB and its interactions, thereby providing the motivation for this research. The research gaps identified by the researcher are presented below.

### **1.2.1 Lack of Research Focusing on Variance Influences of Family Element on FB Success**

Family is the vital component of Sri Lankan society. Many Sri Lankan families tend to live as extended families. However, with the introduction of open economic system many families have tendency to live as nuclear families. This situation is particular in urban and suburban areas mostly (Ediriweera, 2009). Hence, studying the family element in Sri Lankan culture is profound from every aspect such as economic, social, and etc. Turning to FB, family makes FBs unique among other forms of organizations. The family element of an FB mainly consists of family finance, family human capital, and family social capital. Family affects firm performance through family goals, relationships, and resources (Dyer, 2006). These factors must be closely examined in order to fully understand the family element in FB. Throughout the history of FB research, a call for research with rich, relevant and rigorous attention to the family element of FB is evident. Many scholars such as Mani and Lakhali (2015), A. E. James, Jennings, and Breitzkreuz (2012), Aldrich and Cliff (2003), Dyer (2006), Olson et al. (2003), Rogoff and Heck (2003), and Stafford et al. (1999) acknowledged the need for extensive research on the family aspect of FB since there is much to be learned about the role of family in FB (Bertrand & Schoar, 2006). However, the available research does not clarify whether family influence is advantageous or detrimental to firm performance; hence, further

investigation is needed to determine how family as an organizational variable affects a firm's performance (J. H. Astrachan & Zellweger, 2008).

The F-PEC scale consisting of three subscales- power, experience, and culture - proposed by J. H. Astrachan, Klein, and Smyrniotis (2002) and validated by Klein, Astrachan, and Smyrniotis (2005) provides a theoretical framework for examining the family impact on any business organization. However, it has been criticised for its inability to capture the essence of the family influence on firm performance (Rutherford, Kuratko, & Holt, 2008). For that reason, several FB researchers (Chrisman, Chua, & Kellermans, 2009; Eddleston, Kellermans, & Sarathy, 2008; Yu et al., 2012) have recommended that more attention be given to the family as a unique dominant group that can directly and indirectly influence resources and the performance of a family firm.

Dyer (2003, p. 402) argues that “the family has been a neglected variable in organizational research and suggests research topics in which the family can strengthen the understanding of organizations and develop more robust theories”. Elaborating further, the need for more research on the family aspects of FB is explained by Zachary:

Without the recognition of the importance of the family system, we are left with a partial and incomplete view of the family business. Some effects or factors attributed to the FB may actually be fundamentally tied to the family system itself. Also, important variables need to be identified and studied relative to the family system (Zachary, 2011, p. 33).

Further, the importance of determining the “family effect” in FB has been emphasized by Dyer (2003, p. 412). He states that governance, strategy formulation, social capital, career development, and many other components of a business, may be subjected to family relationships; therefore, the inclusion of family as a key variable in research studies will improve research findings and lead to the development of robust theory. Moreover, a rigorous literature review has revealed that “the increased dominance of publication outlets and theoretical perspectives associated with business but also the near disappearance of those associated with family” (A. E. James et al., 2012, p. 87). This has led to a call for research in order to understand variations among families and their

involvement in business, and how such variations affect and, in turn, are affected by the survival, growth, and performance of family enterprises (Sharma & Chua, 2013, p. 642). Hence, this research is devoted to examining further the family element of family business.

### **1.2.2 Need for Interdisciplinary Research**

In terms of scholarship, a trend is emerging in the family business field to integrate the thinking from multiple disciplines. According to Sharma (2004), this trend has led to the development of new theories that combine FB with more mainstream concepts. Such developments are already proceeding in the peripheries of family business and other behavioural sciences. For instance, A. E. James et al. (2012) emphasized the need to integrate FB research with family theories. Consequently, according to Zahra and Sharma (2004), the FB field will become a discipline that contributes to other disciplines as much, if not more, than the field has gained in theoretical and conceptual content. This will facilitate the shaping of other disciplines. In response to this call, Rothausen (2009) developed a social systems model of environment–environment fit and work–family fit integrating family business with organizational sciences. Nevertheless, more research is needed to actualise Sharma, Hoy, Astrachan, and Koiranen (2007, p. 1019)’s vision of FB as “a discipline that gives back to other disciplines as much, if not more, than the field has received”. Therefore, significantly, this study has merged the two fields of family business and work-family interface in an attempt to discover how FB owners’ business-family interface and family resources, demands and behaviour influence the success of an FB. Due to this family element, FB is unique, and distinct from non-family businesses. Since this is the key issue intended to address through this research, major part of quantitative analyses will be devoted for this subject.

### **1.2.3 Need for Research Examining Business-Family Interface of FB Owners**

Understanding how FBs integrate their work and family roles may provide significant benefits in terms of business success as well as the personal well-being of the family. Therefore, several scholars such as Basco and Rodríguez (2009), Dyer and Dyer (2009), and Yu et al. (2012) recommended that research be conducted to identify ways in which

family and business systems can complement each other to the advantage of both, and the contextual factors that influence the family-business relationship. Further, one of the most promising aspects of research on work–family balance in family businesses is its potential to bridge disciplines in order to advance empirical research on whether overlaps between a family and its business are congruent with their healthy functioning (Stafford & Tews, 2009). To explain the need to examine how the business and family domains affect each other in FBs, Dyer (2003) states that “the family should be included as a variable in organizational research, in as much as it influences behaviour at the individual, group, and organizational levels of analysis. While there is considerable research on work-family issues, it typically views work and family as separate domains. Granted that one domain may influence behaviour in the other nevertheless they are studied as separate systems, with individuals making transitions in their roles from one system to the other.” This suggests that there is a gap in FB literature that needs to be addressed by research integrating FB with business and family interactions.

FB provides a unique context for studying the different ways in which aspects of work affect the quality of home life and vice-versa (Frone, Russell, & Cooper, 1992). Members of a family with a FB perform multiple duties and roles relating to the family and business. Even though family and business are two different domains for members of an FB, especially for the FB owner, these domains are not independent, and many interdependencies and interconnections are evident. These interdependencies and interrelatedness may have negative and positive effects on FB. For instance, from their study, Karofsky et al. (2001) concluded that the intrusion of work into family life and vice-versa could be experienced by owning or running an FB, although it apparently it allows considerable control over one’s work life. Some scholars have discovered that the emotional well-being of FB owners, the degree of satisfaction with work, the expansion of social networks, and the overall performance of FB are affected by both work-to-family conflict and family-to-work conflict (Barnett, Eddleston, & Kellermanns, 2009; Helmle, Botero, & Seibold, 2014; Karofsky et al., 2001; Kwan et al., 2011; Smyrnios et al., 2003). However, the positive aspects of business and family interactions have not received much attention from FB scholars with some exceptions such as Eddleston and Powell (2012). They have investigated how positive aspects of family experiences, family-to-business enrichment, and support, develop satisfaction with work–family balance. More to the

point, to date, one cannot find any published empirical work which has considered both the positive and negative interactions of business into the family domain and vice-versa.

Hence, this study is intended to connect family business literature with the strand of work-family interface literature by introducing the connection of the WFC and WFE with the family business which ultimately affects the business' success which has been largely under-researched within the family business field. By connecting FB studies with the work-family interface, it is anticipated that this will lead to a better understanding of the reciprocal behaviour of family and business. Mainly, there are two perspectives regarding the individual experiences of one's work-family interface. The issue of conflict has been the focus of most of the research. This is due to the assumption that the demands of work and family are mutually exclusive and therefore incompatible, and that the work-family interface experience is inevitably difficult to handle and causes tension.

The under-researched issue concerns the enrichment argument (Rothbard, 2001), also known as the enhancement perspective (Greenhaus & Parasuraman, 1999). This view assumes that multiple roles can be beneficial, and have the potential to produce positive effects regarding emotions, attitudes, and behaviours. Further, most research suggests that the work-family interference is more reasonably exemplified by a mixture of the two perspectives that is, as being detrimental in some respects, yet inspiring in others (Jennings & McDougald, 2007; Rothbard, 2001; Shaffer, Joplin, & Hsu, 2011).

Work-family role dynamics are a key process in determining the success of such businesses in present and future generations (Cooper, Kidwell, & Eddleston, 2013). Further highlighting the importance of identifying business-family interface effects, Helmle et al. (2014) argued that the gap in the literature regarding work and life issues in family firms is the limited knowledge that scholars possess about the dynamics, and that this could be utilised to manage the work and life spheres of FB owners. Even though FBs provide a unique context to examine work and life domains due to the unique combination of work and family roles (Karofsky et al., 2001; Smyrnios et al., 2003), to date, there has been little empirical research to discover work-life issues in the FB context (Helmle et al., 2014; Helmle, Seibold, & Afifi, 2011; Masuo, Fong, Yanagida, & Cabal, 2001; Rothausen, 2009).

FBs often demand and involve complex dynamic responses and activities from the family unit engaged in the operation. These dynamics not only influence business performance; over time, they also affect business growth, change and transition (Olson et al., 2003). Further, they can concurrently influence family well-being (Heck & Trent, 1999). On the other hand, potential conflicts between the demands of family life and business activities can hinder firm performance (J. Lee, 2006). Nevertheless, facilitation from work to family and family to work may improve the family involvement in business. On the other hand, based on their research interest, in their studies, scholars have considered only one aspect rather than both: that is, either family-to-business or business-to-family (e.g. Eddleston & Powell, 2012; Hoobler, Wayne, & Lemmon, 2009; Kwan et al., 2011; Witt & Carlson, 2006). As the main focus of this study is the family, the conflicts and enrichments pertaining to the family sphere are investigated. Thus, identifying the impact of work-family interface on the relationships between family and business is crucial for the development and enhancement of FB theory and practice. Moreover, this research contributes to work-family interface knowledge by exploring family business owners in response to the call for further investigation into the work-family interface of FBs (e.g. Rothausen, 2009).

#### **1.2.4 Need for Research on Mediating and Moderating Factors on Family and Business Relationships**

The heterogeneity of FBs has been acknowledged by many scholars in the field (e.g. Chua, Chrisman, Steier, & Rau, 2012; Melin & Nordqvist, 2007) and FB researchers have been urged to consider this heterogeneity when defining an FB. Further, this understanding led to a greater focus on the mediators and moderators of the relationship between family involvement and firm behaviour and performance (Chrisman, Chua, Pearson, & Barnett, 2012; Chua et al., 2012; Lichtenthaler & Muethel, 2012). Adding to this, Mazzi (2011, p. 166) revealed that due to “the lack of homogeneity in the results of previous studies, the relationships between family business and corporate performance are complex and very probably moderated or mediated by factors that have not been included in these analyses”. The literature includes several mediation analyses with respect to FB performance, such as family influence as the mediator in Sirmon, Arregle, Hitt, and Webb (2008). Further, Zody, Sprengle, MacDermid, and Schrank (2006) attempted to determine the mediation

between family and business boundaries, although only negative spill-over was considered. However, the literature includes no research with FB owners' business-family interface that considers both the negative and positive spill-overs as mediators. Therefore, this is an exploratory study intended to investigate these issues in greater depth and detail, and to determine which conditions as moderators in FB lead to positive and negative results.

On the other hand, in addition to mediation effects, moderation influences should be considered in order to obtain a comprehensive picture of FB success. For instance, (Bertrand & Schoar, 2006) stated that "the understanding of the nexus between family and firm should improve with more microeconomic studies that analyse how the structure of a given family—including its size, gender and age composition—alters the strategic choices and eventual performance of the family firm". Hence, responding to the call for more studies with moderators and mediators which describe the complex association of family involvement and firm performance, this study focuses on the mediating impact of the family-to-business interface of the family business owner, and the moderating impact of the owner's and business' characteristics on the success of family and business relationships.

### **1.2.5 Lack of Research Focused on FB Owner**

FBs, are basically owner-managed enterprises with the family being involved in the business (Churchill & Hatten, 1997). The FB owner plays a major role in the success and survival of the business. Many studies have focused on the owner when discussing succession issues, ownership, power and continuity-related matters (e.g.H. S. James, 1999; Sharma, Chrisman, & Chua, 1997). However, few studies focus on the FB owner's business-family interface. Nevertheless, the interaction between family and business is the core of an FB and the FB owner has the main role of balancing both family interaction with business and business interaction with family for the betterment of both domains. Hence, a potential concern related to the success of a FB is the extent to which reliance is placed on a single individual who is the owner-manager (Feltham, Feltham, & Barnett, 2005). Although, it has been asserted that FBs are highly dependent on the owner (Feltham et al., 2005), no empirical research was found that explained FB owners'

business-family interface and that considered the effects of both conflicts and enhancements on family and business relationships.

### **1.2.6 Need for Research on Small and Privately Held FB**

Although the literature acknowledges that FBs can differ from each other many researchers have been keen to investigate large-scale or listed family firms (Chrisman, Chua, & Sharma, 2005; Helmle et al., 2014; Sundaramurthy & Kreiner, 2008; Zellweger, Eddleston, & Kellermanns, 2010). On the other hand, although the majority of global FBs are small and unlisted companies, research focus has been almost exclusively on publicly traded firms with some exceptions (e.g. Sciascia & Mazzola, 2008). Due to this gap in the literature, the importance of extending FB research into small to medium-sized businesses has been highlighted by many scholars (e.g. Chu, 2009; Mazzi, 2011). Further, agreeing with R. Smith (2009), the interaction between family involvement and performance has been blurred by other issues relating to big companies. Therefore, there is a need to focus on small FBs to ascertain how they perform given their particular contextual factors.

To date, most of the research exploring the work-life interface in FBs has examined the business in general and has not considered the differences between FBs (Helmle et al., 2014). Moreover, the work and family domains of relatively new FBs remains unexplored (Carr & Hmieleski, 2015). Hence, this research focuses on small FBs, an under-researched sector of the FB domain.

### **1.2.7 Need for Research on Non-Western Context**

To enhance the understanding of different aspects of FBs J. H. Astrachan (2003); Chrisman, Chua, and Sharma (2003); Chrisman, Sharma, and Taggar (2007); Olson et al. (2003); Sharma (2004); Sharma, Chrisman, and Gersick (2012); Sharma et al. (2007) contributed to the FB literature significantly. Meanwhile, Getz and Carlsen (2000); Getz and Carlsen (2005); and Getz et al. (2004) expanded the FB literature considering cultural factors and multiple contexts including tourism and hospitality. With the increasing importance of FBs throughout developed and developing economies, it is important to investigate the degree to which the work-family interface affects FB owners. This is

especially relevant in developing economies given the much lower levels of research conducted on FB compared to other developed economies. For instance, De Massis, Sharma, Chua, and Chrisman (2012) concluded from a comprehensive review that the most of studies have been conducted in the Western context as 73% of the empirical studies considered American and European FBs. However, business and family domains may vary from country to country (Sarathy, Kumar, & Eddleston, 2015). Therefore, there is the need for more research focusing on contextual distinctions from under-represented regions such as Asia, Africa, and Latin America (Sharma & Chua, 2013). In particular, within Asian region also, South Eastern Asian region was more attracted by FB studies than South Asian region (e.g. Kwan et al 2011).

Moreover, this research requires the testing of the robustness and generalizability of current theories and research findings, in order to acquire new knowledge applicable to family enterprises around the world (Sharma & Chua, 2013). Further, the ability to gather very detailed data to perform rigorous analysis was one of the justifications, claimed Bertrand and Schoar, for conducting research in these under-represented regions on a country-by country-basis. In addition, they stated that “a richer understanding will be gained from the accumulation of many such detailed studies, spanning a wide range of countries with different cultural norms and formal institutions” (Bertrand & Schoar, 2006, p. 95). Consequently, because a vast amount of literature reports FB research in developed countries, with very little FB research having been conducted in developing countries, the research for this study was conducted in Sri Lanka, a developing Asian country that has great tourism potential.

### **1.2.8 Lack of Research on FBs in Tourism**

Getz et al. (2004) highlighted that despite a general acknowledgement that the majority of tourism and hospitality sectors are comprised of small, owner-operated businesses, little has been documented about the family dimension, and therefore core family-related issues have been neglected. In addition, according to Getz and Carlsen (2000, p. 547) “small businesses predominate in emerging sectors such as nature tourism (McKercher & Robbins, 1998), and most of these are run by owner-operators and families. Rural studies in general almost inevitably touch on FB matters (Page & Getz, 1997)”. Moreover,

family-business interactions are of greatest concern in the service sector, especially where customers are invited into the home or on to the family property (Getz et al., 2004). Thus, as the framing element, the researcher has identified the importance of rural tourism as one of major sectors which is run by FB operators. In addition, this sector has not yet been researched significantly, especially in Asian developing countries where there is a great amount of tourism. Consequently, this research attempts to extend the knowledge base of existing scholarship by examining two different aspects (work-family conflicts and work-family enrichments) of work-family interface with relevance to family involvement in business leading to its success in the rural tourism industry in Sri Lanka.

The Sri Lankan tourism industry has been chosen as the context for this study since, Sri Lanka is blessed with a rich variety of sun-bathed beaches, scenery, wildlife, culture, and historical sites, making it one of the most popular tourist destinations in the region (Chandrakumara & Budhwar, 2005). The people of Sri Lanka are immersed in tradition and cultural practices, reflected in their lifestyle. Moreover, the tourism industry is one of the business sectors in Sri Lanka with a competitive advantage (Chandrakumara & Budhwar, 2005; Premaratne, 2002). Sri Lanka was the only country which could not use the whole coastal area around the island for economic opportunities due to the civil war, However, with the end of civil war, northern and eastern coastal areas were open for business as a mean of enhancing economic development of Sri Lanka. The most appropriate economic activity in these areas was tourism. Further, the small, family-owned tourism businesses could make a major contribution to the economy by offering accommodation, access to tourist attractions, recreational activities and travel. Many of these tourism businesses are small, family-owned businesses in which one or more generations of family members are involved. Therefore, research into the tourism industry in Sri Lanka will contribute to the existing literature by adding new knowledge to it in terms of the location and the industry. This type of study supports the theory development suggested by Getz and Carlsen as theoretical advances can be made within the field of FB studies through industry-specific research (Getz et al., 2004). The other motivation for this research is that there is no other published research on FB success with the connection to work-family interface in tourism in Sri Lanka, a South Asian country.

### **1.2.9 Need for Research on Methodological Advances**

The other aspect which takes this study beyond the fringe of current knowledge is the methodology the researcher adopted: the mixed methods approach. The rationale behind this is to produce generalizability and reflectivity at the same time by strengthening the positive aspects and mitigating the negatives aspects of quantitative and qualitative methods. The other point is that very few FB studies have used the mixed-methods research approach. Sarathy et al. (2015) revealed the existing literature gap when commenting on the value of collecting qualitative data to get a clear understanding of work-family interface of owner-managers from different countries since these owner managers have their own way of balancing work and family. Moreover, the literature calls for an improvement of methodological design and rigor (e.g. Mazzola, Sciascia, & Kellermanns, 2013; Sharma, 2004). Therefore, in order to address these concerns, both quantitative and qualitative data gathering and analysis are used in this study. The mixed methods approach chosen for this study will be discussed in the methodology section of the chapter.

Finally, this research attempted to fill the research gap by contributing to the FB literature in several ways. Firstly, it contributes to the theoretical foundation by explaining the family element in FBs, and merging the FB field with the work-family interface in order to determine the factors that mediate and moderate family and business relationships, as the need for this has been identified by several well-established scholars in the field (e.g. Chrisman, Chua, & Sharma, 2003; Sharma, 2004). Secondly, the research focused on the FB owner. Thirdly, it considered an under-researched organizational type and setting which is the geographical region of this study (Getz et al., 2004), and fourthly, it added new FB themes to the tourism literature as suggested by Getz et al. (2004). Finally, it improved the methodological design and rigor of FB studies.

## **1.3 AIMS AND OBJECTIVES OF THE STUDY**

Following the above rationale, this study investigated the mediation of business-family interface and moderation of owner and business attributes on family and business of small scale FB in tourism industry in Sri Lanka. Based on this foundation, the researcher sought to achieve the following research objectives:

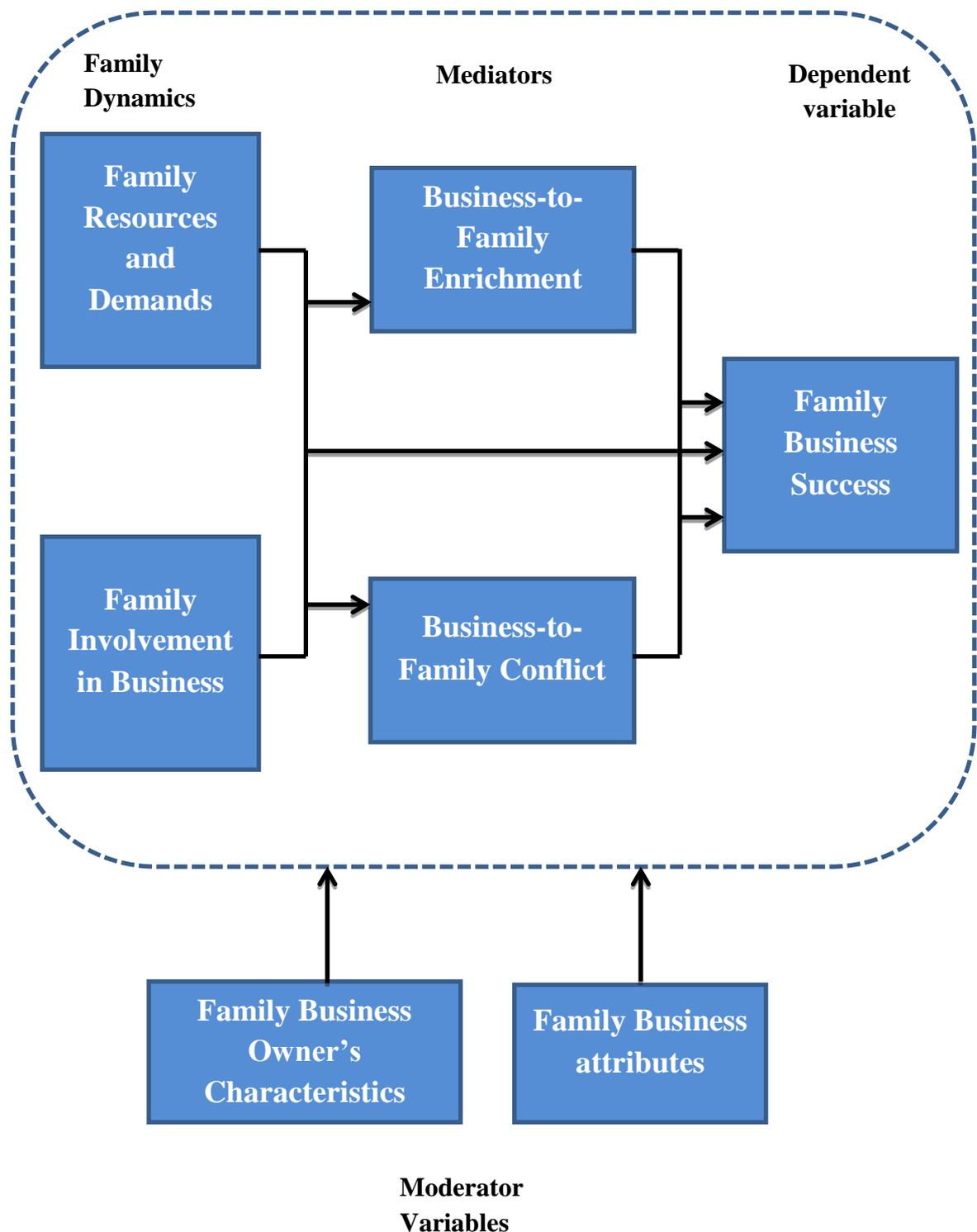
- to identify the impacts of family dynamics on FB success of small-scale FBs in the tourism industry in Sri Lanka;
- to investigate the mediation of business-family interface on the relationships between family dynamics and FB success of small-scale FBs in tourism industry in Sri Lanka;
- to examine the moderation effects of characteristics of the FB owner/CEO on the mediation of business-family interface on the relationships between family dynamics and FB success of small-scale FBs in tourism industry in Sri Lanka; and
- to examine the moderation effects of the FB attributes on the mediation of business-family interface on the relationships between family dynamics and FB success of small-scale FBs in tourism industry in Sri Lanka.

## **1.4 RESEARCH QUESTIONS**

To achieve the above objectives, the following research questions were devised:

- Do family dynamics predict FB success of small-scale FBs in the tourism industry in Sri Lanka?
- Does the business-family interface mediate the relationship of predictive variables and FB success of small-scale FBs in the tourism industry in Sri Lanka?
- Do the characteristics of the FB owner/CEO moderate the predicted relationships of small-scale FBs in the tourism industry in Sri Lanka?
- Do the characteristics of the FB moderate the predicted relationships of small-scale FBs in the tourism industry in Sri Lanka?

## 1.5 CONCEPTUAL FRAMEWORK



**Figure 1.1: Conceptual Framework**

The literature on FBs constantly highlights that they are unique and undeniably different from other firms as a result of the distinctive interaction between individual family

members, the family domain and the business domain (Kellermanns, Eddleston, Barnett, & Pearson, 2008). In order to understand family dynamics and business dynamics, and to create a complete picture of FBs and the factors that affect their success (Kellermanns et al., 2008) each and every variable which may have an impact on FBs needs to be considered.

Therefore, family demands and resources and family involvement in business are taken as independent variables, family-to-business enrichment and family-to-business conflict play the mediating roles, FB owner and business characteristics are taken into consideration as moderating variables of the framework and, finally, FB success is the dependent variable in this study. The conceptual framework created for this study is depicted in Figure 1.1. For this study, the researcher accepts the definition of an FB given by Chua et al. (1999, p. 25). “The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families”. The terms: business, organization, company and firm refer throughout the thesis to the family business entity.

## **1.6 RESEARCH METHODOLOGY**

Since FBs are the most common form of business organization in the world (Carlock & Ward, 2001; Getz et al., 2004; J. Lee, 2006), they have attracted wide attention from scholars around the world. To study FB, many scholars have generally employed either a quantitative or qualitative approach. Along with Gelo, Braakmann, and Benetka (2008) quantitative and qualitative methods vary depending on the purposes of the scientific inquiry, the underlying paradigms, and the inherent strengths and weaknesses of these two methods. However, from the critical realism perspective, the study should be accompanied by a research approach that is more suitable for apprehending the specific complexity and dynamics unique to FBs (Nordqvist, Hall, & Melin, 2009). Thus, the mixed methods research approach was selected for its potential to achieve the research objectives.

Both quantitative and qualitative data collection are run in parallel for the purpose of comparison and contrast and to identify information-rich cases for the interview process while collecting quantitative data. To select samples, a simple random sampling method for the quantitative approach and purposive sampling for the qualitative approach were used. Data was collected via personally administered questionnaires and semi-structured interviews. Since the study was intended to determine the relationships and links between the chosen variables, the structural equation model was chosen as the most appropriate analytical model. Given that the quantitative data was not normally distributed, data was analysed using partial least squares-structural equation modelling (PLS-SEM) with SmartPLS 3.0 by Ringle, Wende, and Becker (2015), which includes estimating the measurement model before estimating the proposed structural model. To analyse the qualitative data, content analysis was used. After the quantitative and qualitative data set were analysed separately, they were merged to produce a complete picture of the impact of identified factors on FB success. According to Gelo et al. (2008), data can be merged by comparing the results of quantitative and qualitative data through a matrix or a discussion. In this study, a discussion is used to compare and explain the data. Consequently, the quantitative results are discussed with reference to the discovered qualitative themes regarding the relationships and effects of the studied variables.

## **1.7 SIGNIFICANCE OF THE STUDY**

It is important to acquire a sound knowledge of the dynamics that affect the goals, strategic behaviours, and performance of family business (Chrisman, Chua, & Sharma, 2005) due to the vital role of FBs in the global economy (R. C. Anderson & Reeb, 2003; Morck & Yeung, 2003). Further, Chrisman, Chua, and Litz (2004) stressed that much remains to be done, especially in the development of a theoretical foundation of FB. They state:

“Knowledge development may be achieved more rapidly by careful attention to the consistency with which we define family firms, employing both family essence and family involvement measures whenever possible, using continuous measures as opposed to categorical measures (Klein et al., 2005), and comparing the explanatory power of alternative operationalization (Westhead & Cowling, 1998)” (Chrisman et al., 2012, p.

288). Accordingly, this study will contribute to the intellectual and conceptual developments of the FB theory and will have several practical implications.

Identifying and investigating the family element in FBs through the work-family interface was intellectually significant in this study since it aimed to test the existing theory in a new location, integrating another behavioural science. Chrisman, Chua, and Sharma (2003) revealed that in order to assist FBs to better manage their businesses, and to direct researchers and develop educational programs in the field, there is a need for a theory that will show the causal linkages. Furthermore, they stated that any theory pertaining to the family firm has to explain why FBs are unique, how this uniqueness is created, and how and under what conditions this may lead to a competitive advantage (Klein et al., 2005). Hence, it is anticipated that this study will contribute to the existing knowledge significantly since it investigated the family element in FBs, the FB owner's business-family interface impact on the family and business linkages, and how the FB owner's and business' attributes influence these relationships. Additionally and importantly, this research was an attempt to underscore the work-family interface in terms of conflicts and enrichments of family to work. This will be a major contribution to the existing knowledge.

Moreover, this study was conducted in relation to the tourism industry in Sri Lanka, a developing country in the Asian region, where the future of the economy as a consequence of its natural resources, culture, heritage and traditions seems to depend on the tourism industry. Especially, after the end of ethnic war, Northern and Eastern coastal areas were opened for tourism business providing more opportunities to tourism industry when comparing with other business sectors. Thus, this research offered new insights into family tourism businesses in a country which has great tourism potential, and can therefore significantly improve the future economic prospects of Sri Lanka.

To confirm the clarity in dependent variables employed in theory development in FB research, further modifications of conceptualization of firm performance will be crucial. By confirming this, Sharma (2004), justified that the intertwining and reciprocal relationship between the family and business systems is being recognized as the key feature distinguishing this field of study from others. Therefore, the other significance of this study rests on the intention of the researcher to develop a conceptual model of FB

success by incorporating work-family interface variables and by establishing that family and business relationships may be affected by family to work conflicts and enrichments in terms of time, stress and behaviour.

Heck and Trent (1999) stated that the prevalence and characteristics of business owners are important to policy makers when establishing practices that will ensure that FBs remain healthy and vibrant. Therefore, regarding its practical implications, this research is valuable for consultants, authorities such as The Sri Lanka Tourism Development Authority, the Association of Small and Medium Enterprises in Tourism in Sri Lanka, World Bank, etc. and Non-Government Organizations (NGO), in terms of policy formulations, the provision of support services etc. Moreover, this research will help FB educators and scholars to better understand how family members and families can balance their family and business demands within the business-family interface and contribute to the FB success.

## **1.8 ORGANISATION OF THIS STUDY**

This thesis comprises nine chapters in total including an introduction and summary for each chapter. The structure of the whole thesis is depicted in Figure 1.2. Following is a brief description of the contents of each chapter.

**Chapter 1** provides an introduction to the thesis, outlines the research background specifying the research gap to be addressed by the study, states the aims, objectives and research questions, and describes the methodology used. It also summarises the structure of the study.

**Chapter 2** presents the theoretical background and further explains the research gap addressed by the study by reviewing existing conceptual and empirical research.

**Chapter 3** explains the context of the study which is the tourism industry in Sri Lanka, specifically the accommodation sector which is one of the main sub-sectors of the tourism industry.

**Chapter 4** describes the conceptual framework developed for the study and the relevant hypotheses to test the relationships proposed in the theoretical model.

**Chapter 5** presents an overview of the methodology used in this study. This chapter includes a discussion of the chosen research paradigm, research process, research design, instrument development, data collection procedures and data collection methods. Additionally, ethical considerations with reference to informed consent, anonymity and confidentiality are also described.

**Chapter 6** reports the results of the quantitative analysis including a descriptive analysis of the sample, measurement model, the structural model and mediation and moderation analyses relevant to the proposed hypotheses.

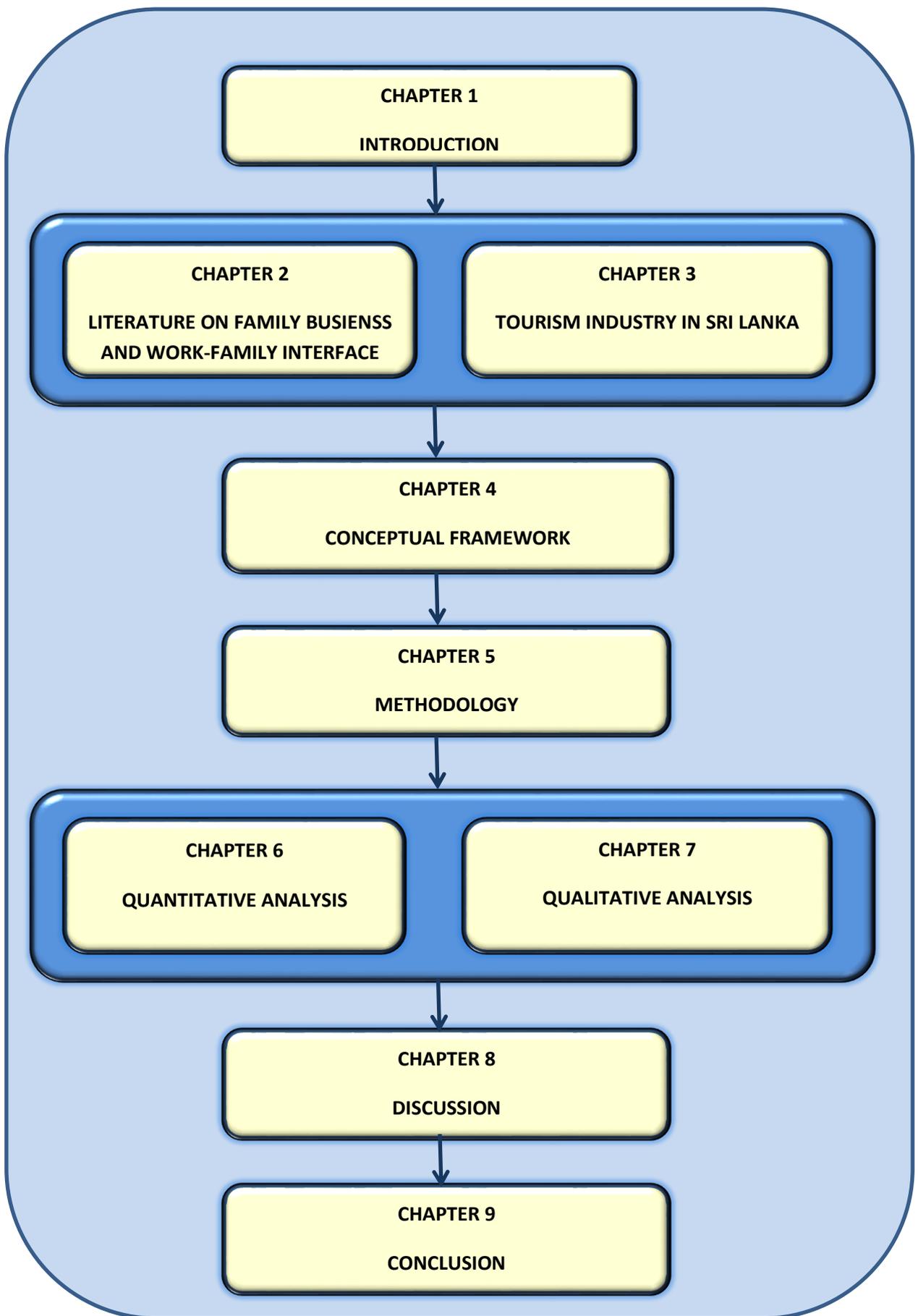
**Chapter 7** provides the qualitative analysis of the interview transcriptions generated through semi-structured interviews, and the themes derived through content analysis.

**Chapter 8** focuses on the interpretation of the results derived from both quantitative and qualitative analysis, in relation to the existing family business and work-family interface literature.

**Chapter 9**, the final chapter of this thesis, presents the conclusion derived from the study, the implications and contribution to the theory and practice, and the limitations and future research avenues. It concludes with recommendations for future policy in the tourism industry.

## **1.9 SUMMARY**

The introductory chapter overviews the research intended to specify the need for the study by exposing the current research gap in the literature. Further, this chapter explained the research objectives and research questions which directed the research. Moreover, the significance of the study and the structure of the thesis were described. The next chapter further reviews the literature relevant to the research gap identified in this chapter.



**Figure 1.2: Structure of the Thesis**

## **CHAPTER TWO**

### **REVIEW OF LITERATURE PERTAINING TO FAMILY BUSINESS, FAMILY, AND BUSINESS-FAMILY INTERACTIONS**

#### **2.1 INTRODUCTION**

FB is a growing field of research that focuses on investigating organizations that result from a fusion of family and business systems (Rantanen & Jussila, 2011). Family firms are a unique form of business (Smyrniotis, Tanewski, & Romano, 1998) as a result of the interactions between the family, family members, and the business (Chrisman, Chua, & Sharma, 2005). These firms constitute a major proportion of economies (Olson et al., 2003) worldwide. The uniqueness of family business comes from within and not from the external environment (Davis & Stern, 1988). Therefore, family is an integral part of the FB system (Smyrniotis et al., 1998) and this integrity emphasises the substantial contribution that families make to the FB. Hence, one of the objectives of this study is to discover the impact of this family element on FB success. Further, in FB, business and family resources are intermingled (Haynes & Walker, 1999) which makes it impossible to separate business from family resources and involvement.

A study of family or business individually will not present a clear view of the progress or success of family or business. For that reason, there is a need to study FBs as a whole which includes family, its involvement, and business with their interdependencies and interrelations. Thus, this chapter reviews and discusses the previous literature on family of FBs, and business and family interactions. Firstly, an overview of FB as a field of research with its evolution and theory development is provided. Secondly, the controversial issue regarding the definition of an FB is discussed. The research questions reflect four main areas of research gleaned from the literature on FBs: the family in FB, the business-family interface, the FB owner, and the business' characteristics.

## **2.2 FAMILY BUSINESS AS A FIELD OF RESEARCH AND ITS EVOLUTION AND THEORIES**

The study of FBs comprises several research fields including anthropology, family therapy, family studies, organizational studies, sociology and psychology (Hoy & Sharma, 2006). At the same time, the FB as a field of academic study is still innovative and growing at a rapid pace (Holt, Rutherford, & Kuratko, 2010). Many scholars in the field emphasise that more contributions are needed to strengthen and advance the knowledge pertinent to this field. It is also worth noting that Holt et al. (2010) revealed that FBs have acquired a respected position among researchers with special issues in leading journals being dedicated to the unique and complex issues they encounter. Therefore, as a field of research, there is great potential for further investigation. Hence, this study will contribute to the growth of the field by offering theoretical developments.

Turning to the evolution of the field, initially, practitioners and consultants from the fields of law, accounting, psychology, financial planning, and general management began filling the educational gap by offering training and development programs for FBs. The main targets of these training programs were FB owners and their likely successors. Consultants promoted themselves as experts and professional speakers in FB by publishing books as the main marketing strategy (Hoy & Sharma, 2006; Zachary, 2011). Further, in 1980, a small number of academic scholars who believed that FB was a warranted study, joined the practitioner-consultants in their pursuit of assisting FB owner-managers (Hoy & Sharma, 2006). As a result, the FB field became an avenue for both research and consultancy. Consequently, with the passage of the time, a notable growth could be seen from 1990s to the present with associations specific to FB studies, bibliographies, doctoral studies, conferences and journals.

The tendency to borrow theories from other social sciences such as agency theory, stewardship theory, and system theory was recognised in the FB field. The reason behind this acknowledgement was that it led the researchers to better understand the FB and its components, processes and behaviours of family members. Further, an effort was made by scholars to connect FB with theories in order to understand the link between the FB field and other social sciences. This effort provided a path for the development of theories, models, and frameworks specific to FB such as the family embeddedness perspective,

and the unified systems perspective of family firm performance, etc. In this sense, rigorous models to determine family involvement in business such as F-PEC scales and the sustainable family business theory model were developed and validated. Nevertheless, there is a huge need for similar kinds of theoretical development since the field is still young and is open to new theories or extensions of current theories (Chrisman et al., 2004; Getz & Carlsen, 2000) to which this study contributes.

Explaining further, the manager's role in goals achievement (Chrisman, Chua, Kellermanns, & Chang, 2007) is the main concern of **stewardship theory**. It explains that the behaviour of family managers is influenced by their relationship with FB owners (Chrisman, Chua, et al., 2007). Stewardship behaviour of family managers occurs when family managers prioritise family goals rather than personal goals, and also when they try to achieve non-economic goals (Corbetta & Salvato, 2004). The reason for this behaviour is twofold as explained by Chrisman, Chua, et al. (2007) and Corbetta and Salvato (2004). The first is when non-economic goals are alike and equally important to both FB owners and family managers. And the fulfillment of non-economic goals in family firms will motivate family managers to focus on higher order intrinsic needs. The second is when the interaction between both of them is sentimental and enduring. The emotion and sentiment-laden long-term relational contracts between family business owners and family managers will motivate family managers to pursue owners' interests (Corbetta & Salvato, 2004). The positive side of this stewardship philosophy theory is that the psychological ownership acts as a motivation to perform in the best interests of the business (Corbetta & Salvato, 2004; Eddleston & Kellermanns, 2007; Zahra, 2003). Inevitably, altruism which can be described as the treatment of people in the FB based on family relationships not on performance is the key factor of stewardship theory (Zahra, 2003) and this makes family members more dedicated and committed to the business.

**Agency theory** is another important contribution to the field of FB. According to Schulze, Lubatkin, Dino, and Buchholtz (2001), Schulze, Lubatkin, and Dino (2003), and Dyer (2006), agency theory can be applied to find out the effects on an FB's performance of a family that owns and manages a particular business. It emphasises the agency relationships, which occur when one self-interested individual termed as the principal delegates some decision-making authority to the other called as the agent (Huse & Mussolino, 2008). In family firms, the goals of the business owners are aligned with those

of its managers (agents) because of familial relationships between owners and their agents. Consequently, the owners do not need to spend time and resources to supervise their agents' behaviour (Chua, Chrisman, & Steier, 2003). Hence, the FB will incur less or no agency costs. Conversely, in an FB, there may be agency cost. Supporting this claim, Chrisman et al. (2004) argued that there are agency problems in FBs although they are not as complicated as those in non-family firms. Logically, agency theory is closely connected with altruism similar to stewardship theory. As a result of this, poor performance (Schulze et al., 2001) can be created within the firm by increasing agency cost.

**The family embeddedness perspective** considers the role of the family in a firm's decision making and how family affects the business outcomes (Aldrich and Cliff, 2003; Heck and Trent, 1999; Zahra, 2003; Cruz et al 2012). In other words, "every business is at least a little family and every family is at least a little business" (Rutherford et al., 2008, p. 1091). This statement suggests that, to a certain extent, the family influence can be experienced by every firm. In fact, any individual could take business-related matters along with him or her to the home and home-related matters to the business (Chua, Chrisman, & Chang, 2004). Therefore, FBs including family stakeholders are considered as embedded in social relationships to a larger extent, unlike non-family firms (Steier, Chua, & Chrisman, 2009). However, scholars argue that the embeddedness argument still lacks strong theoretical support and is therefore known as "theoretical indefiniteness" (Krippner & Alvarez, 2007 as in Steier et al. (2009)). In response, Cruz, Justo, and Castro (2012) address this criticism by presenting the advantages of kinship ties in the specific context of micro and small enterprises.

Another significant contribution is **the resource-based view** suggesting that "firms with assets that are valuable, rare, inimitable, and non-substitutable may be able to create a sustainable competitive advantage" (Barney, 1991 as in Dyer (2006, p. 262)). As revealed by Habbershon and Williams (1999), the unique resource found in every family business is the "familiness" of that business. The term "familiness" includes all the resources and capabilities that the family is able to bring into the business. Basically, three types of capital - human capital, social capital, and physical/financial capital - (Dyer, 2006) can be identified under this view. For example, Dyer (2006) explained that human capital comprises the skills, abilities, attitudes, and work ethic of the people employed by the

firm. Specifically, the motivation, commitment, loyalty, socialization of family members from a very young age, and hands-on training constitute specific human capital in a family business.

**Sustainable family business model** is “a comprehensive and flexible model that enhances the understanding of the dynamic role of family within family business entrepreneurship through its systems orientation” (Heck et al., 2006, p. 80). Further, Olson et al. (2003) supported by Trent and Astrachan (1999), accepted this model as a novel addition to FB scholarship. In other words, the sustainable family business theory model is a framework that recognises the equal importance of the family and the business and their interaction as a means of achieving sustainability for both (Stafford et al., 1999). More to the point, as invoked by Heck et al. (2006), this model highlights the overlay of the family and business systems by acknowledging the unique characteristics of each of the systems; this cannot be seen in models which study the family and the family business separately. Turning to the theories associated with this model, household management theory with its underlying family systems theory (Stafford et al., 1999) appears to be the central foundation. Further, this model accepts that in FBs there can be an exchange of resources between the family and the business systems that does not exist in other households (Olson et al., 2003). Moreover, this model facilitates the study of FBs with all their complexity and variety in things such as size, stage of the family and business life cycles, combination of family and nonfamily employees, types of businesses, and the legal structure of the business (Danes, Lee, Stafford, & Heck, 2008; Heck et al., 2006). Overall, this model underscores the sustainability of the FB system as a holistic constituent and considers the family and business domains fairly (Heck et al., 2006).

**The unified systems perspective** of family firm performance “examines the systemic relationship of resources and capabilities as a source of advantage or constraint to the performance outcomes for family-influenced firms” (Habbershon et al., 2003, p. 451). Further, this viewpoint offers a recognized strategic management framework to identify the initial resources and capabilities and relate these to performance outcomes. This facilitates the creation of new models to empirically test the interactions derived from exploiting the utility function of business families (Habbershon et al., 2003). In other words, it equally emphasises the family and the business and analyses the main elements of both systems with regard to their resources, constraints, processes, and achievements

(Pieper & Klein, 2007). Moreover, Pieper and Klein (2007) stated that this model specifically explained only where disruptions of the family and business interface come from and how each system responds to these events. However, this model is concerned only with these disruptions and does not explain what would happen if there are positive spill overs of family on business and business on family in terms of time, energy, behaviour and mental health. Therefore, to address this shortcoming, the “bullseye model of an open-system approach” was introduced.

Theories in relation to various analysis levels are required to describe a phenomenon with complex interactions across various analysis levels that affect each other (Pieper & Klein, 2007). For this purpose, the “**bullseye**” approach was introduced. This consists of four sub-systems starting with the surrounding environment comprising the business system, ownership system, management system and family system. Further, these four subsystems allow the FB to work as a unit of analysis and perform within its environment (Pieper & Klein, 2007). At the bottom level, several individuals who initiated the business form the family business. Pieper and Klein (2007) highlighted the openness and flexibility of the systems approach as it fits several mainstream theories into a particular research context. Based on that, they suggested that this model had several advantages since the mainstream theories linked with this model can explain the FB phenomenon. Interestingly, this model contributes to mainstream theories (Zahra & Sharma, 2004) by examining their strength within the FB research field and extends the applicability of these theories (Chrisman, Chua, & Sharma, 2005). An additional advantage of this model is its ability to acknowledge dissimilar improvement of the subsystems since all subsystems in the main system do not need to have similar or same performance. Further, theoretically, this model provides a universal view of the FB field (Zahra, Klein, & Astrachan, 2006). However, the increased level of complexity and all the limitations inherent to the open system theory are related with this model (Pieper & Klein, 2007).

The **F-PEC Scale** developed by J. H. Astrachan et al. (2002) and validated by Klein et al. (2005) mainly measured three factors of family effect on a continuous scale of power, experience, and culture. Power is considered as the impact of family governance, ownership, and management on family business. Experience is the information, knowledge, judgment, and intuition that accrues with generational involvement in the business. The third, culture, concerns the compatibility of the family’s goals with the

business' goals (J. H. Astrachan et al., 2002; Chrisman, Chua, & Sharma, 2005; Cliff & Jennings, 2005; Rutherford et al., 2008; Sharma et al., 2007). This framework indicates the extent of family involvement in the business. J. H. Astrachan et al. (2002) suggested that the extent to which a business becomes a family business is determined by the family's involvement in that business, and created three sub-scales to measure that involvement. Further, to measure these three sub-scales, a continuous scale was used rather than a dichotomous scale, thereby allowing researchers to measure the family influence in a valid manner (Holt et al., 2010). F-PEC Scale contributed directly to the model expected to be conceptualised through this study. Hence, drawing on the literature, more details about the model and how the model relates to this study will be presented later in this chapter and in the conceptual framework chapter.

## **2.2 DEFINING FAMILY BUSINESS**

Throughout the evolutionary process of FB, a number of various definitions have emerged although no one common definition of FB has been accepted. Not surprisingly, defining an FB is not very straightforward as evidenced by the literature. On the other hand, Klein et al. (2005) illustrated with examples that a number of empirical studies do not operationalize the family business. Hence, Handler's statement (1989, p. 258) that "defining the family firm is the first and most obvious challenge facing FB researchers" is not only very popular among scholars, but is still exceptionally valid although it was stated several decades ago. The main reason for this popularity is the inability to find a specific, clear-cut definition for FB due to the heterogeneity of family business. Regarding this notion, Uhlaner (2005) contended that the FB is multidimensional in nature. Further, since there is no widely accepted definition, researchers are motivated to explore many avenues in order to develop a definition which can be used universally; in the past, this has led to the emergence of numerous definitions. A landmark effort to define the FB is the work of Chua, Chrisman and Sharma in 1999. In their article titled "Defining family business by behaviour", they examined 21 definitions and suggested a theoretical definition for family business that comprised the behaviour of family, business, and family members. Their definition was taken to define FBs in this research too and stated under the heading of 1.5 Conceptual Framework. Moreover, J. H. Astrachan et al. (2002) pointed out three facets of FB that can be used to define it; these

are: content, purpose and form. Further, they suggested three purposes that differentiate family firms from non-family firms, to explain the FB and to categorise family businesses according to their structure.

The content facet, which is the most popular among FB researchers, comprises the notions of ownership, management, generational transitions, and culture. Admittedly, family ownership, family control, family management, family involvement, and the generational transfers are the most popular factors considered when defining an FB (Heck & Trent, 1999). Categorizing the numerous definitions according to headings for the main concepts that have been used to define FB, could be illustrated as follows. In the early stage of the development of FB as an academic field, “ownership” was the main dimension (Chrisman, Chua, & Steier, 2005; Fahed-Sreih & Djoundourian, 2006; Liu, Yang, & Zhang, 2012; Stewart & Hitt, 2012) used to define FB or differentiate FB from the other businesses. An example of a definition of FB which centres on ownership, is found in “Family Business in Tourism and Hospitality” by Getz et al. (2004, p. 5) who defined “family business as any business venture owned and or operated by an individual, couple(s) or family”.

Moving forward, some researchers made an effort to refine these definitions by including management involvement of an owning family with the ownership (Nam & Herbert, 1999; Olson et al., 2003). Olson et al. (2003, p. 640) defined FB as “a business that was owned and managed by one or more members of a household of two or more people related by blood, marriage or adoption”. Parallel to this, scholars have incorporated generational transfers in FB definitions. For instance, Litz (1995) recognized FB theoretically on the grounds of ownership, management, and intention to transfer. Similarly, Chua et al. (1999) identified FB as a business which is owned and managed by a particular family or families and pursues generational involvement through family. The literature (J. H. Astrachan et al., 2002). also reveals later definitions which include FB culture (Chua et al., 1999; Litz, 1995) For example, in J. H. Astrachan et al. (2002), Gallo in 2000 claimed that in order for a business to be considered as a family business, both the family and the business need to share the same assumptions and values. Further, Chrisman, Chua, and Sharma (2005) suggested that the family members’ actions in maintaining family appearance through succession have to be considered when defining FBs.

Based on these attempts to define FB, it is evident that ownership (e.g.R. C. Anderson & Reeb, 2003), control, management (e.g.Olson et al., 2003), family member involvement (e.g.Sciascia & Mazzola, 2008), generational transfers (e.g.Chrisman, Chua, & Sharma, 2005), interdependency of family and business (e.g.J. H. Astrachan et al., 2002) and combination of all or some of these (e.g.Chua et al., 1999; Sirmon, Hitt, & Ireland, 2007) have been the major definitional concerns. Undeniably, the dialogue on defining FB is still ongoing.

It is worth pointing out the argument of J. H. Astrachan et al. (2002) and Klein et al. (2005) that, in order to be functional, a definition must be straightforward and transparent to the extent that it can be quantified. This is significant since it serves the field by meeting the main need of establishing a guideline for defining FB. Furthermore, they emphasised that a definition should measure what it intends to measure and should be able to provide consistent research results through its operationalization.

### **2.3 FAMILY BUSINESS SUCCESS**

Even though there is no universally accepted definition or measures for FB success (Hienerth & Kessler, 2006; Olson et al., 2003), national and local economies have been and still are developed through the major contribution of successful, family businesses (Olson et al., 2003). However, although success is directly linked to the continuity of the FB (Fahed-Sreih & Djoundourian, 2006), it is still not clear how FB success is determined or measured (Hienerth & Kessler, 2006). Nevertheless, many scholars in the field agree that success is a combination of tangible and intangible extrinsic outcomes and intrinsic factors (Chrisman, Chua, & Sharma, 2003; Hienerth & Kessler, 2006; Olson et al., 2003). These factors were explained clearly in below paragraphs. Besides, FBs are driven towards performance either with respect to economic goals or non-economic goals or, more commonly, both (Chrisman, Chua, & Sharma, 2003). Performance in terms of economic goals is considered as financial success and performance in terms of non-economic goals is considered as non-financial success. Generally, FBs pursue both types of success so that the business can continue through future generations (Pearson, Carr, & Shaw, 2008).

Annual sales, sales growth, profits, return on assets, number of employees, capital, and value of tangible assets are generally considered as measures of financial performance or success. From the early stages of this research field, these financial measures have attracted more attention from scholars since all small business owners want to grow their business (Walker & Brown, 2004) and want to understand and measure the criteria of financial success. Evidently, early researchers demonstrated that these financial measures of performance, also known as hard measures, are more widespread than non-financial measures because they are easier to apply and administer (Walker & Brown, 2004). Hence, many economic theories have accepted wealth creation as the central goal of business (Chrisman, Chua, & Sharma, 2003). Emphasizing the need for financial success, Getz and Carlsen (2000, p. 554) stated that “even though the business is intended to support family and lifestyle goals, it must be a success in generating income”. Therefore, to be a successful business, growth in profits, sales, higher number of employees and other financial measurements need to be achieved by any kind of family business (Walker & Brown, 2004).

Importantly, economic success is not the only goal of an FB, as “family firms often display a strong preference toward noneconomic outcomes” (Zellweger & Nason, 2008, p. 203). Further, it is often argued that lifestyle or personal factors are the main stimulus for small business owners to start a business, although financial success is considered as the most appropriate measure of business success (Walker & Brown, 2004). Therefore, FB success can be measured using non-economic measures such as employee satisfaction, customer satisfaction, and wellbeing of the FB owner (e.g. Masuo et al., 2001). More to the point, Colli (2012) proposed survival, embeddedness, reputation, and sustainability as non-economic measures of FB success. However, these non-financial measures are subjective in nature and therefore difficult to quantify (Walker & Brown, 2004). Importantly, both economic and non-economic measures have to be utilised by family firms to give an overall indication of FB success.

## **2.4 FAMILY ELEMENT IN FAMILY BUSINESS**

The position of the family in an FB is crucial (Heck, Hoy, Poutziouris, & Steier, 2008) since FBs consist of the associated family or families. Olson et al. (2003) attempted to

illustrate that an FB can survive in uncertain economic conditions because of its family and not because of its being a good business. Reason is that FB has the potential for resource exchange between the family and the business systems. This could not be seen in other business structures. Therefore, to obtain a comprehensive knowledge about FBs, the family should be examined from both perspectives: as a separate unit, and linked with business (Zachary, 2011). However, previous research and numerous studies have disregarded the family system associated with FBs because of the inaccurate perception that examining only the FB is adequate in order to understand the family system and identify the impacts of family Heck et al. (2008). Therefore, to date, little attempt has been made to explain the effects of the family system on family business, despite the significance of family in the FB research field. However, notable exceptions can be seen in Rogoff and Heck (2003), Aldrich and Cliff (2003), and Zachary (2011). They have pointed out the importance of merging the aspects of the family system into the business system and studying both together in order to derive findings that will advance this field of research.

“To include the family as a variable in organizational research requires a clear definition of what the family is and how to apply it appropriately to the phenomenon under investigation” (Dyer, 2003, p. 410). In this sense, the cultural background of the researcher and the purpose of the research become key factors to be considered when defining family in a particular context (Rothausen, 1999). Therefore, some researchers have defined family as nuclear, joint, or extended family or as a kinship group (Pieper & Klein, 2007; Stewart, 2003). Nuclear families consist with only father, mother, and children. Joint families in a FB mean that two more families and these could be relatives or friends. Extended families go beyond nuclear families and may include grandparents and other relatives. Kinship groups are comprised with people who are related by blood or marriage.

Surprisingly, much research in the FB field has focused on the business aspects, not on the family or families' impact on the business (Zachary, 2011). Accordingly, future research, teaching and practice must consider the family system in relation to the FB (Zachary, 2011). Hence, the purpose of this research was to examine the family in an FB and its impacts on business success. The rationale for this is the significant role that the family has in determining an FB's sustainability (Olson et al., 2003). Hence, family

resources and demands, and the involvement of family members have the potential to significantly affect business success. Therefore, these concepts are worth further discussion.

#### **2.4.1 Family Resources and Demands**

The literature relating to family business performance and success is mostly concerned with the business system (Olson et al., 2003) and rarely considers issues associated with the family system. However, an FB is unique due to the presence of family in the business (Stafford et al., 1999; Zachary, 2011) and FBs develop and progress through positive family interactions (Eddleston & Kellermanns, 2007). Therefore, the impacts of family on business are vital considerations (Olson et al., 2003). More interestingly, the family of the FB can be the source of strength and competitive advantage, although it can also create weaknesses and limitations for the family firm (Eddleston & Kellermanns, 2007).

FBs are established to regulate the unique resources, capabilities, and visions of involving families, with the aim of achieving both economic and non-economic goals (Chrisman, Chua, & Litz, 2003; Chrisman, Chua, & Sharma, 2005; Habbershon et al., 2003; Habbershon & Williams, 1999). In that sense, FBs have a strong social element that influences business decisions with regard to strategy, operations, and administrative structure, due to the representation of family's resources, and capabilities of family members (Chrisman, Chua, & Sharma, 2005). Further, this family influence shapes the culture of the business by providing unique values to the business. Therefore, the family's resources and demands are critical for a FB.

Literature suggests that each additional child, the family tension levels, the total resources of the owning family, and many other factors are the key characteristics of a family that could affect a family business. For instance, the family's capital and the total amount of resources that a family can invest in FB can ensure its success in the short term and its sustainability in the long term (Danes, Stafford, Haynes, & Amarapurkar, 2009). Moreover, Olson et al. (2003, p. 655) revealed that "each additional child in the household, more individualized families, additional family employees living at home and higher family tension levels were negatively associated with the manager's perceived

success”. Furthermore, they claimed that “the number of children under the age of 18 years in the household had no significant effect on business revenue, but each additional child was associated with a significant, lower perceived success score by the business owner” (Olson et al., 2003, p. 659) They also mentioned that “reducing family tension, living in a two- or three-generation family, reallocating time from sleep to the business and hiring temporary help during hectic periods increased business revenue” (Olson et al., 2003, p. 639). Moreover, they discovered that businesses which employ the owner’s relatives are successful. However, Cruz et al. (2012) argued that family member employees can increase the sales, but they decrease the profitability as measured by Return on Assets.

Considering these instances, it can be presumed that family provides labour for the business as well as other resources such as money, space, equipment, and other business necessities. Hence, these factors are the main resources provided for the business. In terms of demands, family tension, and having young children in the household, may require more attention from family members involved in the business. For example, it was found that having children and functioning individually reduced the owner’s perceived success, even though they did not decrease business revenue (Olson et al., 2003, p. 640). Furthermore, an inability to separate work from family may mean that fewer hours can be committed to the business, thereby adversely affecting business success (Cruz et al., 2012). However, Olson et al. (2003) argued that when family members try to perform individually rather than attempting to perform as a group, the owner’s perceived business success will be affected, not the business revenue. However, cultural norms of FB may differ in different cultures.

#### **2.4.2 Family Involvement in Business**

Scholars agree that a business becomes an FB when both systems, family and business, start to influence each other (Litz, 2008). Similarly, relationships in a family business stem from these influences and the involvement of family members (Chrisman, Chua, & Steier, 2005). On the other hand, these family influences distinguish the FB from other forms of business (Chrisman, Chua, & Steier, 2003; Holt et al., 2010). Therefore, due to the significance of family involvement in the business, many scholars attempted to

develop theories and models to elaborate on the family involvement. For instance, Habbershon et al. (2003) developed a theoretical model emphasising that family involvement can create unique resources and capabilities leading to a firm's sustainability; they termed this "familiness". Therefore, theoretical research on FBs must address the uniqueness of having family involvement in the business (Chrisman, Chua, & Steier, 2003). However, measuring this "familiness" has become a complex issue so far in the literature.

Further, the need for FB research to address family involvement can be justified as family involvement generates materially different behaviours and outcomes in FBs that cannot be seen in businesses where there is no family involvement. Interestingly, the family's effect on business is greater than the business' effect on family (Olson et al., 2003). Another positive aspect of FBs is that family involvement in ownership and management may reduce cost and significantly enhance firm performance (Dyer, 2006). In addition, trust, shared values and common goals of family and business assist the business to have cohesive governance and avoid complicated and costly monitoring procedures (Dyer, 2006).

To fully understand family involvement in business, what has emerged in the field is the need to have a scale to measure this. J. H. Astrachan et al. (2002) made a great stride forward with the development of a scale to measure the family involvement; they stressed that any scale intended to measure the family influence has to consider the influence of each family involved in a particular business. It is called F-PEC Scale and is explained below.

### **2.4.3 F-PEC Scale and Its Applicability**

The F-PEC (Familiness - Power, Experience, and Culture) measures the extent and the quality of family influence on any business (Klein et al., 2005). Joseph Astrachan, Sabine Klein, and Kosmas Smyrnios, the developers of this scale, claim that this scale functions as a central tool "to understand the possible ways through which family members and families as an entity gain, loose, or maintain influence on their business" (J. H. Astrachan et al., 2002, p. 53). They developed this scale based on key themes that emerged from an

in-depth content analysis of FB definitions. It mainly comprises three sub-scales: power, experience, and culture. Further, they confirmed that this scale allows researchers to measure these subscales separately, total them, and employ them as independent, dependent, mediating, or moderating variables (J. H. Astrachan et al., 2002). Further, in this scale, family influence is operationalised as multidimensional and continuous (Cliff & Jennings, 2005). Hence, this scale can indicate significant differences while providing an overall measure (Holt et al., 2010). Moreover, this scale emphasize that managing family influence on business causes the balance of family and business needs and that will enhance family and the business performance (J. H. Astrachan et al., 2002). A description of each subscale of this measure is given below.

### **Power**

The power subscale explains the influence of family in terms of ownership, governance, and management involvement by family members by providing three sub-scales respectively (J. H. Astrachan et al., 2002). The ownership, governance, and management subsystems link the family and the business subsystems of the family business system (Klein et al., 2005; Pieper & Klein, 2007). Further, power scale shows the dominance exercised through financing, leading and controlling by the family (Klein et al., 2005). Therefore, “the percentage of family members on each board level, the percentage of members who are named through family members on the management and governance boards”, “the degree of overall influence or power either in the hands of family members or in those named by the family, the proportion of family representatives who are members of the governance or management boards” could be used to measure the ownership subscale ((J. H. Astrachan et al., 2002, p. 48). Further, they stress that it is worth noting that these influences via ownership, management, and governance are interchangeable and additive as well (J. H. Astrachan et al., 2002).

### **Experience**

The experience subscale comprises succession and the number of family members involved in the business (J. H. Astrachan et al., 2002). Experience is related to knowledge, judgment, and intuition of family members engaged in the business. In the FB environment, this longitudinal knowledge base and family-focused memory orientation is brought to the business through leadership succession (Holt et al., 2010, p. 80). The main reason to consider succession in the experience subscale is that many scholars in the

field agree that succession significantly improves constructive business experience for the family and the business. Equivalent to the succession, the number of family members who are actively involved in the business activities is also very significant as the business benefits from their experience.

### **Culture**

The third component of the F-PEC scale is culture. It refers to the extent to which there is an overlap of family and business values and the family's commitment to the business (J. H. Astrachan et al., 2002). The values of key personnel in the business may contribute to creating the business culture; these values may be embedded in political matters, conflict-handling procedures, management patterns, and so on (Holt et al., 2010). In accord with Carlock and Ward (2001), extending the effects of key personnel values, these values may shape the commitment of the family members towards the business. Therefore, it is imperative to include culture when measuring the family involvement in business. Hence, family business culture reflects the alignment of the family's goals and values with those of the business, and the family members' emotional attachment and commitment to the firm (Holt et al, 2010).

Moving forward, two basic philosophies that emerged when researchers attempted to distinguish FB from other businesses, relate to the components of involvement and essence (Chrisman, Chua, & Steier, 2005). Essence refers to the family's active transformation of its involvement into distinctive attributes (Holt et al., 2010). Involvement which is established through ownership, governance, or management is a prerequisite for essence.

Moreover, the important advantages of the F-PEC scale, when compared with other methods that have been used to operationalize the FB construct, are highlighted by Chrisman, Chua, and Steier (2005, p. 244). First, the FPEC scale allows the measurement of family influence on a continuous scale rather than by a simple dichotomy of family versus non-family business. Klein and her colleagues present a convincing case for the importance of this factor. Second, the F-PEC scale appears to offer a degree of robustness for measuring family influence across a number of different cultures

Furthermore, Chrisman, Chua, and Steier (2005) suggested that researchers should be able to provide observed linkages between sources, types, and consequences of familiness using the scale components. Likewise, Holt et al. (2010) recommended that the tangible factors which can be used as dimensions of both involvement and essence, measured by this scale, should be refined and connected. Therefore, intangible factors that could relate to family influence are yet to be researched. For that reason, future research has to discover the reciprocal effects that the business and the non-family members have on the family (Litz, 2008). Parallel to this, Cliff and Jennings (2005) claimed that the contribution of the creators of the F-PEC scale may encourage future researchers to explore untested ground. Thus, another conceptualization and a scale of family influence may extend the F-PEC scale (Cliff & Jennings, 2005). Hence, assessing family influence in terms of power, experience, and culture would not be enough. Moreover, it would be worth discovering the impacts of positive and negative spill overs of family-to-business and business-to-family in order to better understand the FB and its success factors. Therefore, there is the need to link the FB literature with the work-family interface theories and adopt those theories so that they are compatible with the FB literature with the aim of better explaining the reciprocal impacts of family on business and vice versa.

## **2.5 BUSINESS-FAMILY INTERFACE**

The interdependence and interrelation of family and business have attracted the attention of FB researchers since productive family interactions act as a source of competitive advantage for FB (Eddleston & Kellermanns, 2007; Habbershon et al., 2003; Sirmon & Hitt, 2003). Explaining further, Pieper and Klein (2007, p. 307) explained that individuals may belong to several subsystems at the same time. The owner-manager, for instance, is a member of the ownership subsystem in his or her role as shareholder; at the same time, s/he is a member of the management subsystem in his or her role as CEO, and s/he is a member of the family subsystem in his or her role as daughter, son, mother, or father. They argued that a business founder with specific values, intentions, and actions brings a combination of theories from entrepreneurship and psychology into the family business system (Pieper & Klein, 2007). These kinds of combinations produce synergies, differences, interactions, and conflicts between individuals within the family business system and create implications for business and family within the family business context.

Further, Pieper and Klein (2007) argued that many researchers consider the physical or most obvious dealings between the owning family and the business with no or less attention on implicit tissues such as emotions. For instance, many studies have focused on the explicit flows between family and business such as the family supplying funds and labour to the business, and the business supplying jobs, and financial and non-financial returns to the family. Recently, there has been a concern emerging about the significance of the business-family interface with relation to FBs (e.g. Eddleston & Powell, 2012; Rothausen, 2009). Moreover, there have been increasing calls to incorporate perspectives on work-family interaction into research on entrepreneurship, business ownership, and the relationship between business owners and firm performance (Barnett et al., 2009; Jennings & McDougald, 2007).

Within the FB research field, Pieper, Astrachan, and Manners (2013) complemented work-family literature by incorporating conflicts caused by leadership or ownership roles that are not currently addressed in the literature, but may contribute to a better understanding of the work-family interface. (Jennings, Breikreuz, & James, 2013) suggested directions for future studies of work family integration by showing that there is a considerable opportunity for family scholars to contribute to the collective understanding of whether and how business ownership facilitates or weakens work-family integration.

Frameworks such as the Bullseye model of an open-system approach (Pieper & Klein, 2007), the F-PEC scale (J. H. Astrachan et al., 2002), and the notion of familiness (Habbershon et al., 2003; Habbershon & Williams, 1999) are not directly concerned with the family system in and of itself (Zachary, 2011). These models and frameworks investigate only the family constructs that are established within the business but not the family system as a whole, unique, and separate system relative to the business. However, in itself, the family system is distinct but inseparable from the business system. Therefore, in order to better understand the uniqueness of an FB, there is a salient need to investigate what the family as a separate system brings to the business system. However, the family system is inseparable from business system particularly with regard to family business due to its unique reciprocal influences. Therefore, both systems may produce positive and negative effects on each other. Therefore, it is worth linking the FB literature with the work-family interface which could be used to uncover the

negative/positive effects of conflicts and enrichments arising within the family system, and their impacts on business and vice versa.

The work of Rothausen (2009) was a major step toward merging FB literature with work-family interface theories. She argued that both conflict and enrichment can result from being deeply involved in both work and family life. Enrichment may directly build the family capital outcomes such as job, family, and life satisfaction; skill and ability development; and productivity, in both arenas. Family business leaders are in a distinctive position to be able to influence the degree to which the family and work systems support each other by focusing on intentionally designing jobs, family roles, organizations, and families; improving relationship and role quality; setting family and work norms and values that support the fulfilment of all members of the family; and using stakeholder wellness as a criterion for family business success.

However, there is little empirical research that focuses on issues that occur at the interface of the business and family systems (Olson et al., 2003; Rothausen, 2009). Therefore, regardless of the lack of attention paid by work-family researchers to the unique qualities of FBs, the primary findings of work-family researchers in management are a source of knowledge for FB researchers (Rothausen, 2009). Hence, there is a need for a thorough literature review to explore and outline how the various aspects of the work-family interface are tackled in FB research. Therefore, this chapter focuses on reviewing how studies have reported the aspects of the work-family interface and their relevance to family business.

### **2.5.1 Facets of Work/Business-Family Interface**

Work-family interface experiences are twofold as work-family conflict and work-family enrichment (Greenhaus & Powell, 2006; Jennings & McDougald, 2007). However, work-family balance (Clark, 2000; Shaffer et al., 2011; Voydanoff, 2002) and work-family fit (Clarke, Koch, & Hill, 2004; Rothausen, 2009) are also included in the work-family interface spheres. Consistent with the work-family interface literature and the family embeddedness perspective, work-family issues are important for FBs. These work-family issues encompass two perspectives: the conflict or depletion perspective, and the

enrichment or enhancement perspective (Barnett et al., 2009). In the literature, the conflict perspective is predominant, and the enrichment view is less researched (Greenhaus & Powell, 2006).

The current literature suggests that WFE and WFC appear to be related constructs yet distinct from each other (Grzywacz & Marks, 2000a, 2000b). Therefore, work-family interface experience is more realistically characterized by a combination of the two perspectives; that is, it is depleting in some respects yet enriching in others (Jennings and McDougald (2007). However, recent studies have tended to view these concepts individually (Byron, 2005; Greenhaus & Powell, 2006; Kossek & Lambert, 2005). Therefore, it is evident that there is a lack of research which addresses a combination of these (Maertz & Boyar, 2011), indicating the need for more research to gain more knowledge on how these concepts may co-exist. Hence, in this research two constructs of the work-family interface will be addressed at the same time by linking them to the family business context, and terms will be changed to ‘business-family conflicts’ and ‘business-family enrichments’ according to the research unit of analysis that is the business owner. Hence, the next section provides a detailed explanation of these two concepts.

### **2.5.1.1 Work/business-family conflict**

WFC is the most researched facet of the work-family interface when compared to WFE and work-family balance. WFC is defined by Greenhaus and Beutell (1985) as “[a] form of inter role conflict in which the role pressures from work and family domains are mutually incompatible in some respect”. WFC arises when a person finds it difficult to fulfil a family role because of his/her work role and vice versa (Carlson, Kacmar, & Williams, 2000). Therefore, WFC is bidirectional, implying that work roles can interfere with family roles and responsibilities, and family roles can interfere with work roles and responsibilities. Generally, this has been termed as work-to-family and family-to-work conflict and may generate different causes and effects on the family and work domains (Gareis, Barnett, Ertel, & Berkman, 2009; Hennessy, 2007).

Accordingly, an empirical study by (Boyar, Maertz, Pearson, & Keough, 2003) showed that WFC is driven by role conflict and role overload. Hence, WFC reflects the integrity

between work and family life. Further, WFC has been widely investigated and has been connected to negative consequences such as lower satisfaction and increased stress in both work and family roles (Prottas & Thompson, 2006).

Greenhaus and Beutell (1985) described three different types of WFC: time-based conflict, strain-based conflict, and behaviour-based conflict. Time-based conflict arises when an individual becomes unable to devote time to one role in a particular domain due to spending time on another role in the other domain. Strain-based conflict arises when roles are incompatible because the stress experienced in one domain makes it difficult to meet the demands and obligations of the other domain. Strain can be regarded as stress, tension, anxiety, irritability, and fatigue. The third is behaviour-based conflict that occurs when the behaviour pattern required of one role is incompatible with the expected behaviour of the other role.

Turning to antecedents of WFC, Shaffer et al. (2011) illustrated that WFC could arise due to tenure, work schedule, and occupation or rank, hours or time pressure, job expectations, role stressors, family structure, number or ages of children, spouse employment status, family expectations, gender, age, education, salary, and sleep or health. Further, they explained that the consequences of WFC could be categorized as attitudes, strain, withdrawal, performance, health, psychological symptoms, and life stress (Shaffer et al., 2011).

#### **2.5.1.2 Work/Business-family conflicts and family business**

To explore the unique patterns of WFC, FB can be utilised as a platform due to its unique component of having family in business that cannot be found in other forms of business (Karofsky et al., 2001). Issues that appear at the intersection of business and family of a FB are considered as business-family conflicts. For example, a misalignment of the business role and family role may make it difficult for family members involved in the family business to cope with role conflict (Fitzgerald, Winter, Miller, & Paul, 2001) Supplementary to this, Danes and Lee (2004) provided an example of families with preschool-aged children, where business demands can create tension because of the disparity between the need to care for those children and the demands of the business.

Therefore, business-family conflicts of family members involved in family business become more complex due to the number of overlapping roles they have to perform (Barnett et al., 2009). Thus, WFC is a key issue in FBs that should be considered by the practitioners and scholars in the field. Although some studies have identified WFC as a major concern in terms of the survival and success of the family business, few have considered WFC as a key variable in their analyses (e.g. Karofsky et al., 2001; Memili, Zellweger, & Fang, 2013; Smyrnios et al., 2003).

Karofsky et al. (2001) investigated WFC and emotional well-being in American FBs and concluded individuals' responses to work affect personal happiness, work effectiveness, and society; moreover, older business owners experience less business-family conflict and higher levels of work-interpersonal harmony. Further, they revealed that business owners, who work in the evenings and weekends, discuss business issues at home with the family, and conduct business activities at home, experience more work-household conflict. As expected, these same owners also report experiencing less work-interpersonal harmony (Karofsky et al., 2001, p. 322). The major implication of their study for business owners is that personal satisfaction and business accomplishments are intertwined in an FB. Moreover, Smyrnios et al. (2003) focused on the interface and conflicts between work and family lives of business owners and found that work-interpersonal conflict is associated significantly and negatively with family cohesion, which in turn is related negatively to owners' reports of anxiety. Further, it confirmed the importance of specific mediating factors being associated with specific types of WFC. In addition to these findings, work-family balance has been recognised as a difficult challenge in terms of time management for daughter successors (Vera & Dean, 2005).

Further, Kwan et al. (2011) examined how family and non-family business moderate the relationships between family-to-work conflict (FWC) and job satisfaction and social networks, and concluded that FWC increases social networks and reduces job satisfaction for business owners generally, and family business moderates the effects of FWC on these two variables. Expanding business-family conflict literature further, Memili et al. (2013) indicated that ownership attachment is positively affected by both family harmony and WFC, when WFC is influenced by relationship conflict. According to Shinnar, Cho, and Rogoff (2013), the relationship between family involvement in the business and the owner's perception of family-business conflict was moderated by race/ethnicity, and

family-business conflict management was a major problem for Korean-American entrepreneurs compared with their White counterparts. They have conducted this study with four groups of entrepreneurs of White, African-American, Korean-American and Mexican-American in United States of America.

To enrich the FB field further with regards to WFC, Avery, Haynes, and Haynes (2000), Danes and Lee (2004), Danes and Olson (2003), Gudmunson and Danes (2013) identified WFC as a predictor of tension within an FB. For instance, Avery et al. (2000) used WFC as a predictor in their investigation of tension levels between family business and family. To investigate tension created by business issues due to the wife's involvement in business, Danes and Olson (2003) also used WFC as a dimension of tension. Further, WFC was identified as a factor that causes tension among families that own farm businesses (Danes & Lee, 2004; Gudmunson & Danes, 2013). Furthermore, there were some studies which considered WFC as an important factor in FB studies. For example, when investigating the link between performance success and the boundaries between families and the businesses, WFC was considered as a measure of individual boundaries. Interestingly, WFC was as a cause of deviant behaviour in the FB in the model presented by Cooper et al. (2013) connecting FB with family relation research.

Studies that mention the WFC as an important concern for FBs, acknowledged the identification of WFC with relation to family members involved in the business and strategies to overcome WFC issues (Danes, Rueter, Kwon, & Doherty, 2002; Dyer, 2006; Fitzgerald et al., 2001; Shepherd & Haynie, 2009). Conceptual models that appreciate the nature, causes, and implications of different types of conflict are still welcome in FB literature (Sharma, 2004). Therefore, this study is intended to discover how business-family conflicts influence family and business links in family business.

### **2.5.1.3 Work/Business-family Enrichment**

Greenhaus and Powell (2006) argued that, despite the substantial body of literature related to the intersection of work and family, little attention has been paid to the positive effects of combining work and family roles. A concept that merits investigating the potential positive outcomes of managing work and family roles is work-family enrichment

(Hennessy, 2007). For this study, WFE business-family enrichment are complementary since the context of the study is family business and unit of analysis, i.e. the FB owners.

WFE is a construct that represents how work and family roles can benefit one another and is defined as “the extent to which experiences in one role improve the quality of life in the other roles” (Greenhaus & Powell, 2006, p. 72). Voydanoff (2004, p. 399) defined WFE as “a form of synergy in which resources associated with one role enhance or make easier participation in the other role”. Similar to WFC, WFE could originate from both work and family domains (Shaffer et al., 2011). WFE (Greenhaus & Powell, 2006) is known as work-family facilitation (Grzywacz & Butler, 2005; Shaffer et al., 2011; Voydanoff, 2005) or work-family enhancement (Voydanoff, 2002) or positive work-family spill over (Grzywacz, 2000; Grzywacz, Almeida, & McDonald, 2002).

Work experiences can improve the quality of one’s family life; that is work-to-family and family experiences can improve the quality of one’s work life, that is, family-to-work. Family-to work enrichment has been found to be substantially stronger than work-to-family enrichment (Greenhaus & Powell, 2006). Antecedents of WFE include the pressure of time or hours, role stressors, social work support, organizational climate or practices, and family attitudes. The consequences of WFE relate to family performance and health outcomes (Shaffer et al., 2011).

WFE has been operationalized in several ways. For instance, three dimensions of WFE can be presented as time-based, energy-based, and behaviour-based (van Steenbergen, Ellemers, & Mooijaart, 2007). Time-based WFE arises when the time spent in a particular role makes it easier to utilise the time in the other role. Energy-based WFE appears when energy acquired in one role assists with the fulfilment of requirements of the other role. Behavioural-based WFE occurs when behaviour learned in one role promotes the behaviour required in the other role (van Steenbergen et al., 2007).

Relative to WFC, WFE remains conceptually and empirically under-developed (Hennessy, 2007). Further, existing research has unfortunately paid limited attention to testing these competing theories with reference to the FB context. Consequently, compared with those on WFC, fewer articles on WFE exist in the FB field. Therefore, within the research focus, there is a need for a move from WFC to WFE which has not

been reported much but nevertheless helps to explain the factors that sustain the integration of work and family demands (Voydanoff, 2004). As a result, initiatives that explore the positive outcomes of integrating work and family roles can be seen in the field, recognizing the adversity of negative outcomes such as conflict, stress, and lower satisfaction (Hennessy, 2007).

#### **2.5.1.4 Work/Business-family enrichment and family business**

In the FB literature, it proved difficult to find studies that specifically used the term “business-family enrichment”. Hence, Eddleston and Powell (2012) revealed that the primary focus of scholars was on how the family interferes with the entrepreneurial experience. Therefore, they proposed to focus on how the family fosters the entrepreneurial experience. As a result, they investigated how family-to-business enrichment and support nurtures satisfaction with work–family balance. They concluded that satisfaction with work–family balance was nurtured by instrumental family-to-business enrichment and instrumental support from the family at home for women with comparison to their male counterparts (Eddleston & Powell, 2012). Furthermore, Powell and Eddleston (2013) examined how experiences in the family domain may benefit from the experiences in the business domain. They emphasised that affective family-to-business enrichment, instrumental family-to-business enrichment, and family-to-business support positively related to entrepreneurial success and, further, this was more positive for females than males.

Similar to these, many scholars tend to investigate WFE in family business from the gender perspective (e.g. Bowman, 2009; C. R. Smith, 2000) For instance, van Steenbergen et al. (2007) claimed that work and non-work outcomes can be predicted by the effects of enrichment over and above the effects of conflict. Further, they stated that the experience of enrichment is higher for women than for men. Therefore, in addition to conflict, examining enrichment is also significant as a means of predicting women’s work and home life experiences. Another aspect of the existing literature is that most of the research has addressed interactions for selected types of families, such as couples who are copreneurs (Stafford & Tews, 2009). One example of this is the work of C. R. Smith (2000) on managing work and family in small copreneurial businesses. However, being

a relatively young field and lacking a comprehensive range of literature on how business-family enrichment could affect family involvement in business leading to business success, it is presumed that more studies are needed from the perspective of both genders although there may be differences based on gender. Consequently, this study will examine the mediating effects of business-family enrichment of both men and women family members who are involved in the family business.

## **2.6 FAMILY BUSINESS OWNER AND FAMILY BUSINESS**

It is important to note that the influential position of the business founders has been recognised by FB literature (Sharma, 2004). Further, FBs seem to rely excessively on a single decision maker who is invariably the family business owner (Feltham et al., 2005). For this reason, a more thorough understanding of the FB owner is required (Kellermanns et al., 2008). Moreover, a business owner's characteristics may be key factors in envisaging business success and determining the other family members' involvement in the business. On the other hand, poor decisions may be made due to this over-dependence on a business owner or a sole person for the decision making (Feltham et al., 2005; Kellermanns et al., 2008). Based on these arguments it will be worthwhile investigating the moderating impact of the owner's personal characteristics such as age, gender, education, on the family and business interactions.

Regarding the gender of the owner/CEO, several contradictory findings can be seen in the literature. Obviously, the owner of the FB is pivotal to the success and survival of the business, and most of the business managers in dual manager households are male, older, married, more experienced in the business, and with a female counterpart as the household manager (Masuo et al., 2001). Moreover, women tend to earn a lower level of business income compared to male business owners (Olson et al., 2003). Likewise, a negative relationship between being a female business manager and a business manager employed elsewhere and family's business income was also reported (Olson et al., 2003). However, it was found that most of the studies give no information about the gender, but implicitly focus only or primarily on men, and the women are invisible in the studies (Heinonen & Hytti, 2011). Further, gender is applied in studies as a variable when some differences and similarities between women and men FB owner-managers with regard to their firm

performance are reported (Sonfield & Lussier, 2005). However, some studies consider gender more thoroughly and include gender in their analytical framework, and discuss the hypothesized differences accordingly. Hence, in this study, gender will be used as a moderating variable in order to determine its impact on the relationships between family and business successes when mediating the business-family interface.

The age of the owner of the FB is another important variable to explore in the FB field although little has been written about this as a variable. However, many studies in FB have considered the age of the owner implicitly. For instance, in some studies, age was used as a control variable (e.g. Cruz et al., 2012). Parallel to this, Zapalska, Bugaj, and Rudd (2005) concluded that the business owner's age is among the most influential performance variables in FBs in the transitional Polish economy since businesses operated by older women performed better than those operated by younger ones. Conversely, age was reported as negatively linked with business growth, which is considered as a definition of success (Davidsson, 1991). Further, Olson et al. (2003) documented that the older the owner, the more likely it is that business success will decrease. Confirming this, Kellermanns et al. (2008) stated that as FB owners get older, they tend to focus more on succession issues and maintaining family wealth, and therefore become less innovative and less prepared to take risks. However, the links between the age of family entrepreneurs, succession, generation and firm mortality remain unclear (Stamma & Lubinski, 2011). As a result, in this study, the age of the owner will be examined as a moderating variable of family and business relationships.

Tenure of the family owner within the business is another important factor to be considered in terms of FB success. It has been suggested that the longer the tenure of FB owners and the more central their position in the FB, the more influence they will have on business culture and performance, even beyond their tenure. Further, compared with non-family business executives, FB leaders tend to have long tenure (Sharma, 2004), giving the FB several advantages. For example, with a long tenure, owners are able to accumulate a wealth of knowledge and experience, enabling them to make appropriate entrepreneurial decisions. More to the point, this will reduce the risk while proceeding changes (Levesque & Minniti, 2006). In addition, the long tenure of FB owners facilitates the establishment of valuable relationships among organizational elements (Kellermanns et al., 2008). However, FB owners with long tenures often face higher cognitive costs and

psychological barriers to giving up their role (Gómez-Mejía, Larraza-Kintana, & Makri, 2003). Hence, the tenure of the FB owner is a critical factor to consider in FB studies.

The experience of the FB owner is another important factor to be considered although much of it has not yet been researched. In the literature, it is always connected with the entrepreneurial ability of the owner; the impact of experience has not been taken into consideration as a separate variable. However, existing literature states that business owners' management practices have been positively related with business success (Olson et al., 2003). Many studies in the field tend to talk about the successors' experience instead of the owners' experience since most of the literature is devoted to the succession issue.

The level of education of the FB owner is imperative to the survival, growth and success of the family firm. However, this has not attracted much attention as a separate variable in analytical frameworks although several studies have mentioned the level of education of the owners (e.g. J. H. Astrachan & Kolenko, 1994). In some studies, education was used as a control variable (e.g. Cruz et al., 2012). Technology use and experience, and risk aversion, of FB owners are influenced by their education level and work experience (Spencer, Buhalis, & Moital, 2012). Furthermore, according to Praag and Stel (2013), the higher the level of education, the higher is the productivity of business ownership, and the steeper is the relationship between business ownership rate and economic value creation at a macro level,. Therefore, it seems that the FB field needs much more research on the education of the FB owner and its impacts on the business, the family, and the future of both.

## **2.7 BUSINESS CHARACTERISTICS AND FAMILY BUSINESS**

Business characteristics can be identified as significant factors in business success. Accordingly, the literature relevant to business characteristics and their impact on business was investigated. In accord with Olson et al. (2003), higher business assets, additional number of non-family employees, age of business, business location (metro), a higher product management score and additional work duration in the business were recorded as having a positive link with business revenue. Business revenue is a key

performance factor of the business and is indicative of business success. Along with those factors, sole proprietorship, higher personnel and product management scores are also positively connected to the perceived success of managers (Olson et al., 2003). Moreover, personnel management, age of the business, business assets, owner's weekly hours in the business, casual labour hire, and family employees were related positively with business and family success (Olson et al., 2003). Hence, it can be assumed that business characteristics are major factors determining family business success and its continuity.

Among the factors which could make an impact on business success, age of the business (Cruz et al., 2012), its size (Cruz et al., 2012; Miller, Breton-Miller, & Lester, 2011), location (Cruz et al., 2012; Masuo et al., 2001; Nam & Herbert, 1999; Olson et al., 2003), life cycle stage (Olson et al., 2003), generations involved (Kellermanns et al., 2008; Zahra, 2005), goals and strategies (Getz & Carlsen, 2000; Masuo et al., 2001; Nam & Herbert, 1999), organization structure (Hartman, 2011; Nam & Herbert, 1999) financial base (Smyrniotis et al., 1998), labour (Masuo et al., 2001; Nam & Herbert, 1999) and technology (Davis, 1983; Davis & Harveston, 2000) have been considered in the literature.

The literature on family business indicates that conflicting results have been obtained for the business' age factor. For example, it was found that business age negatively affects ROA, while having no significant impact on growth (Cruz et al., 2012). Business size as another important factor tends to operationalize with the number of employees of the firm (Cruz et al., 2012; Cruz & Nordqvist, 2012; Miller et al., 2011). Likewise, Dyer (2006) claimed that strategy, structure, and the human resource system could greatly influence the success of family businesses. Business structure was reported, as more formal structures lead to a higher level of planning which in turn leads to greater revenue (Hartman, 2011). Further, the presence of either a board of directors or an advisory board facilitate a smooth transition of the business to the next generation (Hartman, 2011).

Location of the business can be home-based or on external premises. Generally, many businesses start off as small firms that are most often home-based (Walker & Brown, 2004). Further, these home-based businesses tend to be service-oriented. These firms are generally au fait with the latest technological advances in electronic communication and there therefore there is no need to move the business to an external location since

technology makes it feasible to conduct the business at home (Walker & Brown, 2004). Moreover, operating the business from home enables a more efficient utilization of assets than if it were operated from outside (Cruz et al., 2012). However, when a business expands, owners may consider moving the business to a more spacious location. On the other hand, a home-based business may have fewer sales (Stanger, 2000). Moreover, rural home-based businesses were found to have less income than urban home-based businesses (Olson et al., 2003).

In terms of geographical location, rural FBs were reported to have more cash flow problems than non-rural family businesses in United States (Danes, Olson, Zuiker, Van Guilder Dik, & Lee, 2001). Rural locations are far away from major cities creating difficulties to reach many facilities a family business could have despite of the country is developed or developing. Generally, greater business assets, location in the metropolitan or surrounding area, owning an older business, and having family member employees positively affect family business revenue; however, if the family consists of only a single generation residing together, this tends to produce negative consequences including higher tension in the business (Olson et al., 2003). The more generations involved in the family business, the more innovativeness there is in the family firm (Kellermanns et al., 2008; Zahra, 2005). Furthermore, the life cycle stage of the family business could affect the business' sustainability. The early years of the FB foster the commitment of family members and the sense of identification with the business through familial relationships between FB owner and other family members, and offers dependable human resources (Olson et al., 2003).

## **2.8 ADDRESSING THE RESEARCH GAP**

According to the literature discussed above, the growing realization that FBs are heterogeneous (Melin & Nordqvist, 2007) is substantiated. Therefore, in order to better understand the FB holistically, both family and business should be examined at the same time with all their relevant subsystems, recognizing the interrelations and interdependencies of all subsystems (Heck et al., 2008). Therefore, linking FB literature with the work-family interface allows the researchers to analyse the mutual exchanges and influences of family and business very comprehensively (Pieper & Klein, 2007).

Therefore, studies with the focus on the mediators and moderators on family and business relationships should be welcome (Chrisman, Kellermanns, Chan, & Liano, 2009). Further, studies which examined business performance have ignored the impact of the owning families (Olson et al., 2003). On the other hand, several studies have been found which addressed the reciprocal nature of the family and the business within the FB, although few have examined this aspect quantitatively (Olson et al., 2003) and very few studies have used the mixed-methods approach. Moreover, few researchers have tried to identify the links between FB performance and conflicts and enrichments between family and business (Danes & Olson, 2003; Rothausen, 2009). Therefore, the impact of the work-family interface on FB success has been poorly researched.

Existing studies indicate that family firms are common in both developed and emerging economies (Chu, 2009). Notably, the majority of FB research has been conducted in Western economies that share many institutional similarities, and little work has been done on FBs in emerging market economies. However, conclusions from Western economies may not be directly applicable to emerging economies due to the differences in legal systems and economic environments (Miller, Le Breton-Miller, Lester, & Cannella, 2007). Therefore, this research was intended to address the lack of FB research in emerging markets.

FBs are extremely dependent on a single decision-maker, who is generally the owner (Feltham et al., 2005). Therefore, the characteristics of owner-managers greatly influence the business performance (Smyrnios et al., 1998). Therefore, there is a need to understand the work-family interface and the behaviour of the business owner in the context of the FB. Therefore, this study was conducted in order to understand FBs and the influence and effects of family through the owners' work-family interface grounded in the sustainable family business theory.

The main challenge of the FB field is to understand the contribution of the family to family business performance (Basco, 2013). In the FB field, many useful and important models have been developed to structure and explain the complex intersection of the family and the business. However, a holistic model able to illustrate the interrelations between FB components at various levels of analysis is lacking (Pieper & Klein, 2007, p.

301). Thus, this study is an attempt to present a holistic picture of FBs in the tourism industry in Sri Lanka.

## **2.9 SUMMARY**

This chapter was devoted to examining and evaluating the literature relating to the FB field and its evolution, including major theories. In addition, existing studies which made an effort to link FB and work-family interface were discussed, together with those relating to owner characteristics and business attributes. The next chapter concentrates specifically on the context where the study was conducted.

## **CHAPTER THREE**

### **TOURISM, HOSPITALITY AND FAMILY BUSINESS**

#### **3.1 INTRODUCTION**

This chapter explains the context of the study. It starts with a discussion of tourism globally and later focuses on Sri Lankan tourism, its evolution, significance and its current contribution to the economy. In the next section, the tourist accommodation industry in Sri Lanka will be explained in detail as it is the main context where the population of this study lies. Accommodation sub industry only was taken to consider for the population due to the availability of a sampling frame as many of them registered with Sri Lanka Tourism and Development Authority. Thirdly, the FB in Sri Lanka and its characteristics, challenges and barriers will be discussed. The chapter ends with a summary of the context of FBs in the tourist accommodation industry in Sri Lanka.

#### **3.2 TOURISM INDUSTRY**

Tourism is becoming the world's largest service industry (Hui, Wan, & Ho, 2007) and is also the industry with inexorable growth globally, and in the developing world as well (Telfer & Sharpley, 2015; Tosun, 2001). The reasons for this rapid growth are: the increase in global earnings, greater amount of leisure time, the increasing world population, decrease in real transport expenditures, shortened travel time, and globalization (Telfer & Sharpley, 2015; Wen & Tisdell, 2001). Tourism can be described as the set of activities of persons travelling to a place away from their normal setting for less than one consecutive year, and whose main travel purpose is other than the exercise of an activity that is remunerated (that is, work-related) (S. L. Smith, 2014). This definition indicates that tourism includes a journey to a different place and that the journey is a movement from the normal place of living only for a short period of time. Activities associated with tourism are transportation, accommodation and food, communication, and shopping and entertainment (Welgamage, 2015). In another way, tourist sub sectors can be shown as accommodation, catering, transport, entertainment, tourist attractions, leisure, and information.

Many developing countries including Sri Lanka have incorporated the tourism industry into the development strategies of the economy (Balaguer & Cantavella-Jorda, 2002) as a result of recognising the contribution that the tourism industry can make to the growth of the economy (Sharpley, 2000). Not like other developing countries, in Sri Lanka tourism became a key to development with the enlargement of the industry with newly opened coastal areas with the end of the ethnic war. Tourism's contribution to an economy can be twofold: direct and indirect. Direct contributions include taxes on income generated through tourism employment and tourism businesses, and by direct levies on tourists such as departure taxes. Taxes and duties on goods and services supplied to tourists constitute the indirect contribution (Welgamage, 2015). In Sri Lanka, tourism is the mainstay of the national economy, its fourth largest foreign exchange, and a major employer (Dasanayaka, 2009).

### **3.3 SRI LANKAN TOURISM**

Sri Lanka is one of the major tourist destinations in the South Asian region (Jayathilake, 2013) due to its wealth of tourist attractions and natural resources that appeal greatly to visitors. These resources include fauna and flora, aesthetic landscapes, streams and waterfalls, irrigation tanks and canal systems, beautiful beaches, mouth-watering tropical fruits and vegetables, historical monuments, local music, dance, festivals, authentic foods, beverages, traditional agriculture, local costume, indigenous medicine and healing methods, traditional arts, and sports (Senanayake & Wimalaratana, 2012, p. 1). Interestingly, Sri Lanka's tourist attractions encompass the beaches of the south coast, scenery and cool climate of the central hills, historical and cultural heritage of the north central area, and urban landscapes of the western areas. Moreover, Sri Lanka's natural attractions such as wildlife parks or forest systems also attract tourists through their rich diversity. This diversity has extended tourism opportunities to different parts of the island, resulting in local economic development (Fernando & Meedeniya, 2009). Tourism can be divided into two as domestic and international tourism. For this research both categories were considered.

Consequently, the country presents unique opportunities for various kinds of tourism including traditional tourism, adventure tourism, coastal tourism, eco-tourism and safari tourism, cruise tourism, rural tourism and medical tourism etc. Its geographical location,

natural beauty, and historical and heritage values, offer additional potential for promoting tourism in the country. Thus, tourism has been identified as one of the key industries that promotes the economic growth and development of Sri Lanka (Jayathilake, 2013). For instance, the tourism industry can be utilised to enhance the economic prospects of the country's post-war development. Further, Sri Lanka is gradually starting to become a major tourism destination in South Asia. The statistics presented below in Table 3.1 demonstrate the progress of the tourism industry, which has nearly doubled in the last three years.

**Table 3.1: Growth of the Tourism Industry**

<b>Year</b>	<b>Total Tourists Arrived (No.)</b>	<b>Accommodation capacity (Rooms)</b>	<b>Annual Room Occupancy Rate (Percentage)</b>	<b>Gross Tourist Receipts (million USD)</b>
2009	447,890	14,461	48.4	349.3
2010	654,476	14,714	70.2	575.9
2011	855,975	14,653	77.1	838.9
2012	1,005,605	15,510	71.2	1038.3
2013	1,274,593	16,655	71.7	1,715.5
2014	1,527,153	18,510	74.3	2,431.1
2015	1,798,380	19,376	74.5	2,980.6*

\*Estimated

Source: SLTDA (2015)

### **3.3.1 Evolution of the Tourism Industry in Sri Lanka**

By implementing a policy of tourism development, the British took the step to legitimise tourism in Sri Lanka in 1930. However, after Sri Lanka was granted independence, between 1948 and 1956 a decline was reported due to the change in government policy which halted the promotion of tourism. Furthermore, no tourist statistics were kept from 1958 to 1966 (Sullivan, De Silva, White, & Wijeratne, 1995). In the late 1960s, however, tourism was officially activated when a new policy was adopted for tourism development (Ranasinghe & Deysappriya, 2010), resulting in notable growth in the early 1980s. The establishment of the Sri Lanka Tourist Board (the main institute charged with promotional

and organizational responsibilities for the tourist industry in Sri Lanka), and the initiation of open economic policies by the Sri Lankan government (Tisdell & Bandara, 2004), also encouraged tourists to visit Sri Lanka. However, due to political unrest and ethnic conflicts, the tourism industry faced uncertainties and instability. Further, national security problems related to ethnic disputes have contributed to major instabilities in the tourism industry since 1983. This was further intensified by the youth unrest of 1987/1989 in the south (Tisdell & Bandara, 2004). Subsequently, the tourism industry of Sri Lanka began to develop steadily, ensuring the economic development of the country despite several obstacles produced by Sri Lanka's civil war, world terrorist attacks, and natural disasters (Ranasinghe & Deyshappriya, 2010). Eventually, the country experienced a robust improvement in tourism after the end of the civil war in 2009. Currently, the Sri Lankan tourism industry is surging upwards as a result of the post-war recovery process. Moreover, in the recent past, the government of Sri Lanka has taken several initiatives by offering income tax exceptions, interest subsidies, import tax release and other subsidies for the firms and entrepreneurs involved in the industry (Jayathilake, 2013). Further, the Sri Lanka Tourism Development Authority, formerly known as the Sri Lanka Tourism Board, initiated many development and promotional programs to increase tourism's contribution to the national economy with the main objective of attracting 2.5 million tourists per annum by the year 2016. Hence, as a multiplier in the national economy, the tourism industry has a significant role in Sri Lanka (Gunarathna, Janice, & Chan, 2013).

### **3.3.2 The Significance and the Current Contribution of Sri Lankan Tourism Industry**

Tourism is considered as the industry which not only generates foreign exchange income for the host country, but also creates employment opportunities in various sectors, and stimulates the development of services and economic growth and development. Moreover, tourism development boosts the construction industry as the need for hotels of various sizes and in different locations provides numerous job opportunities (Welgamage, 2015). Also, tourism creates jobs directly through hotels, restaurants, nightclubs, taxis, and souvenir sales, and indirectly through the supply of goods and services needed by tourism-related businesses. Tourism has established itself as a large and dynamic industry, offering new and interesting careers to vast numbers of individuals from all walks of life, with many of them direct and the others as indirect beneficiaries

(Welgamage, 2015, p. 91). Moreover, the rapid expansion of international tourism offers substantial employment opportunities. Hotels of different star categories, guest houses, rest houses, restaurants, bars, club houses, leisure centres, tour operators and travel agents combined now employ well over three million people, and tourism is currently regarded as the industry which has the potential of being the number one foreign exchange earner in the country due to its ability to earn almost every rupee spent by a visitor (Welgamage, 2015, p. 91).

Tourism can play a major role in decreasing poverty, by offering tourist attractions and activities in under-developed, rural areas (Gunarathna et al., 2013). Moreover, compared to other sectors of the economy, the benefits of tourism extend to a broad section of society (Jayathilake, 2013). Further, the constructive development capabilities in tourism with relation to economic, demographic, technological, psychological, social-political and cultural values are more obviously noticeable than in any other industry. Subsequently, the development of tourism links to a variety of other economic activities such as those in the transport, agriculture, arts and crafts and gem and jewellery industries (Welgamage, 2015).

### **3.3.3 Tourist arrival in Sri Lanka**

According to the Tourism Development Authority of Sri Lanka, 1,274,593 and 1,527,153 tourist arrivals have been recorded in 2013 and 2014 respectively (SLTDA, 2015). Furthermore, as stated in the Statistical Report of the Tourism Development Authority (2015), a high proportion of foreign guest stays in graded accommodation establishments were reported for the Western province (37.26% in 2013) and the South coast (34.76% in 2013), followed by ancient cities with 19.20% in 2013. The Government of Sri Lanka set a goal of 2.5 million tourists in 2016 with forecasted revenue of \$2.75 billion. Further, the country had to increase the existing 26,700 rooms to about 50,000 rooms by 2016 since it was anticipated that the country would accommodate 2.5 million tourists in 2016 (SLTDA, 2015).

### 3.3.4 Income Generated through Tourism Industry

The total contribution of Travel & Tourism to GDP was LKR1,067.4bn (11.1% of GDP) in 2014, and was predicted to increase by 2.5% in 2015, and by 6.1% pa to LKR1,979.2bn (10.5% of GDP) in 2025 (WTTC, 2015). Fundamentally, this indicates the economic contribution made by businesses such as hotels, travel agents, airlines and other passenger transportation services, excluding commuter services. However, the contributions from the restaurant and leisure industries were directly taken into consideration. Moreover, the Sri Lankan government plans to have over 6.1% contribution to GDP by 2025 through the tourism sector (WTTC, 2015). Table 3.2 below shows the ranking of Sri Lanka among 186 countries registered with the World Travel and Tourism Council.

**Table 3.2: World Ranking of Sri Lanka for Travel and Tourism's Contribution to GDP**

	<b>Travel &amp; Tourism's Direct Contribution to GDP</b>	<b>Travel &amp; Tourism's Total Contribution to GDP</b>
<b>Absolute size worldwide in 2014</b>	63	65
<b>Relative contribution to national economies in 2014</b>	61	70
<b>Real growth in 2015</b>	156	125
<b>Long term between 2015-2025</b>	23	21

Source: Travel & Tourism Economic Impact 2015 Sri Lanka by WTTC 2015

### 3.3.5 Employment in Sri Lankan Tourism Industry

In 2014, the total contribution of Travel and Tourism to employment, including indirect jobs generated LKR453.8bn (21.3% of total exports) in 2014. This was forecasted to fall by 1.6% in 2015, and increase by 6.3% pa, from 2015-2025, to LKR825.5bn in 2025 (23.7% of total) (WTTC, 2015, p. 4). With reference to Table 3.3, the tourism industry's generation of employment has improved considerably by 65.9 per cent compared to the

number of persons employed directly in the tourism sector, going from 67,862 direct hires by the end of 2012 to 112,550 employees at the end of 2013 (SLTDA, 2015).

**Table 3.3: No. of Establishments and Direct Employment in Tourism Industry 2011-2013**

Category of Establishments	No. of Establishments			Total No. Employed		
	2011	2012	2013	2011	2012	2013
Hotels and Restaurants	1,371	1,306	1,745	39,901	47,761	90,444*
Travel Agents and Tour Operators	360	533	592	4,236	6,409	7,011*
Airlines	32	29	31	5,655	5,630	5,862*
Agencies Providing Recreational Facilities	25	48	62	312	552,	712*
Guides	-	-	-	3,548	3,896	1,490*
Tourist Shops	145	52	58	1,573	1,012	4,295*
National Tourists Organizations	4	4	4	369	410	544*
State Sector	18	18	18	2,192	2,192	2,192*
<b>Total</b>	<b>1,955</b>	<b>1,990</b>	<b>2,510</b>	<b>57,786</b>	<b>67,862</b>	<b>112,550*</b>

\*Estimated

Annual Statistical Report 2015 SLTDA, Source Sri Lanka Tourism Development Authority

### 3.4 TOURISM ACCOMMODATION INDUSTRY

Sri Lanka's tourism accommodation industry is a significant driver of the economic development of the country. According to the RAM report, a sector that will clearly be at an advantage due to the expected expansion in tourism is the Sri Lankan hotel industry (RAM, 2011). The hotel and tourism industry basically comprises three subsectors: accommodation, restaurants, and travel. All complexities in tourism industry is included

in these three subsectors. However, only accommodation subsector was discussed from this point since it is the sector that the interest of this study lies with. The accommodation subsector includes hotels, heritage homes, guest accommodation units, etc. According to the national accounts documents published by the Department of Census and Statistics, tourism (hotels and restaurants), which contributes 0.8% to the total GDP of the country, was one of the fastest growing sectors in the economy, increasing by 16.1% in 2014 over 2013 (*National Accounts Estimates from 2010 to 2015*, 2015). Further, according to the RAM report, growth factors for the hotel industry can be listed as the increasing number of tourist arrivals, increasing occupancy levels, rise in room rates, new attractions such as MICE (meetings, incentives, conferences or exhibitions), and new project developments (RAM, 2011). Only the accommodation sector was taken into consideration for this study as the reachability to obtain a sampling frame for the study since all accommodation businesses register with SLTDA.

### 3.4.1 Types of Accommodation

The Sri Lankan hotel industry mainly comprises star class hotels, home stays, bungalows, heritage bungalows, heritage homes, boutique hotels, guest houses, rented apartments, rented homes and Sri Lankan tourism resorts approved by the SLTDA. The number of establishments registered with the SLTDA had increased to 1825 by mid-2015. As shown in Table 3.4 below, the main category is the guest house accommodation sector, comprising approximately 44% of the total accommodation facilities, followed by hotels and home stays (SLTDA, 2015).

**Table 3.4: Categories of Accommodation**

Category	Quantity	Percentage
Hotels	321	17.5
Home stays	282	15.45
Bungalows	273	15
Heritage bungalows	4	0.2
Heritage homes	1	0.05
Boutique hotels	24	1.3
Boutique villas	33	1.8

Guest houses	808	44.3
Rented apartments	45	2.5
Rented homes	8	0.4
Sri Lanka tourism resorts	27	1.5
<b>Total</b>	<b>1825</b>	<b>100</b>

Source: Sri Lanka Tourism Development Board Website

According to the report published by IFC (2013) the differences that characterise these accommodation types can be explained by Table 3.5 below.

**Table 3.5: Definitions of Different Accommodation Categories**

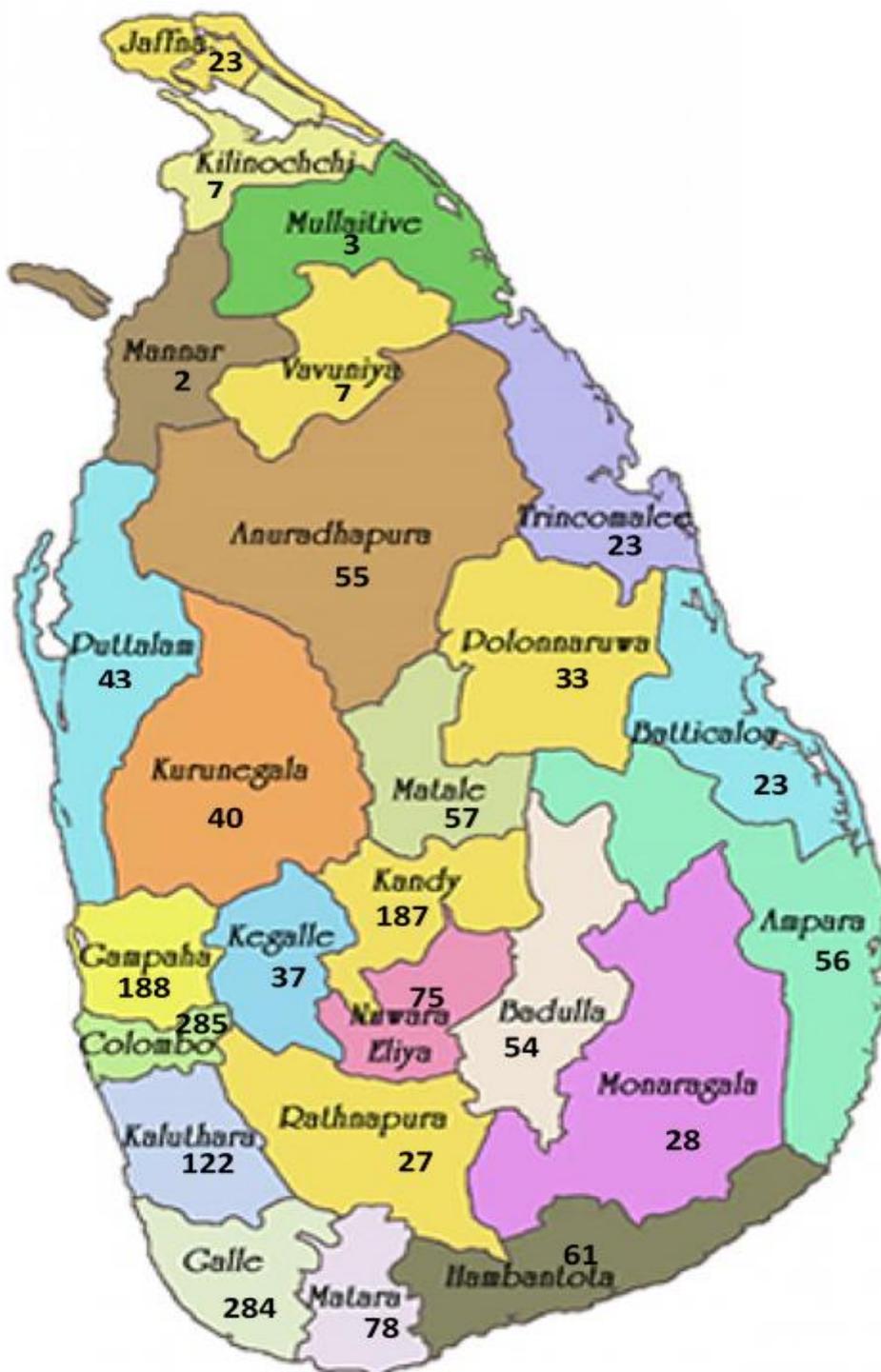
<b>Boutique Villas and Hotels</b>	<p>Boutique hotel is a popular term to describe sometimes luxurious or unique and unusual hotel environments.</p> <p>Boutique hotels differentiate themselves from larger chain/branded hotels and motels by providing personalized accommodation and services/facilities. There are no standard classification criteria for boutique villas and hotels.</p> <p>Boutique hotels are standalone and unlikely to be part of large hotel chains. They focus on tranquility and comfort rather than gadgetry.</p> <p>A 24-hour hotel staff often attends to guest services. Many boutique hotels have on-site dining facilities and offer bars and lounges, which may also be open to the public. The concept of boutique or designer hotels is becoming increasingly popular in Sri Lanka.</p>
<b>Guesthouses</b>	<p>A guesthouse is similar to a hotel or bed and breakfast facility. A guesthouse in Sri Lanka is normally an accommodation unit with five or more bedrooms.</p>

<p style="text-align: center;"><b>Home Stay Units/Bungalows/Rented Homes and Apartments</b></p>	<p>The main aim of these facilities is to provide clean, comfortable and affordable supplementary accommodation to tourists. Tourists in return will experience local customs and traditions, authentic cuisine, and other attractions of the location while staying with local hosts.</p>
<p style="text-align: center;"><b>Tourist Hotels</b></p>	<p>Tourist hotels provide paid lodging, usually on a short-term basis. Facilities provided include attached bathrooms, air conditioning or climate control, telephones, alarm clocks, television, and internet connectivity. Snacks and drinks may be available in a mini-bar and facilities for making hot drinks are usually provided. Larger hotels may provide additional guest facilities such as restaurants, swimming pools, childcare, and have conference and social function services.</p>

Source: IFC Report (2013)

### **3.4.2 Regional Structure of Accommodation Distribution**

Most of the accommodation facilities are located in the Western and Southern parts of Sri Lanka because Colombo is the economic and financial centre of Sri Lanka. Also, it is the gateway to other parts of the country such as Galle which is a major tourist attraction with its historical fort and beautiful beaches. The eastern and northern regions make less of a contribution to the tourism industry, but have the potential to be explored for tourism purposes.



**Figure 3.1: Regional Structure of Accommodations Distribution**

Source: Sri Lanka Tourism Development Board Website

Table 3.6 shows that most of the guest houses, unclassified hotels, home stays and bungalows are mainly located in Colombo, Galle and Kandy, confirming the popularity of these tourist destinations.

The increasing number of tourist arrivals has necessitated the development of the tourism-related infrastructure. This has attracted foreign investments in the hospitality sector and created jobs for locals. For instance, it was estimated that there would be 2.5 million tourist arrivals by 2016; to cater for this, additional 45,000 hotel rooms were required. However, only 22,735 SLTDA-approved hotel rooms were recorded according to 2010 statistics. Therefore, another 22,500 hotel rooms were required to accommodate the expected increase in tourist arrivals (SLTDA, 2015). Further, basic infrastructure comprising road networks, townships, telecommunication facilities, restaurants, resting facilities and water supply in all main cities and tourist sites were to be developed to create an environment conducive to tourism. Visitors' facilities were to be improved. Day and night recreational centres and parks, as well as urban forestation were established in order to create a relaxing environment in the main cities (*Tourism Development Strategy 2011 - 2016*, 2010, p. 28), all of which provided great opportunities for the development of family businesses.

**Table 3.6 Tourists Accommodation in each District**

District Name	Hotels				Home stays			Bungalows			Heritage bungalows			Heritage homes			Boutique hotels			Boutique villas			Guest houses			Rented apartments			Rented homes			Sri Lanka tourism resorts			
	★	★	★	★	Delux	Superior	Standard	Delux	Superior	Standard	Delux	Superior	Standard	Delux	Superior	Standard	A Grade	B Grade	C Grade	Delux	Superior	Standard	Delux	Superior	Standard	Delux	Superior	Standard							
1 Ampara	0	0	0	0	3	0	0	28	0	1	1	0	0	0	0	0	4	17	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2 Anuradhapura	0	1	2	1	1	5	0	1	2	2	4	2	0	0	0	0	20	12	1	0	0	0	0	0	0	0	0	0	0	0	0	0	2		
3 Badulla	0	0	0	0	8	1	2	6	6	3	2	0	0	0	0	0	10	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2		
4 Batticaloa	0	0	0	0	9	0	0	1	0	1	0	0	0	0	0	0	3	5	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
5 Colombo	5	4	3	2	8	20	17	34	19	28	13	5	0	0	0	0	2	49	45	2	2	17	5	0	2	1	1	1	1	1	1	1	1		
6 Galle	2	2	1	6	3	35	5	11	13	25	14	16	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	
7 Gampaha	1	1	0	2	4	27	7	14	8	13	7	3	0	0	0	0	1	0	45	41	8	1	0	4	0	0	1	0	0	0	0	0	1	0	
8 Hambanthota	0	1	1	2	1	11	0	3	4	3	3	0	0	0	0	0	2	9	17	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9 Jaffna	0	0	0	0	2	0	0	1	0	0	0	0	0	0	0	0	6	12	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10 Kaluthara	2	1	1	4	2	21	1	8	8	10	5	4	0	0	0	0	1	27	25	0	0	0	0	0	0	0	0	0	0	0	0	0	1	2	
11 Kandy	2	1	1	5	3	17	15	27	15	21	13	7	1	0	0	0	1	5	28	19	1	0	2	2	0	0	1	2	2	2	0	0	1	2	
12 Kegalle	0	0	0	0	0	1	2	1	3	2	2	1	0	0	0	0	1	17	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13 Kilinochchi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
14 Kurunegala	0	0	0	2	1	1	0	0	0	1	2	0	0	0	0	0	1	12	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
15 Mannar	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16 Matale	2	1	2	2	1	10	0	1	2	2	3	1	0	0	0	0	3	2	18	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Matara	0	0	0	1	1	8	2	2	3	4	3	1	0	0	0	0	1	14	30	4	0	2	0	0	0	0	0	0	0	0	0	0	0	1	0
18 Moneragala	0	1	0	0	1	3	0	0	0	0	1	1	0	0	0	0	11	8	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	4
19 Mullaitivu	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Nuwara Eliya	0	2	2	0	3	6	5	1	4	13	7	2	2	0	0	0	4	16	6	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	2
21 Polonnaruwa	0	1	0	1	2	5	0	2	1	1	0	1	0	0	0	0	11	6	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
22 Puttalam	0	1	1	3	0	8	2	0	1	3	2	1	1	0	0	0	1	10	6	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	3
23 Rathnapura	0	0	0	1	2	2	0	0	1	1	0	0	0	0	0	0	1	12	6	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
24 Trincomalee	0	1	0	2	0	4	0	0	0	0	0	3	0	0	0	0	6	5	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 Vavuniya	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	2	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Based on data presented on [www.slttda.lk](http://www.slttda.lk)

### 3.5 FAMILY BUSINESS IN SRI LANKA

The tourism industry is an important means of addressing and developing poverty-stricken regional markets in Sri Lanka due to its ability to offer labour-intensive and small-scale production opportunities for rural communities along with their agricultural and related activities. Further, tourism has created solid micro level trades in food production, handicrafts, jewellery and garments in Sri Lanka's south-western and eastern beach resorts, targeting travellers. Moreover, tourism offers women the opportunity to improve their entrepreneurial activities since tourism supports the female-dominated food and clothing industries (Shaw, 2004). Furthermore, the Sri Lankan tourism development strategy includes a commitment to develop the tourism industry with a program that includes all stakeholders, mainly the small and medium goods and service providers, in order to create extensive opportunities to benefit from industrial growth (*Tourism Development Strategy 2011 - 2016*, 2010). Many of these tourism-related small and medium businesses are either sole proprietorships or family-owned businesses.

In Asia, family-owned and owner-managed small firms tend to be the norm (Pushpanathan, 2008), yet in Sri Lanka, a South Asian country, FBs' contribution is difficult to measure because they have not been identified as a separate cluster. However, FB contribution can be understood to a certain extent through contributions from Small and Medium Enterprises (SME), because the majority of SMEs are family-owned or family-operated businesses (Aldrich & Cliff, 2003; Venter & Boshoff, 2007). Further, in the Sri Lankan economy, SME is the predominant sector, accounting for more than 50% of the GDP and 20% of the industrial value, and providing 70% of the nation's employment (*Economic and Social Statistics of Sri Lanka 2015*). Given this situation, FBs should be recognized as the dominant business type in most economies in the world (Heck & Stafford, 2001; Morck & Yeung, 2003; Shanker & Astrachan, 1996). Despite this, the scholarship of FB in tourism and hospitality is in its early stages (Getz & Carlsen, 2000). The situation is far poorer in Sri Lanka where FBs are not differentiated from other sectors and therefore their contribution to the country's economic development is difficult to measure.

However, Gupta, Levenburg, Moore, Motwani, and Schwarz (2009) identified the variations of FB along with several dimensions in three different geographical regions covering major geographical area around the world. Particularly, in South Asia, an FBs

is supposed to improve the family’s standard of living, and in order to achieve this, the family should be committed to achieving the FB goals. Table 3.8 below shows the differences between selected dimensions of a family business.

**Table 3.7: Family Business Dimensions for Anglo, Confucian, & Southern Asia**

	<b>Anglo</b>	<b>Confucian Asia</b>	<b>Southern Asia</b>
<b>Regulated Boundary</b>	High	Low	Moderate
<b>Business Reputation</b>	High	Low	Moderate
<b>Bridging Relationships</b>	High	Low	Moderate
<b>Organizational Professionalism</b>	High	Low	Moderate
<b>Regulated Family Power</b>	High	Low	Moderate
<b>Competitive Succession</b>	High	Low	Moderate
<b>Gender-Centered Leadership</b>	High	Low	Moderate
<b>Operational Resiliency</b>	Moderate	High	High
<b>Contextual Embeddedness</b>	High	High	High

Source: Gupta et al. (2009)

Further, Batten and Hettihewa (1999) investigated the behaviour of small firms in Sri Lanka using a countrywide cross-sectional survey. Sampled small firms of their study were mostly family owned and owner managed. Information were collected on the firm’s utilisation of assets; labour; technology; family savings; and access to bank financing. This study provided a clear view of Sri Lankan small family business practices as stated below (Batten & Hettihewa, 1999, p. 215).

(i) Firms that are family-owned and primary sector firms tend to under-utilise assets suggesting that the firm’s incentive structures are not discouraging non-value maximizing behaviour. This result may also be due to the effects of government subsidies.

(ii) Firms that are family-owned and not owner managed are more likely to layoff labour to reduce costs than other types of firms. This suggests that family firms wish to maintain the employment of family members, and so are more prepared to layoff labour than non-

family owned firms. Also, the incentive structures within non-owner managed firms appear to be encouraging value maximizing behaviour.

(iii) Firms that are owner-managed and small are more likely to use the latest technology than other types of firms. They do so to gain a competitive advantage over other firms, suggesting an important link between entrepreneurial activity and technological innovation.

This result may suggest that the incentive structures within non-owner managed firms appear to be discouraging the use of the latest technology, though these attempts at value maximization may be short sighted.

(iv) Owner-managed firms prefer bank loans to family funds. This strategy overcomes potential free-rider problems from kin, and also maintains existing information asymmetries within families. The lack of significance of the other firm variables suggests that small and family-owned firms may not suffer from funding problems due to information opacity, and family-owned firms might not be concerned about the dilution of control.

(v) There is no firm-specific variation in the degree of difficulty in accessing bank loans. This suggests that all types of firms are equally able to convey their credibility to potential lenders. This may be due to the more personal and informal arrangements available from moneylenders as much as from improvements in the quality of information and the ability to obtain collateral.

The focus of this study is on small FBs as family firms comprise the substantial number of businesses in the tourism industry and further, the links between family involvement, business-family enrichments and conflicts, and FB success is likely to be more distinct and more important in shaping behaviours in smaller firms than in larger firms (Chrisman et al., 2012).

### **3.5.1 Constraints and Challenges for Family Business in Accommodation Sector of Tourism Industry in Sri Lanka**

The tourism sector in the South Asian context is an important sector, not only because it contributes to gross domestic product (GDP), but also because it is a means of decreasing poverty. Tourism provides income and occupations through labour-intensive employments and small-scale business prospects (Yamakawa, 2007). However, in Sri Lanka, accommodation FBs that operate in rural tourism do not attract the required attention due to a variety of factors including lack of infrastructure, lack of publicity (Ray, Dash, Sengupta, & Ghosh, 2012) and fear of damage to social and cultural traditions (Fernando & Meedeniya, 2009). Adding to this, common to developing countries, the Sri Lankan Tourism industry is also controlled by a small number of mainstream hotel owners who are a section of larger trading firms. As a result, other small-scale tourism businesses, especially in rural areas, do not get adequate business opportunities to run profitably (Tisdell & Bandara, 2004).

Further, according to Morrison and Teixeira (2004), there are other possible obstacles to small tourism business performance as can be seen below in Table 3.9.

**Table 3.8: Small Hospitality Firm Obstacles to Business Performance**

Internal		External
Owner-manager	Business	
Middle-aged, limited formal education or experience directly related to the hospitality industry	Family involvement may lead to sub-optimal efficiencies and masked financial viability	Industry restructuring to favor the economics of the larger corporation
Low professional and financial barriers to sector entry	Simple organizational structures mean that decision-making is embodied in few individuals, and management resources are strained	Weak power position, vulnerable to the micro- and macro-economic and political environments and natural disasters
Perceptions of a “simple” business to operate	Involvement in multiple income generation activities may detract from commitment to the small firm	Dependent on local human resources that are deficient to satisfy needs
Managerial constraints, limited capabilities and constrained resources to solve gaps in managerial competencies	Failure to attract and manage quality, skilled human resources could impact negatively on the quality of the product and service	
Business entry decision driven by personal and family related considerations to the subordination of business	Size negates economies of scale, has consequences for financial viability, is physically contained, and deliberately constrained for reasons of product and service differentiation and lifestyle protectionism	General high dependencies on externalities
Meshing of personal and business goals may lead to profit-sacrificing, and/or an unhealthy work/life balance		
Limited ambitions and vision, and protection		

Source: Morrison and Teixeira (2004)

### **3.5.2 Government Support for Family Business in Accommodation Sector of Tourism Industry in Sri Lanka**

Being a developing country, government support is an indeed component for the success of tourism. The government support could encourage entrepreneurs to enter the industry and start businesses. The main government organization that provides support to small FBs in the tourism industry is SLTDA. Since one of the key objectives of tourism is economic development at mass level, SLTDA has been encouraging the industrialists to focus on getting the community involved in the value chain and new value creation (*Tourism Development Strategy 2011 - 2016*, 2010, p. 11). For instance, the ‘home stay’ program introduced by SLTDA is gaining momentum in this case by creating gateways to small and family-owned and family-operated business. Further, in terms of financial support, SLTDA encourages financial establishments to offer loans at low interest rates to the SMEs. Moreover, small tourism business can obtain concession rates when participating in events organized by the SLTDA. For example, an SME company participating in a recognized trade fair is charged only 25% of the total cost while large companies are charged 50% or the total amount depending on the case (*Tourism Development Strategy 2011 - 2016*, 2010).

### **3.6 SUMMARY**

This chapter has provided the context of the study on small business in the tourist accommodation sector in Sri Lanka. In this chapter, it has been established that the role of FBs in the hospitality and tourism sector in Sri Lanka is substantially significant due to their ability to contribute to national economic development. Moreover, Sri Lankan tourism industry’s positive impact on economic growth could be expanded through the creation of development opportunities for small, family-owned businesses. Hence, a major initiative of government should be to improve small family businesses while reducing or minimizing the obstacles to FB survival in order to enhance their contribution to national GDP and employment. Thus, small family businesses in the Sri Lankan tourism industry in are the engine of the country’s economy.

# **CHAPTER FOUR**

## **CONCEPTUAL FRAMEWORK**

### **4.1 INTRODUCTION**

The need to incorporate family/business interface management with management practices research has been stressed due to its impact on the nature of FBs and their success along with family involvement (Danes, Stafford, & Loy, 2007). However, this has not been adequately addressed within the current literature. Furthermore, not much is known about the work-family interface including all of the interactions of WFC, WFE and family involvement, and their impact on FB success. Besides, regardless of the importance of the FB owner for the FB's success, the characteristics of the FB owner seem to be control variables in FB research, and therefore it is difficult to draw meaningful conclusions about them. Moreover, most of the FB research pertains to the western context only. Therefore, there is a great need to conduct FB research in emerging economies. Hence, to address these research gaps, as discussed in detail in the first two chapters, this chapter is mainly concerned with presenting the required research model and hypotheses.

Accordingly, Chapter Four offers an overview of the specific conceptual model that was used for the study with justification for the selection of the study's variables. Then, the conceptual framework is presented followed by the conceptualisation of each variable with a working definition, and its dimensions. Finally, statistical hypotheses are established based on the comprehensive review of prior literature on the relationships between the selected variables. Hence, the objectives of this chapter are to explain the conceptual model used in the study, and to hypothesize the research model which is utilised in this study to answer the research questions stated in Chapter One.

## **4.2 JUSTIFICATION FOR SELECTING VARIABLES OF THE STUDY**

FBs comprise approximately three-quarters of all businesses around the world (Nicholson, 2008a, 2008b). Therefore, the family component of an FB can create and strengthen advantages to ensure the survival and performance of business and of its members as well. Thus, identifying family and its impact on business is vital for its value creation and value maximization of the business. In line with this, the positive side of family involvement was investigated by Habbershon et al. (2003) who introduced the notion of familiness and its use as a competitive advantage for wealth creation. They stressed that incorporating the resource-based view of the firm with system theory and FB, as an interactive system with individuals, a family, and a firm, could create and that will generate the systemic synergies known as familiness. Furthermore, Eddleston and Kellermans (2007) and Pieper, Klein, and Jaskiewicz (2008) emphasized the significance of family in an FB by explaining how family involvement, activated through ownership and top management, can contribute to family firm performance. All these explanations on family involvement show that an FB is a business with unique characteristics because of family involvement in the business. Hence, in this research model, family involvement in business plays a major role in determining the impact of family on business success.

The F-PEC scale developed by J. H. Astrachan et al. (2002) will be used to measure the impact of family influence because of its ability to assess family influence in the FB. However, one limitation of this is that it does not focus on the dimensionality of whole-family functioning (Björnberg & Nicholson, 2007). To overcome this, family and business characteristics were included in the model as moderators in order to discover how family dynamics moderate the influence of family on business success. Further, this effort is aligned with O'Boyle et al.'s recommendation to search for additional moderator effects and conduct research to further examine the construct of family involvement by progressing beyond the measurement of family involvement as currently measured (O'Boyle, Pollack, & Rutherford, 2012).

Balancing the family and the business demands is not simple for an entrepreneur. Hence, more research to identify how entrepreneurs and their families adapt to an entrepreneurial

lifestyle is needed (Dyer & Handler, 1994). Therefore, the family and business interface should receive more attention from scholars in the FB field. However, it is evident that many FB studies which considered the work-family interface of family business mostly tended to discuss WFC (Boles, 1996; Danes & Olson, 2003; Smyrnios et al., 2003). While acknowledging that WFC can emerge at the intersection of the business and family systems within FBs (Danes & Olson, 2003), WFE also needs to be considered by FB researchers as it can improve the family business due to its positive manner. Enrichment theories can focus on the personal resources that individuals acquire from fulfilling their family role, and that may be applied to their work role (Eddleston & Powell, 2012).

Nonetheless, while WFE has the potential to motivate family-owned businesses, it has received little research attention. The lack of information concerning the effects of both WFC and WFE on work and home responsibilities in an environment where an individual is responsible for a wide range of activities and works closely with family members, represents a potentially significant gap in the FB literature. Hence, this study considered both WFC and WFE in order to obtain a better understanding of FB success and its antecedents.

A more complete understanding of the FB's CEO is essential since FBs tend to rely excessively on a single decision maker (Feltham et al., 2005). Therefore, the characteristics of the FB owner are a powerful element in family and business relationships. Supporting this view, some studies focusing on determinants of business income and profitability have established that certain owner and business characteristics, such as gender, education, age, and goal conflict, are linked to increased business income (Masuo et al., 2001). For instance, business success increases with older, better educated, and more experienced owners as they could supply more skills and capital (Headd, 2003). Since the focus of this study was on small-scale family businesses, there is a good chance that the CEO and owner of the business is one and the same person. Hence, this study examined the moderating impact of business owners with their characteristics of age, gender, and education.

The business characteristics also gained the attention of scholars as a moderator of family and business characteristics variables that may affect the profitability of a FB. Hence, selected business characteristics were used in this study to investigate the moderating

impact of business attributes on family and business linkages. Family is heavily dependent on the cultural values and norms of its larger society. Therefore, there is a need to explore the family influence on an FB across cultures with different contextual factors (Danes, Lee, et al., 2008; Kim & Gao, 2013). Nonetheless what has to be noted is that many studies have been conducted in a western context. Therefore, the need to expand studies to emerging economies was identified.

In conclusion, the present study examined the relationships among family members and their involvement with FB through the business-family interface, and investigated the moderating impact of the FB owner and business itself since, to date, there has been no empirical test including mediation and moderation mechanisms that link the work-family interface by including both conflicts and enrichments. Further, this study will provide country-specific and comparative evidence (Smyrnios et al., 2003) for the selected model.

#### **4.3 THE CONCEPTUAL FRAMEWORK**

The conceptual framework of the study covers the relationships between two independent variables (Family Resources and Demands and Family Involvement in Business), two mediating variables (Family-to-Business Enrichment and Family-to-Business Conflicts), two moderating variables (Family Business Owner's Characteristics and Business Characteristics) and the dependent variable (Family Business Success). A conceptual framework justified by previous research assisted the researcher to hypothesize and test specific relationships and consequently contribute to the knowledge regarding family and business relationships through the work-family interface in the Sri Lankan tourism industry.

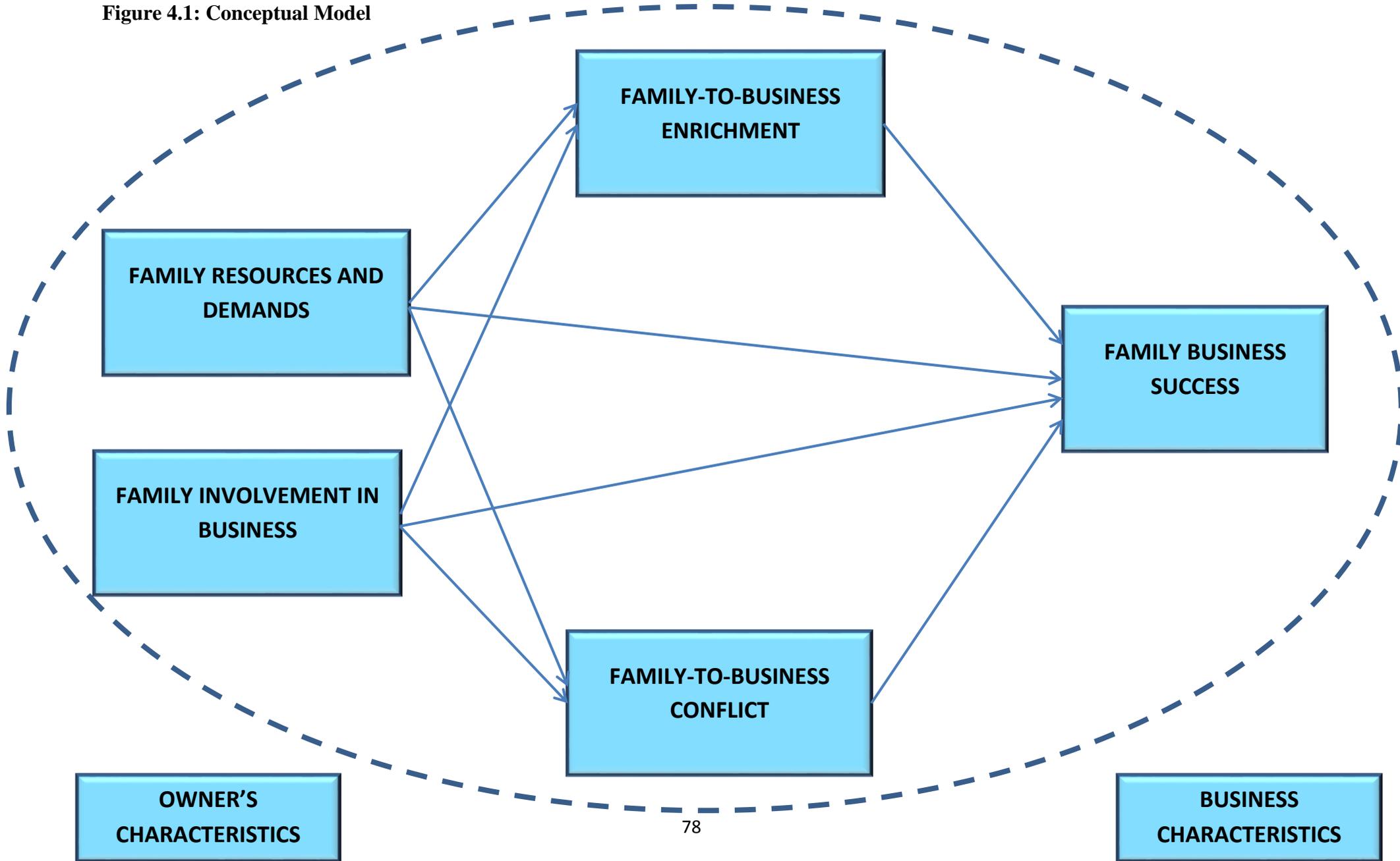
According to Zachary, "the conceptualization of the family business must encompass a multidisciplinary and comprehensive perspective of the complex and dynamic phenomenon of business that is owned and operated by family members" (Zachary, 2011, p. 26). Hence, three-circle model (Chua et al., 2003; Habbershon & Williams, 1999) which illustrates the three interactive elements of an FB - owner, business, and family - was used as the foundation for this model building. Further, the model was developed in alignment with Pieper and Klein (2007)'s argument that a model should be able to include

the exclusive characteristics and diversity of FBs, to focus on the dynamics among FB subsystems, and to comprehend the properties and behaviours of FBs.

However, the FB field still has “limited understanding of how family members interact to affect the visions and goals of a family firm and how they create the unique resources, capabilities, costs, and problems that make a family firm behave and perform differently” (Chua et al., 2003, p. 331). In addition, there is a call for research to determine extra moderator influences and to explore the central characteristics, other than performance, that make FBs distinctive from non-family businesses (O’Boyle et al., 2012). Therefore, this study attempted to develop a model that incorporated business-family interface characteristics into the relationship between family and business success.

Since family dynamics and business dynamics are imperative considerations when creating a complete picture of FBs and their success (Kellermanns et al., 2008), the conceptual model of the study recognized that FBs are unique and different from other firms as a result of the exceptional interaction among individual family members, the family, and the business. Hence, to obtain a more complete understanding of the success of a family firm, each and every variable which may have an impact on FB, was considered. Further, the ultimate purpose of any theory building is to contribute to the understanding of the FB success, survival or growth. For the FB field it would be the “value maximization” (Chrisman, Chua, & Litz, 2003; Chua et al., 2003). From that point of view, the dependent variable in this study is the success of the FB in terms of financial and non- financial outcomes. Thus, the model was constructed to explain family and its behaviour leading to the business’ success. The conceptualizations of the modelled variables are presented in the following section.

Figure 4.1: Conceptual Model



## **4.4 CONCEPTUALIZATION OF THE VARIABLES**

### **4.4.1 Family Business Success**

The dependent variable is the variable of prime interest to the researcher as the researcher's goal is to understand and describe the dependent variable, or to describe its variability, or anticipate it (Opatha, 2003; Sekaran, 2006). Therefore, understanding dependent variables is crucial for developing theoretical advancement in the FB field due to the need for examining the effectiveness of family business decisions, performances, organizational structure, strategies, and utilization of capital (Chua et al., 2003). Hence, the efficacy of the FB can only be assessed relevant to the achievement of the goals and objectives set by the family for the business. Consequently, FB success is of primary interest to FB researchers.

Accordingly, this study examines FB success through the work-family interface in the tourism industry in Sri Lanka by identifying FB success as the dependent variable of the study. However, FB success is an ambiguous term, as "success is an ambiguous term commonly used by both lay and professional people to describe the achievements of a firm or person" (Stafford et al., 1999, p. 200) The reason for this ambiguous nature of the FB definition is the intention of these firms to achieve a variety of financial and non-financial goals (Olson et al., 2003). In this instance, firm success becomes a multidimensional concept as family business' distinctiveness results from family and business integration, making business success multidimensional (Danes, Lee, et al., 2008; Habbershon & Williams, 1999; Paige & Littrell, 2002).

Elaborating further, initially, financial performance was regularly utilised to assess firm success (Y. G. Lee, Jasper, & Fitzgerald, 2010). However, a growing number of scholars are initiating to use nonfinancial measures to address measurement issues in assessing business success. That can be justified as dependent variables help to define a domain's boundaries which experts identify as non-economic goals and non-financial performance among the primary areas and that deserve greater attention in future family business research (Chua et al., 2003). Confirming this, a number of studies have concluded that non-economic success measures offer more insight into the owner's commitment to or passion for the firm (Danes, Loy, & Stafford, 2008; Danes et al., 2009). However,

research on the performance of family firms is growing, albeit with mixed results, especially for non-listed companies (Sciascia & Mazzola, 2008).

#### **4.4.1.1 Working definition of family business success**

Developing an accurate definition and measure for business success is significant in the study of FB (Hienerth & Kessler, 2006). However, it appears as very complicated since the meaning of FB success seems to vary from one family business to another. In addition, some scholars have revealed the difficulty of measuring business success due to the subjective nature of the success. Moreover, family and business interplay in FBs, also increase the complexity and the controversial nature of the measures of business success in family firms (Kim & Gao, 2013). As a result, many researchers have developed their own means of measuring FB success depending on their interest in economic and non-economic measures. For instance, Walker and Brown (2004) presumed that a subjective measure of business success may be more productive to researchers than a financial objective measure of success. Further, Y. G. Lee et al. (2010) measured business success subjectively by the business managers' rating of how successful they perceive their business to be in a certain year. Nevertheless, for a business to be successful, financial measurements in terms of increase in profits, turnover, etc. are also required. However, it is important to use both objective and subjective measures in examining business success (Walker & Brown, 2004).

Thus, success in this study is defined objectively as that the extent to which the business achieves financial stability and subjectively by employees' and customers' satisfaction, and the recognition by the public of the family name as a brand.

#### **4.4.1.2 Dimensions of family business success**

Generally, success is associated with growth or sustainability (Sharma, 2004). Therefore, the number of employees, turnover, profit, or other growth indicators were used by many scholars in the field to determine the success or otherwise of a business. Accordingly, several financial performance indicators such as return on investment, return on equity, return on sales, sales growth, revenue growth were taken as measures of business success

(e.g. R. C. Anderson & Reeb, 2003; Chrisman et al., 2004; Danes et al., 2007; Sciascia & Mazzola, 2008; Villalonga & Amit, 2006). However, determining success in terms of financial aspects only may prevent researchers from detecting the complexity and multiplicity of performance (Kim & Gao, 2013). Most often, the entrepreneur does not intend to expand his or her business, especially in the case of small FBs (Feltham et al., 2005). Hence, FBs cannot survive without financial success, and financial success might not be the only goal of most family businesses (Yu et al., 2012).

Therefore, success measures based only on growth are not suitable for measuring the success of many small FBs (Hienerth & Kessler, 2006). Thus, non-financial measures are also significant in measuring business success in FB studies (Chrisman, Chua, & Steier, 2003; M. S. Lee & Rogoff, 1996; Steier, 2001). Supporting this notion, prominent scholars emphasized that a paradigm for FB would have to increase its goals to incorporate gains irrelevant to financial and competitive performance (Chrisman, Chua, & Steier, 2003; Chrisman, Chua, & Zahra, 2003; Chua et al., 2003; Sharma et al., 1997). Therefore, FB performance must take into account both wealth creation and non-economic benefits (Chrisman, Chua, & Zahra, 2003). For instance, some non-financial dimensions such as socio-emotional wealth and family harmony have to be considered (Gomez-Mejia, Cruz, Berrone, & De Castro, 2011). Hence, both financial and non-financial outcomes should be taken into consideration to provide a holistic view of FBs' business success.

The other essential concern for FB success measurement is the ambiguous nature of the definition of success due to the lack of satisfactory reference standards, which produces biased views of the success (Hienerth & Kessler, 2006). Therefore, multiple dimensions of firm success have to be incorporated into the success measures (Danes et al., 2009).

Based on the above rationale, this study used both subjective and objective measures of FB success in order to acquire a greater insight into various practices in family businesses. As dimensions of subjective success, employee satisfaction, customer satisfaction and family name and as objective success, sales turnover, market share growth, and cash flow were measured.

#### **4.4.2 Conceptualization of Family Resources and Demands**

Family dynamics distinguish FBs from non-family businesses (Chua et al., 1999; Dyer, 2003). Hence, the function of the family as one of the "success factors" needs to be examined more scientifically (Dyer & Handler, 1994). From that point of view, current research is becoming more empirically and theoretically grounded in the broader management literature (Uhlener & Meijaard, 2004) even though family has been a neglected variable in organizational research (Dyer, 2003; Schulze et al., 2003). However, when a new business is being established, family can be both a support and a hindrance, since it may have few material resources and little or no social support. Nevertheless, the family is a vital element in business success, more so than the other more traditional factors (Dyer & Handler, 1994).

Generally, the family provides the resources for the FB which may be financial and physical (R. C. Anderson, Mansi, & Reeb, 2003; Dyer, 2006; Habbershon & Williams, 1999; Kowalewski, Stetsyuk, & Talavera, 2010; Sciascia & Mazzola, 2008) labour, intellectual, and cultural, (J. H. Astrachan, 2010; Sirmon & Hitt, 2003) which ultimately create the competitive advantage of the particular family business to make it a success (Arregle, Hitt, Sirmon, & Very, 2007; Milton, 2008). In particular, "family members are a valuable source of human, physical, financial, and social capital. They bring various resources and capabilities to their organizations: commitment, loyalty, trustworthiness, firm-specific tacit knowledge, quality social networks, and financial and physical assets" (Kim & Gao, 2013, p. 266) . According to the resource-based view, there are distinctive resources in FBs as a result of family-based organizational efficiency, and these will create competitive advantages (Habbershon & Williams, 1999). However, due to the uniqueness of families, the different dynamics in these families have different implications for business strategy and behaviour (Kellermanns et al., 2008; Steier, 2001). The family impact on the business may change with the passage of time and can be exhibited in many different ways in the business (J. H. Astrachan et al., 2002; Kellermanns et al., 2008; Klein et al., 2005). Further, family dynamics spread through the business and intermingle with business and business dynamics, also giving FBs many of their distinct characteristics (J. H. Astrachan, 2010; Brunninge, Nordqvist, & Wiklund, 2007).

In line with previous literature, many distinct family characteristics that may affect the strategy, goal setting, and activities including start-up, choice of business, and involvement of family members in business ownership and leadership are: long-term family relationships nurturing trust, commitment and accountability, birth order, substance and other abuse, cultural effects on behavioural norms, family psychological characteristics (adaptability, rigidity, cohesion) (Adams, Manners, Astrachan, & Mazzola, 2004; J. H. Astrachan, 2010; Craig & Lindsay, 2002; Dyer & Handler, 1994). These family dynamics becomes resources and demands at the same time. These resource and demands can act positively as well as negatively. For instance, family labour can be viewed as a resource and on the other hand, providing an opportunity to work for family members in FB could be a demand from family to the business.

#### **4.4.2.1 Working definition of family resources and demands**

The family system is considered to be essentially permanent, with more emotional ties (Danes & Morgan, 2004), and families are more concerned with attending to relationships inside the family (Stafford et al., 1999). Therefore, the family and its dynamics are considered as an imperative and essential unit for creating and sustaining behaviours required for the functioning of the business (Danes, Lee, et al., 2008; Rogoff & Heck, 2003; Sharma, 2004; Stafford et al., 1999; Zachary, 2011).

As a working definition, the definition used by Distelberg and Sorenson (2009, p. 67) was applied in this study as families are made “not only of persons related by blood, marriage or adoption, but also sets of interdependent but independent persons who share some common goals, resources, needs and a commitment to each other over time”. Further, they claimed that, fundamental to this definition, is shared commitment over time.

#### **4.4.2.2 Dimensions of family resources and demands**

The dimensions that could be used to measure the impact of family on the FB include: successor training (Lansberg & Astrachan, 1994), spousal commitment (Van Auken & Werbel, 2006), family labour (J. H. Astrachan, 2010), family contribution (Chrisman, Chua, & Steier, 2003), and family structure (Danes, Lee, et al., 2008). Family size is the

total number of direct descendants of the founder of each business group, including the founder himself or herself. Family size does not include spouses, the founder's siblings and descendants of the founder's siblings. Number of generations is defined as the number of generations of the family from the founder (generation 1) to the latest generation that is active in the family business. Number of sons (daughters) is the total number of founder's sons (daughters) from all wives" (Bertrand, Johnson, Samphantharak, & Schoar, 2008, p. 489). Family structure can be shown by the number of generations and size of the owning family and directions about the prominent role of the elderly and parents (Danes, Lee, et al., 2008). In addition, family structure is the establishment of values, norms, and beliefs of the family's culture (Haberman & Danes, 2007) and decision, attachment, and authority arrays (Danes & Morgan, 2004; Haberman & Danes, 2007). In this sense, family structure clarifies who leads, specifies how members manage or distribute family resources, and limits the effect of constraints (Danes, Lee, et al., 2008). Roles and rules also cover how the business defines itself in relation to the outside world (Danes & Olson, 2003). Hence, patriarchal structure dominates in family business. If this family structure is challenged it may affect to the family business adversely.

Based on the above, in order to measure family resources and demands, spousal support, child care, adult care, and family finance invested were considered.

#### **4.4.3 Conceptualization of Family Involvement in Business**

Family involvement in the business can create distinguishing organizational behaviours that differentiate family business from other business types (Chua et al., 2003; Fiegenger, 2010). Further, family involvement is a crucial element differentiating FB from non-family businesses (Kim & Gao, 2013). However, although family involvement in business may bring substantial advantages, family involvement can also create problems that prevent the growth and survival of the family business (O'Boyle et al., 2012; Schulze et al., 2001).

Regardless of the significance of the concept of family involvement in FB research, scholars have only a limited understanding of the factors that contribute to a family's involvement in and influence of a business (Cliff & Jennings, 2005; Klein et al., 2005).

Considering this gap, to assess the extent of family influence on any enterprise, the F-PEC scale was developed by J. H. Astrachan et al. (2002) to facilitate the measurement of the influence of family on consequences such as success, failure, strategy, and operations. Basically, this scale tries to utilise a standardized and valid instrument of family involvement that takes into account the aspects of power, experience and culture of the family business.

However, Rutherford et al. (2008) questioned the ability of the F-PEC scale to capture the essence of a family firm although it could capture familiness in a particular firm. Supporting this argument, involvement was considered as a necessary, but not sufficient, condition of familiness by Chrisman, Chua, and Steier (2005). Therefore, there is no common agreement on the operationalization of family involvement. This issue complicates measurement and extremely restricts the understanding of the main interactions in the FB field (Chrisman, Chua, & Steier, 2005; Holt et al., 2010; Klein et al., 2005; O'Boyle et al., 2012). Hence, family involvement itself may not fully explain family business or its success. Hence, along with family involvement, an owner's work-family interface variables were also considered in our model.

#### **4.4.3.1 Working definition of family involvement in business**

Although there is a vast amount of literature on family involvement, the issue still lacks clarity and a precise definition. This lack of definitional uniformity among studies prevents the development of a consensual understanding of the FB as a distinctive type of organization, the uniqueness of which comes from the family's involvement in the business (Chrisman, Chua, & Steier, 2005). However, the most popular definition of family involvement is that given by Chua et al. (1999): family involvement represents a substantial family presence in ownership, governance, management, succession, and/or employment. This definition has been used in many studies (e.g. Casillas & Moreno, 2010; Chrisman et al., 2004; O'Boyle et al., 2012; Sciascia & Mazzola, 2008; Zahra, 2005). Further, based on this definition, FBs are clustered on the grounds of family involvement in ownership, management, and succession (Chrisman et al., 2004).

In line with previous studies, the family presence in the ownership and management of the business could be an advantage or a disadvantage for a firm's competitiveness, consequently producing exclusively peculiar situations to handle (Moore & Barrett, 2003; Sciascia & Mazzola, 2008). Considering all the above, the working definition of family involvement in this study addresses the extent to which family members are engaged in ownership, management, and succession and the culture they have created within the business.

#### **4.4.3.2 Dimensions of family involvement in business**

The dimension of family involvement in this study were the subscales (Power, Experience, and Culture) of the F-PEC scale developed by J. H. Astrachan et al. (2002) since it will be used to measure the family involvement of the study sample. The power dimension assesses "the degree of overall influence or power either in the hands of family members or in those named by the family. This level of influence via ownership, management, and governance is, therefore, viewed as interchangeable as well as additive" (J. H. Astrachan et al., 2002, p. 48). The experience measure evaluates the scope and intensity of dedication of family members to the business through family members involved in the business in terms of number of individuals and generations (Sharma, 2004). The culture component explains the family's commitment to the business.

Even the studies which have not utilised this scale have measured family involvement using these subscales and their indicators more or less as evidenced in the literature. For instance, the number of family generations involved in the business and percentage of top managers who are family members were used by Zahra, Neubaum, and Larrañeta (2007) to measure the family involvement. In addition, Ownership, Succession, Management, and self-report were identified by O'Boyle et al. (2012) through a meta-analysis of the previous literature. Board membership and share ownership were used by Bertrand et al. (2008) to analyse how family involvement in the business varies with the size and composition of the family.

#### **4.4.4 Conceptualization of Work-family Enrichment**

As family interactions were recognised as having a significant influence on business success (Masuo et al., 2001), WFE and WFC were considered when examining the work-family interface of the family business owners. The previous notion held by some scholars that work and family life are separate domains functioning independently, has been questioned in recent studies which suggest that there are many interdependencies and positive and negative bidirectional impacts among work and family spheres (Danes et al., 2009; Heck & Trent, 1999; Stafford et al., 1999). Compared to studies on WFC, the research on WFE is theoretically and practically under-developed (Hennessy, 2007). This has been evident in the field of family business, and fewer studies have been conducted on WFE in comparison to WFC. However, the need to move the research focus from WFC to WFE has been recognised with the necessity of identifying the factors that warrant better integration of work and family demands (Voydanoff, 2004).

A research focus on WFE will allow the investigation of the latent positive outcomes of managing work and family roles. Further, this construct characterizes how work and family roles can benefit one another (Hennessy, 2007). WFE could come from both work and family spheres (Shaffer et al., 2011). Experiences in the work domain may improve the quality of family life, better known as work-to-family enrichment. Experiences in the family domain may improve the quality of work life, known as family-to-work enrichment. It has been found that family-to-work enrichment is substantially stronger than work-to-family enrichment (Greenhaus & Powell, 2006). Hence, only family-to-work enrichment was considered in this study.

The significance of WFE in family business lies with the family capital, as enrichment may directly produce the family capital consequences such as job, family, and life satisfaction; skill and ability development; and productivity, in both domains (Rothausen, 2009). For instance, instrumental family-to-business enrichment influences the satisfaction with work–family balance to the benefit of women as a group as investigated by Eddleston and Powell (2012).

#### **4.4.4.1 Working definition of work-family enrichment**

Basically, WFE is defined as “the extent to which experiences in one role improve the quality of life in the other roles” (Greenhaus & Powell, 2006, p. 72). Explaining further, it can be viewed as involvement in more role commitment can deliver more net benefit (Maertz & Boyar, 2011). Moreover, WFE was recognised by Voydanoff (2004) as a form of synergy resulting from resources in one domain enhancing the fulfilment of roles in the other domain. Further, Voydanoff defined WFE as “the extent to which participation in one role is made easier by virtue of the experiences, skills, and opportunities gained or developed in another role”.

This study adopted this definition of WFE: “the extent to which family role stimulate or make easier to fulfil the requirements of business role and business role stimulate or make easier to fulfil the requirements of family role”. This study was concerned with only the family-to-work enrichment since the main focus of this study lies on the family context of the business and WFE defined as “the extent to which family role stimulates or make easier to fulfil the requirements of business role”.

#### **4.4.4.2 Dimensions of family-to-work enrichment**

FWE originates from both family and business, and can be categorised as time-based, energy-based, and behaviour-based. Time-based FWE arises when the time dedicated to the roles of one domain motivates or makes it easier to manage and utilise the time in the other domain. Energy-based FWE takes place when energy (e.g. the strength acquired to cope with and manage stress) acquired in one role makes it easier to perform efficiently in the other role. Behavioural-based FWE occurs when behaviour acquired or learned in one role makes it easier to behave capably in the other role (van Steenbergen et al., 2007). On the other hand, (Carlson, Kacmar, Wayne, & Grzywacz, 2006) designed a multidimensional measure of WFE enrichment for both directions, based on Greenhaus and Powell (2006's)'s definition. This measure consists of three dimensions for both directions as the work-to-family direction comprises development (personal development), affect (mood and attitude gains), and capital (psychosocial resources); the family-to-work direction comprises development, affect, and efficiency (resource gains of time and efficiency). For this study, only the family-to-work direction measure of

Carlson et al. (2006) was considered due to the fact that the main focus of this entire thesis remains with family domain and its impact on business. Therefore, family to work conflicts and family to work enrichment were considered since the researcher investigates family businesses and family is the crucial component of family business. Hence, interest lies on finding family impact on business success.

#### **4.4.5 Conceptualization of Work-family Conflict**

A family business is not necessarily comprised of a homogeneous group of people with matching and harmonious goals. More often it consists of a heterogeneous group of people with different motives and desires. This heterogeneity of interests, and the possibility that it creates conflict among family members including family business owners, has been recognized in previous research (e.g. Chrisman et al., 2004; Chrisman, Sharma, et al., 2007; Kim & Gao, 2013; Schulze et al., 2003). Hence, WFC is an important concept pertaining to family relationships.

Elaborating further, when a family business owner makes an effort to balance the responsibilities of business roles and family roles, a combination of substantive and affective conflict can be found in role conflict within the family business (Lumpkin, Martin, & Vaughn, 2008). Therefore, FBs present opportunities to examine unique patterns of WFC dependencies that might not be observed in other work-family contexts (Karofsky et al., 2001). In an FB, WFC is involved in issues that appear at the intersection of the family and the business spheres (Boles, 1996). For instance, in a family with pre-school-aged children, the demands of caring for those young children and the demands from the family business can create tension (Danes & Lee, 2004). Moreover, managing WFC becomes more complex in family firms due to the increased demands of overlapping roles such as owner, manager, mother, sibling, daughter that FB owners have to engage in the family business context (Barnett et al., 2009). Thus, WFC could be considered as a key issue in family business that practitioners and scholars in the field should thoroughly investigate. Similar to WFE, WFC also has two directions. However, since the main intention of this research is to identify the family impact on business success, only family-to-business conflicts were examined.

Within the family business field, WFC was either a key variable (e.g. Karofsky et al., 2001; Kwan et al., 2011; Memili et al., 2013; Rothausen, 2009; Smyrniotis et al., 2003; Vera & Dean, 2005) or a significant predictor of success, succession and tension (e.g. Avery et al., 2000; Danes & Lee, 2004; Danes & Olson, 2003; Gudmunson & Danes, 2013) a dimension or consequence of the main variables (e.g. Danes et al., 2002; Fitzgerald et al., 2001; Kirkwood, 2009; Shepherd & Haynie, 2009). In this study, family-to-work conflicts were considered as a main intervening variable in order to study their mediating impact on family and business linkages.

#### **4.4.5.1 Working definition of work-family conflict**

WFC is defined by Greenhaus and Beutell (1985, p. 77) as “[a] form of inter role conflict in which the role pressures from work and family domains are mutually incompatible in some respect”. WFC results from the difficulties of fulfilling roles in one domain due to the engagement in another domain and vice versa (Carlson et al., 2000). Subsequently, WFC are steered by role conflict and role overload (Boyar et al., 2003). Thus, WFC explains the extent of the alignment of work and family life.

For the purposes of this study, this working definition of WFC was developed in accordance with Carlson et al. (2000): “the extent to the level that business activities interfere with family and family interfere with business activities in terms of time, behaviour, and tension”. Since the interest of this research lies with family to work conflicts (FWC) only, the working definition for FWC is “the extent to the level that family interfere with business activities in terms of time, behaviour, and tension”.

#### **4.4.5.2 Dimensions of family-to-work conflict**

Previous studies have considered the impact of either work demands or family demands on WFC (Greenhaus & Beutell, 1985). Time-based, strain-based, and behaviour-based conflicts were identified as dimensions of WFC by (Greenhaus & Beutell, 1985). Time-based conflict may arise when time dedicated to fulfilling the responsibilities of one domain makes it difficult to engage in the roles of the other domain. Strain-based conflict occurs when strain experienced in one domain interferes with participation in the other

domain. Behaviour-based conflict takes place when specific behaviours required in one domain are contradictory with behavioural anticipations in the other domain. Further, there is no difference between the dimensions taken to both directions. Dimensions taken by Carlson et al. (2000) are compatible with dimension introduced by Greenhaus and Beutell (1985) and the same was also utilised in the present study.

#### **4.4.6 Conceptualization of Age**

Age has traditionally been one of the key variables in contemporary empirical social research, and has been routinely used to categorize people and to explain differences between them (Aapola, 2002). Because FBs tend to be highly reliant on a single decision maker (Feltham et al., 2005), the age of the owner is considered as a key criterion when assessing his or her work-family interface and involvement in business. Therefore, a comprehensive understanding of the influence of age of the FB owner is essential.

It is evident that, as FB owners age, they concentrate on succession issues and become conservative in their decisions, preferring to maintain the status quo rather than making changes through research and development (Muñoz-Bullón & Sanchez-Bueno, 2011; Zahra, 2005). A similar arguments was put forwards by Feltham et al. (2005) and Bates (2005) explaining that when owners age, they tend to slow down operations and choose to continue as a small business. Moreover, the dynamic of aging owners thus produces business closures as a natural lifecycle event quite devoid of connotations of failure. Note that another alternative is to sell (or give away) one's firm (Bates 2005). Therefore, older business owners have a negative influence on growth orientation (Reijonen, 2008). Consequently, those who had been in business for a long time did not want their enterprise to grow (Reijonen & Komppula, 2007). Further, it appears that as the owner-entrepreneur ages, FB sales stagnate (Davis & Harveston, 2000).

##### **4.4.6.1 Working definition of age**

Within social research, different life-phases have usually been studied from different angles, often depending on the institutional regime that governs the life-phase in question, such as education or work-life. Basically, age is the length of time that one has lived, that

is, the duration of life. Further, throughout his/her life span, a person acquires certain civil and personal rights and responsibilities and maturity.

Hence, the issue of age is pertinent to this study as it involves the duration of the owner-manager's life.

#### **4.4.6.2 Dimensions of age**

Childhood, youth, adulthood and old age have been studied using different theoretical frameworks, and there have been few links between these traditions (Aapola, 2002). However, the same author argued that age often appears unidimensional: the number of years since birth is seen as the only measurement of age. In modern societies, numerical age has gradually become the most important criterion for measuring age, and other dimensions of age are not given a similar status (Aapola, 2002).

Age was categorized as Getz and Carlsen (2000) as: under age 25, 25-34, 35-44, 45-54, 55-64, and 65-plus in their study done with reference to FB in tourism; they found that the majority of respondents were in the 45-54 age category. (Walker & Brown, 2004) stated that their sample was evenly distributed, with 30% being under 40 years of age, 34% being between 41-50 years of age and the remainder (34%) being over 50 years of age, and 2% of the sample declined to state their age.

In this study, five age categories were used: 20 to 29, 30 to 39, 40 to 49, 50 to 59, and 60 to 69. This was somewhat different from the Getz and Carlson study although both were designed to test similar types of samples.

#### **4.4.7 Conceptualization of Gender**

“Clear answers to gender management similarities and differences in family firms remain elusive” (Sonfield & Lussier, 2012, p. 110) as mixed conclusions have been drawn by studies that have attempted to discover the role of gender in managerial and entrepreneurial strategic behaviour (Elizabeth & Baines, 1998; Kalleberg & Leicht, 1991; Masuo et al., 2001). Some studies have identified clear gender differences in entrepreneurial strategic behaviour (Sonfield, Lussier, Corman, & McKinney, 2001;

Winter, Danes, Koh, Fredericks, & Paul, 2004). For instance, recognizing that the gender of the business manager is an important factor, Winter et al. (2004, p. 554) concluded that “businesses headed by females more likely to close than businesses headed by males and female business managers less likely to be involved with the business over time than males”. Conversely, several studies have tended to support gender similarities rather than the dissimilarities by highlighting that significant gender differences could not be seen in management decision-making or stressing more similarities than dissimilarities (Collins-Dodd, Gordon, & Smart, 2004). For example, Kalleberg and Leicht (1991) found no gender differences in income earned by owner-operators. Therefore, the tendency to support the claim that having similarities rather than differences is continuing (Sonfield & Lussier, 2009) despite there being minimal differences between male and female family business owners (Sonfield & Lussier, 2012) .

Surprisingly, relatively few studies have focused specifically on gender issues in FBs (Sonfield & Lussier, 2009) although the gender of the owner manager has been identified as an important factor for continuity (Winter et al., 2004). Therefore, with the realization that it is no longer reasonable to consider gender differences in management practices with a dummy variable (Danes et al., 2007), the gender of the FB owner is considered as an independent variable in this study. Further, there is no published information indicating that the issue of gender of FB owners has been explored in Sri Lanka.

#### **4.4.7.1 Working definition of gender**

Within the social sciences literature, differences in meaning have been found occasionally (Sonfield & Lussier, 2012). However, gender is related to being physically male or female.

Therefore, the definition of gender in this study, is similar to that given by Sonfield and Lussier (2012): that gender is used simply as a synonym for “sex” and is not associated with “behaviour vs. biology”.

#### **4.4.7.2 Dimensions of gender**

There are main two dimensions of gender: male and female. The typical roles and responsibilities of females and males are socially acquired, may vary over time, and differ among societies. Male and female are the dimensions of gender with reference to this study and only the biological differences of FB owners were considered.

#### **4.4.8 Conceptualization of Education**

The education and training of an individual can be identified as one of the significant factors affecting sales growth, success, and survival (Davis & Harveston, 2000; Headd, 2003; Reijonen & Komppula, 2007; Winter et al., 2004). For instance, family businesses headed by more educated entrepreneurs/owners generally have higher growth rates (Davis et al 2000). Further, an individual's level of education and training is a dominant agent in the improvement of capabilities (Kotey & Folker, 2007). Moreover, an individual's education determines his or her future incomes and overall success (Kim & Gao, 2013). Better business outcomes with each successive level of education were reported (Fairlie & Robb, 2009). Hence, it is evident that the owner's education is a significant aspect of business outcomes.

##### **4.4.8.1 Working definition of education**

Education was defined as “the learning experience, the owner is gained through particular study programmes”. Graduation or knowledge in a relevant subject is not examined; this study considered only the level of education reached by the participants.

Educational qualifications are the degrees, diplomas, certificates, professional titles and so forth that an individual has attained through full-time study, part-time study or private study, in the home country or abroad and granted by educational establishments, distinctive examining bodies or professional bodies.

#### **4.4.8.2 Dimensions of education**

Junior high school or below, high school, technical secondary school, diploma, undergraduate, graduate were considered as the dimensions of education by Kim and Gao (2013). According to Indarti and Langenberg (2004), education of the entrepreneur was categorised into elementary, junior high, senior high, and university. The dimensions used by Davis and Harveston (2000) were: less than high school graduate, high school graduate, some college, college graduate, and postgraduate degree.

For this study, all levels of education from primary to post-graduate were measured. For this study, five dimensions of education were selected: primary education (up to O/L), secondary education, graduate, postgraduate (with diploma), postgraduate (with masters), and postgraduate (with Ph.D.).

#### **4.4.9 Conceptualization of Business Size**

Firm size indicates the aggregate of resources of a particular business (Danes, Lee, et al., 2008; Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007). Business size explains how large the business is in terms of finance, physical assets, and employment. Interestingly, business size is always linked with business performance and higher level of success (Danes, Lee, et al., 2008; Gómez-Mejía et al., 2007; Indarti & Langenberg, 2004). For instance, firm size significantly is associated with better firm performance. The reason for this better performance could be the benefits of scale and scope of economies that large businesses possess (Kowalewski et al., 2010). However, small FBs can achieve superior performance due to closer kinship ties which assist the FB owner to better manage the interface between business and family (Chu, 2011). Further, due to kinship ties in small FBs, FB owners are able to monitor their employees' behaviour more effectively (Dyer, 2006; Kim & Gao, 2013). On the other hand, business size affects the FB owners' financing decisions with the other contextual factors such as industry, business age, CEO age, extent of family control, business planning, owners' business objectives (Romano, Tanewski, & Smyrniotis, 2001). Moreover, business size could vary due to lifestyle intentions and choices made by the family business owners.

#### **4.4.9.1 Working definition of business size**

Business can be defined in terms of sales of the firm, number of employees, or any other measurement. However, the most common practice in FB research is to utilise number of employees to measure the size of the business (e.g. Basco & Rodríguez, 2011; Cruz et al., 2012; Romano et al., 2001; Sciascia & Mazzola, 2008). Likewise, in this study, business size is defined as the number of employees working in the business.

#### **4.4.9.2 Dimensions of business size**

Business size in terms of number of employees could be measured as categorical or continuous. For this study, basically two categories were used with the intention of comparing groups with the aid of multi-group analysis. Hence, very small family firms and small family firms with ten employees were used as the criterion to generate two samples with an approximately equal number of employees were considered as categories. The rationale behind this categorization is in line with the definition of Departments of Small Industries. Departments of Small Industries define small business as businesses with less than 50 employees. Further, many businesses were less than 10 employees. Consequently, two groups were identified as above.

#### **4.4.10 Conceptualization of Business Age**

Business age is generally considered to have a negative relationship with business growth (Chrisman et al., 2004; Davidsson, 1991). The literature review indicated that this was a significant variable and was used as a moderating variable to family-to-business environment. Business age is related to transformations in its competitiveness linked with history and effects on business performance (J. Lee, 2006). Young firms face the challenge of survivability (Winter et al., 2004). Risk of business failure is high in the first years of the business, but this declines as the business matures (Y. G. Lee et al., 2010). Conversely, oldness can impede the FB's growth and performance (R. C. Anderson & Reeb, 2003; Chu, 2011). The reason for this could be the organizational inertia and various levels of bureaucracy that prevent older firms from responding to changes in their external conditions in a timely manner (Kim & Gao, 2013).

#### **4.4.10.1 Working definition of business age**

The number of years that the business has been in operation is considered as the business age (Danes, Zuiker, Kean, & Arbuthnot, 1999; Haynes & Walker, 1999). It is the number of years the business has been functioning since its foundation (López-Gracia & Sánchez-Andújar, 2007). Similarly, in this study, business age is defined as the number of years the business has been operating as a family business from the beginning.

#### **4.4.10.2 Dimensions of business age**

Similar to business size, business age can be measured using either a continuous or categorical scale. For the purpose of comparison, categorical measures were used in this study. Consequently, two groups - developing businesses and matured businesses - were detected. Thus, firms that had been operating for ten years or less were classified as developing family businesses, and the firms with more than ten years of operation were categorised as matured businesses.

#### **4.4.11 Conceptualization of Business Location**

The location of the business is a significant antecedent of FB performance. Determining a business location is among the most imperative strategic decisions for family firms (Kahn & Henderson, 1992). Configurations of different locations in terms of political, economic, cultural, and societal factors present different opportunities and challenges for FBs (Kim & Gao, 2013). Further, a generous local environment in which a FB operates offers economic opportunities and benefits through better access to knowledge, information, communication, trade and finance (Danes et al., 2007; Kim & Gao, 2013). Moreover, “access to knowledge and information in a highly advanced and industrialized geographical location increases the firm's competitive advantage and contributes positively to its performance” (Kim & Gao, 2013, p. 268). The importance of business location for a family business is documented by Khan as follows:

Yet the separate demands of the family and the business often prove difficult to balance. “Proximity to family residence or ancestral home, security of the family network, and availability of familiar recreational and cultural activities may be valued highly by the

family, possibly overriding more economic concerns of the firm such as proximity to markets, wage rates, and business taxes in influencing the location decision” (Kahn & Henderson, 1992, p. 271).

#### **4.4.11.1 Working Definition of Business Location**

To define location, a number of contextual factors could be used. For instance, Kahn and Henderson (1992) concluded that FB is most concerned with proximity to residence, and locations offering least-cost alternatives. Other than that, proximity to customers and markets were the highest preference of FBs, suggesting that business success is the primary concern regardless of ownership form (Kahn & Henderson, 1992). Therefore, the working definition for this study is the geographical location of the family business.

#### **4.4.11.2 Dimensions of Business Location**

Considering the working definition, when selecting the location for the FB, several factors should be considered. In this study, locations were classified under major cities, suburbs of a major city, and rural.

#### **4.4.12 Conceptualization of Proximity to Home**

Since tourist accommodation is a sub-sector of the tourism industry that is mainly concerned with providing services, many businesses tend to be home-based. Most businesses actually start off as small enterprises often from a modest home-base, so the decision to grow and potentially move from a home-based location has personal implications for the owner-operator in relation to aspects such as additional risk, both of a financial and emotional nature (Walker & Brown, 2004) and the degree of fit between family and business.

Generally, home-based FBs are smaller than other businesses in terms of employees, and many home-based family businesses are less profitable than non-home based family businesses (Soldressen, Fiorito, & He, 1998). Further, home-based businesses report lower levels of business success and profit growth comparing to their non-home-based counterparts (Y. G. Lee et al., 2010). On the other hand, due to the responsibilities of

taking care of children, while generating income, many female managers tend to operate their businesses from home (Y. G. Lee et al., 2010). However, involvement in home-based work can impose additional demands on both the family and the business system (Fitzgerald & Winter, 2001; Y. G. Lee et al., 2010).

#### **4.4.12.1 Working Definition of Proximity to Home**

Kahn and Henderson (1992) noted that family firms indicated a significantly higher preference for locations near their residences than did the non-family firms. For this study, proximity to home is defined as whether the business is located on the same premises as the home.

#### **4.4.12.2 Dimensions of Proximity with Home**

According to the working definition of the study, two dimensions can be recognised as home-based and non-home-based businesses. Home-based businesses are those FBs that are located on the same premises where home is located and non-home-based businesses are located in a separate location from home.

### **4.5 HYPOTHESES DEVELOPMENT**

#### **4.5.1 Family Resources and Demands and Family Business Success**

Many earlier family business and entrepreneurship studies omitted a forgotten but significant dimension, that is, the family dimension (Rogoff & Heck, 2003). Simply, a limited number of articles have examined the effects of family structure or behavioural and shareholder dynamics on decision making or objective measures of performance such as profits, revenue or sales growth (Kimhi, 2004; Olson et al., 2003). Several other studies focused on the dimensions related to interpersonal family dynamics under the concept of ‘family social capital’ along with the resource-based view (Arregle et al., 2007).

However, family dynamics make FBs different from non-family businesses (Chua et al., 1999; Dyer, 2003). “Family dynamics permeate the business and mix with business and organizational dynamics giving family business many of their distinct characteristics” (J.

H. Astrachan, 2010, p. 10). As a result, family resources and demands affect family business success, thereby making them unique. In detail, family resources and demands could include spousal support, parents, children, family's financial strength, family structure, family culture, and family harmony.

Explaining further, higher family integrity levels were positively linked to firm success (Danes et al., 2009; Duncan, Stafford, & Zuiker, 2003). Family dynamics affect structures, processes and operational activities of family foundations (J. H. Astrachan, 2010). Moreover, a family culture of commitment to the business contributes to a strong organizational identity around which the family firm and its employees can form a continuing bond (Zahra, Hayton, Neubaum, Dibrell, & Craig, 2008). The strong ties among family members improve financial performance of family business and ensure the achievement of family goals due to the social interactions and communication based on strong ties among family members (Mani & Lakhali, 2015). Furthermore, strong family ties can ensure levels of commitment and sacrifice that would be difficult for competitors to imitate (Miller & Le Breton-Miller, 2005). Further, family members offer financial resources by means of the family savings, emotional support in the way of encouragement, and instrumental support in terms of knowledge and physical assistance, enabling the survivability of FB (Matzek, Gudmunson, & Danes, 2010). Thus, the research on family dynamics shows that family has a pervasive effect on business.

The spouse has been identified in the literature as one who is emotionally committed to the business and a key asset in overcoming challenges during the early stages of the business. Spouse is defined as either member of a married pair in relation to the other one's husband or wife. Committed spouses work supportively toward common goals associated with robust business performance and undertake greater household responsibilities at the same time. Considering about gender and spouse interaction, a study done in Sri Lanka found that individuals with spouses who have a traditional gender role orientation experience greater work interference with family conflict (Kailasapathy, Kraimer, & Metz, 2014). On the other hand, a poorly-committed spouse would add to the pressures linked with a new business formation by creating work and family conflicts (Gudmunson, Danes, Werbel, & Loy, 2009; Van Auken & Werbel, 2006). Therefore, Kirkwood (2009) acknowledged the significance of work-family conflicts in family

business and stressed that support from a spouse from the formation stage of the FB may mitigate any work-family conflict that could occur at a later date.

However, the governance structure and internal operations of the business could be disrupted by conflicts between different members of the family (Bertrand et al., 2008). For FB owners, work-family conflict resulting from the inter-role conflict between the family and business spheres, can significantly disrupt both the job and life satisfaction of owners, and could lead them to look for new work. However, this depends on whether FB owners work with members of their immediate family. FB owners with family member employees experience considerably higher levels of work-family conflict (Boles, 1996). Supporting this notion, Danes and Olson (2003) claimed that the involvement of family members in business increases the tensions over business issues particularly in the areas of role clarity, decision authority, balance of workloads, and conflict resolution. Higher tensions were associated with transferring more of the family's financial resources to the business, having children under the age of five, husbands stressing the importance of keeping the business in the family, and husbands experiencing a high number of stressful events. Lower tensions were linked with husbands giving priority to the family rather than to the business, having greater functional family integrity, and having wives who were highly with their business roles (Danes & Lee, 2004). Further, higher levels of household tension were negatively related to family functionality (Philbrick & Fitzgerald, 2007).

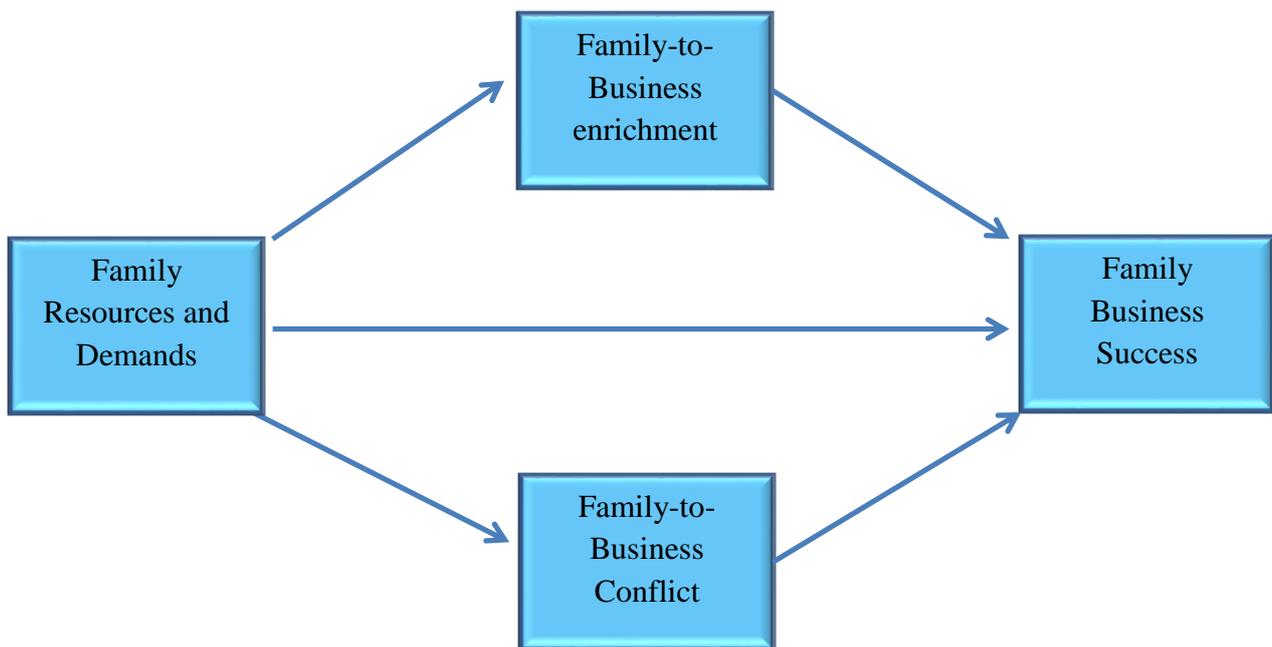
However, the total number of family workers has a significant positive impact on the performance of female-owned businesses (Sigh, Reynolds, & Muhammad, 2001). In their study, performance measures were found to be positively related to the total number of family workers, suggesting that FBs with a large number of family employees performed better than FBs with fewer or no family employees (Sigh et al., 2001). Although family capital is a significant predictor of family business performance, Hoelscher (2014) found that task conflict moderates the relationship between family capital and family business performance. On the other hand, no previous evidence was found on the mediating role of family-to-business enrichment on family and business relationships.

Therefore, the following hypotheses were established:

*H1a: Family resources and demands are positively related to FB success.*

*H1b: Family resources and demands are positively related to FB success through the mediation of work family enrichment.*

*H1c: Family resources and demands are negatively related to FB success through the mediation of work family conflict.*



**Figure 4. 2: Links between Family Resources and Demands and Family Business Success through Work Family Interface**

#### **4.5.2 Family Involvement in Business and Family Business Success**

The relationship between family involvement and performance is one of the most debatable questions in the literature on family businesses (Casillas & Moreno, 2010; O'Boyle et al., 2012) with positive, negative, and null associations between the two concepts (Sciascia & Mazzola, 2008) leading to conflicting performance implications (Kim & Gao, 2013). The results of empirical studies on the effect of family involvement on family business performance to date are inconsistent: positive (e.g. R. C. Anderson & Reeb, 2003; Casillas & Moreno, 2010; Chu, 2011; Kowalewski et al., 2010; J. Lee, 2006; Martínez, Stöhr, & Quiroga, 2007; Maury, 2006; Sraer & Thesmar, 2007), negative (e.g. Bertrand et al., 2008; Filatotchev, Lien, & Piesse, 2005; Westhead & Howorth,

2006), and no association (e.g. Chrisman et al., 2004; Kim & Gao, 2013; Villalonga & Amit, 2006). Many scholars attribute these conflicting findings to the multiplicity of factors that influence the performance of any organization apart from the multi-dimensional character of the concept of performance in itself (Casillas & Moreno, 2010). However, this ambiguity results in conflicting empirical outcomes that may be attributable to contradictory theoretical predictions, methodological inconsistencies, and the lack of attention to organizational factors that may moderate the relationship between family involvement in management and performance (Kim & Gao, 2013).

Turning to the meta-analysis conducted by several scholars, some concluded modest but statistically significant positive performance effects for family involvement (Van Essen, Carney, Gedajlovic, Heugens, & Van Oosterhout, 2010) while others found no significant performance effects of family involvement (Carney, Van Essen, Gedajlovic, & Heugens, 2010). On the other hand, characteristically, most of the previous research was concerned with large listed firms, although the great majority of businesses in each economy are small and non-listed (Sciascia & Mazzola, 2008). Moreover, Stewart and Hitt (2012) revealed that family involvement generally has a positive effect on public firms and an insignificant or negative effect on private firms. Further, the greater the family involvement, the stronger will be the company growth due to greater long-term orientation, greater degree of centralization and speed in decision-taking and the stronger alignment of interests between owners and the management (Casillas & Moreno, 2010).

Therefore, family ownership is positively related to firm performance. The positive relationship is strong particularly when family members work as CEOs, senior managers, chairpersons, or directors of the firms, but the association becomes weak when family members are not involved in firm management or control (Chu, 2011). Further, multiple generations in management shows that the family firm has learned to overcome some of the negative effects of the family ownership structure (Miller & Breton-Miller, 2006).

Family firms are a perfect platform for the investigation of unique shapes of work-family interactions (Smyrnios et al., 2003). Interestingly, success improved when family members provided assistance to the firm and emotional support to the owners (Danes & Lee, 2004; Danes & Morgan, 2004; Danes et al., 2009). Furthermore, family business owners are often assumed to have greater freedom in dealing with work and family

because they are not restricted by the explicit constraints imposed by employers or workplace arrangements (Smyrniotis et al., 2003). Hence, family-to-business enrichment may enhance the relationship between family involvement and business success.

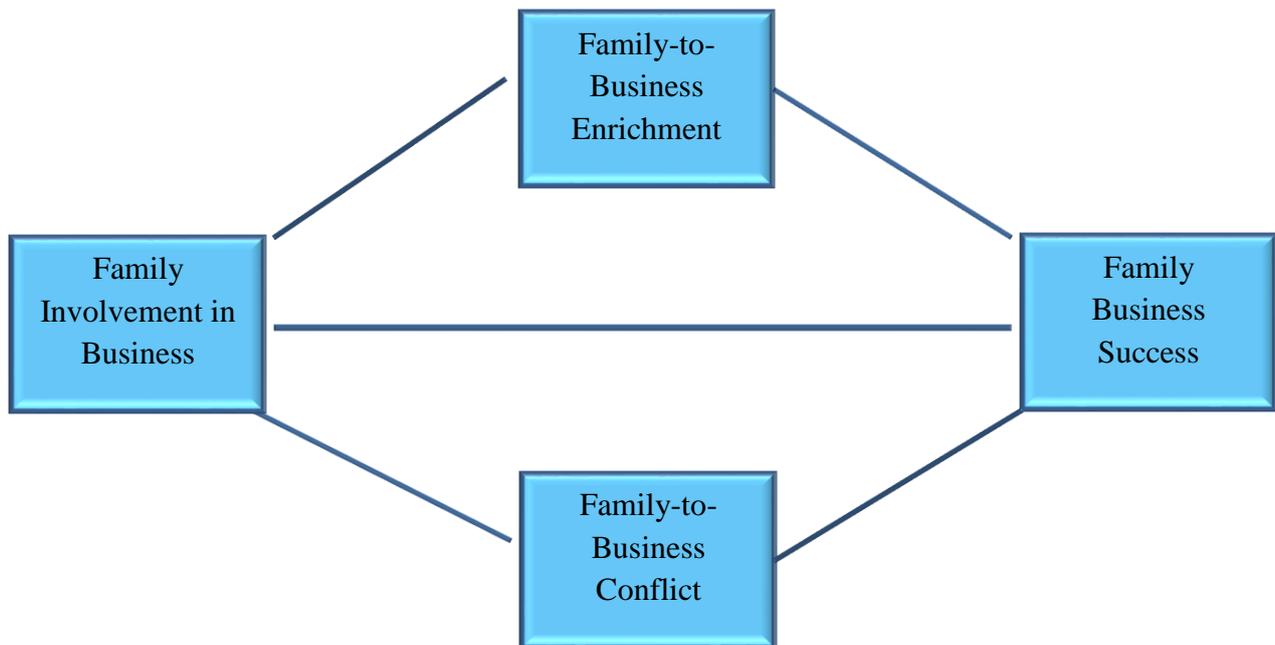
In contrast, owners of businesses with family participation do experience significantly more business-family conflict (M. S. Lee & Rogoff, 1996). Work-family conflicts appear at the intersection of the family and business systems. A major issue arises when the business work takes priority over family needs for an extended period of time or when business managers experience high demands from both systems concurrently (Danes & Morgan, 2004; Danes & Olson, 2003; Gudmunson & Danes, 2013).

In particular, role conflict may be problematic for family members involved in family businesses because they struggle with the expectations of the family role that conflict with the expectations of the business role (Fitzgerald & Winter, 2001). In addition, such conflict can also damage the family owner-managers' perceived control, continuity, stability, and security, which are integral to ownership attachment (Kleine & Baker, 2004). Further, higher levels of tension can have the opposite effect such as reduced health and satisfaction, stunted business growth, and diminished success (Danes & Morgan, 2004; Danes & Olson, 2003). However, contradictory to this Memili et al. (2013) found that a positive relationship between family owner-managers' work-family conflict and their ownership attachment and the effect of family harmony on ownership attachment is positively and partially mediated by work-family conflicts. Therefore, based on previous literature, the following hypotheses were developed.

***H2a: Family involvement in business is positively related to FB success.***

***H2b: Family involvement in business is positively related to FB success through the mediation of work-family enrichment.***

***H2c: Family involvement in business is negatively related to FB success through the mediation of work-family conflict.***



**Figure 4. 3: Links between Family Involvement in Business and Family Business Success through Work Family Interface**

#### **4.5.3 Age of the Business Owner, Family-business Interface, Business Success**

According to the literature, arguments regarding the age of the family business owner are contradictory. The relationship between the age of the business owner and the business' economic success has been found to be negative by many scholars (e.g.Kalleberg & Leicht, 1991; Masuo et al., 2001; Reijonen, 2008). For example, firm performance seemed to be restricted by the older age of the business owner (Reijonen, 2008). Moreover, the age of the owner inversely influences the performance of female business owners, implying that businesses operated by younger women performed better than those operated by older ones (Sigh et al., 2001).

However, contrary to this view, the age of the business owner was considered as not being a statistically significant explanatory variable (Getz and Carlsen (2000). This was further confirmed as no significant relationship between age and business success when considering age both the interval and ordinal level of measurement (Indarti & Langenberg, 2004). Contradictory to these views, Romano et al. (2001) found that the age of the family business and the age of the business owners positively affect the equity

of the business. However, the majority of research findings relating to age of the family business owner and business success accords with the view that the age of the business owner is negatively related to business success.

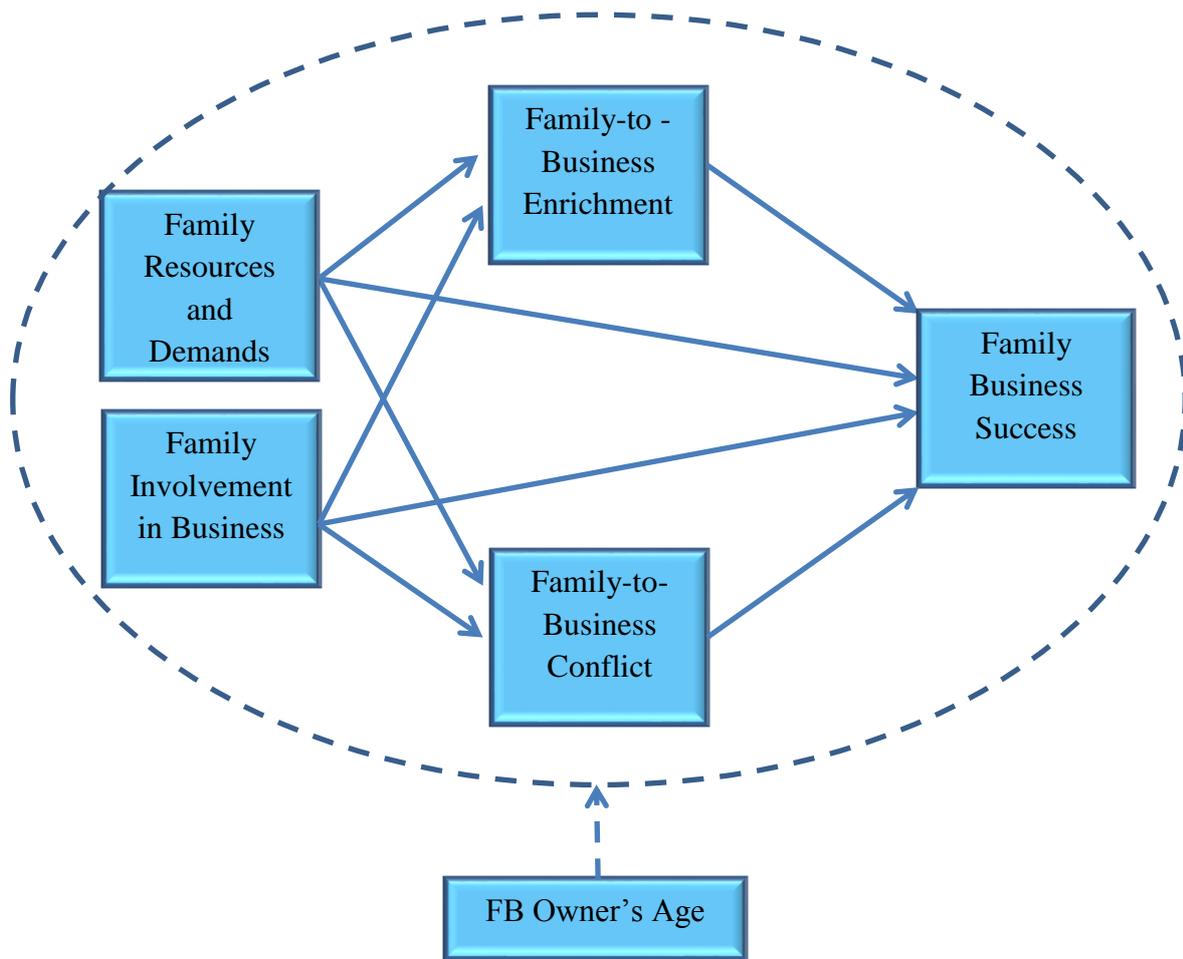
Turning to the age influences on family and business interface relationships, Smyrnios et al. (2003), compared three age groups categorised as less than 40 years, 40 to 65 years, and more than 65 years. They concluded that work-strain relationships vary with age. Additionally, they uncovered significant differences on path coefficients between after-hours work and work-to-household conflict, between inter-role conflict and work-to-interpersonal conflict, and between business dissatisfaction and work-to-interpersonal conflict among the three age groups. Moreover, they concluded that the magnitude of the association between after-hours work and work-to-household conflict was significantly higher for older owners than for younger owners, suggesting that younger entrepreneurs are better able to integrate after-hours work into their lives and deal with the disruptions to business that are caused by their family commitments. However, they claimed that younger owners are less able to deal with the effects of inter-role and business dissatisfaction on work-to-interpersonal conflict than their older counterparts, suggesting that work strain has a more profound effect on younger owners' social and family relations than does the disruption to business caused by household chores and obligations (Smyrnios et al., 2003, p. 47). On the other hand, Karofsky et al. (2001) also revealed that older owners report experiencing less work-household conflict and greater levels interpersonal harmony at work. Consequently, the following hypothesis was developed.

***H3a: Age moderates the relationship between family involvement in business and FB success through the mediation of family-to-work enrichment.***

***H3b: Age moderates the relationship between family involvement in business and FB success through the mediation of family-to-work conflicts.***

***H3c: Age moderates the relationship between family resources and demands and FB success through the mediation of family-to-work enrichment.***

***H3d: Age moderates the relationship between family resources and demands and FB success through the mediation of family-to-work conflicts.***



**Figure 4.4: Moderation Impact of Age of the Family Business Owner on the Predicted Relationships**

#### **4.5.4 Gender of the Business Owner, Family-business Interface, Business Success**

Previous literature on gender of the family business owner and business success could not produce one single conclusion about the relationship between them. Some argue that gender is not a significant predictor of family business success (Sonfield & Lussier, 2009), or that there is no significant difference between genders in relation to firm success (Indarti & Langenberg, 2004; Kalleberg & Leicht, 1991). Hence, the determinants of survival and success functioned in much the same way for men and women and it has been suggested that the processes underlying small-business performance are similar regardless of gender (Kalleberg & Leicht, 1991).

Conversely, another group of scholars found that female managers perceived their businesses as more successful than those of male managers and they claimed that success

depends on gender (Danes & Olson, 2003; Y. G. Lee et al., 2010; Masuo et al., 2001). However, the reason behind this could be that women might measure business success differently due to their tendency to concentrate on balancing work and family and a willingness to adjust their business practices so that they can manage personal, family, and professional demands (Fitzgerald & Folker, 2005).

Differing from earlier views, an assertion was put forward by another set of scholars in the field that female-owned businesses generally underperform compared to their male counterparts in terms of financial performance measures such as earnings, survival or growth (Du Rietz & Henrekson, 2000; Olson et al., 2003; Watson & Robinson, 2003). However, using only financial performance as the standard may fail to consider the complexities of the socialized perspective of gender (Bird and Brush, 2002). The reason behind this is that women may prefer not to measure success according to traditional financial indicators, but to prioritize family business decisions based on work and family balance due to their responsibility as primary care-givers for children (Danes et al., 2007). Therefore, the gender differences of family business owners can be deemed as more a function of subjective perceptions and in economic and social structural qualities than of biological specializations of the sexes (Lerner & Malach-Pines, 2011).

Turning to the work-family interface, compared to men, women more readily use family supportive resources when they are available, resulting in greater likelihood of facilitation (Wayne, Grzywacz, Carlson, & Kacmar, 2007). This implies work-family enrichment. Further demand characteristics such as occupational status and gender indirectly affect facilitation by modelling the type and degree of resources available to individuals (Wayne et al., 2007). Facilitation contributes significantly and differentially to the expectation of work and non-work outcomes, over and above the effects of conflict, and women experienced higher levels of facilitation than men (van Steenbergen et al., 2007). Supporting this argument further, Powell and Eddleston (2013) added that female entrepreneurs' weight in work-family synergies may permit them to obtain greater benefits from family-to-business enrichment and support than male entrepreneurs whose gender role promotes independence and autonomy. Further, women's satisfaction with work-family balance is particularly fostered by their experiencing a higher level of instrumental family-to-business enrichment than men do (Eddleston & Powell, 2012).

Regarding work-family conflict, a statistical difference was recorded for the tension experienced by husbands and wives. Tension was recorded in the literature for five out of the seven tension types and, in all cases, the wives reported higher levels of tension (Gottman & Notarius, 2002). When family functionality was poor or when the wife was not satisfied with her role in the family business, she reported higher tension levels. When resources were transferred from the family to the business, tensions over business issues also increased for her (Danes & Morgan, 2004).

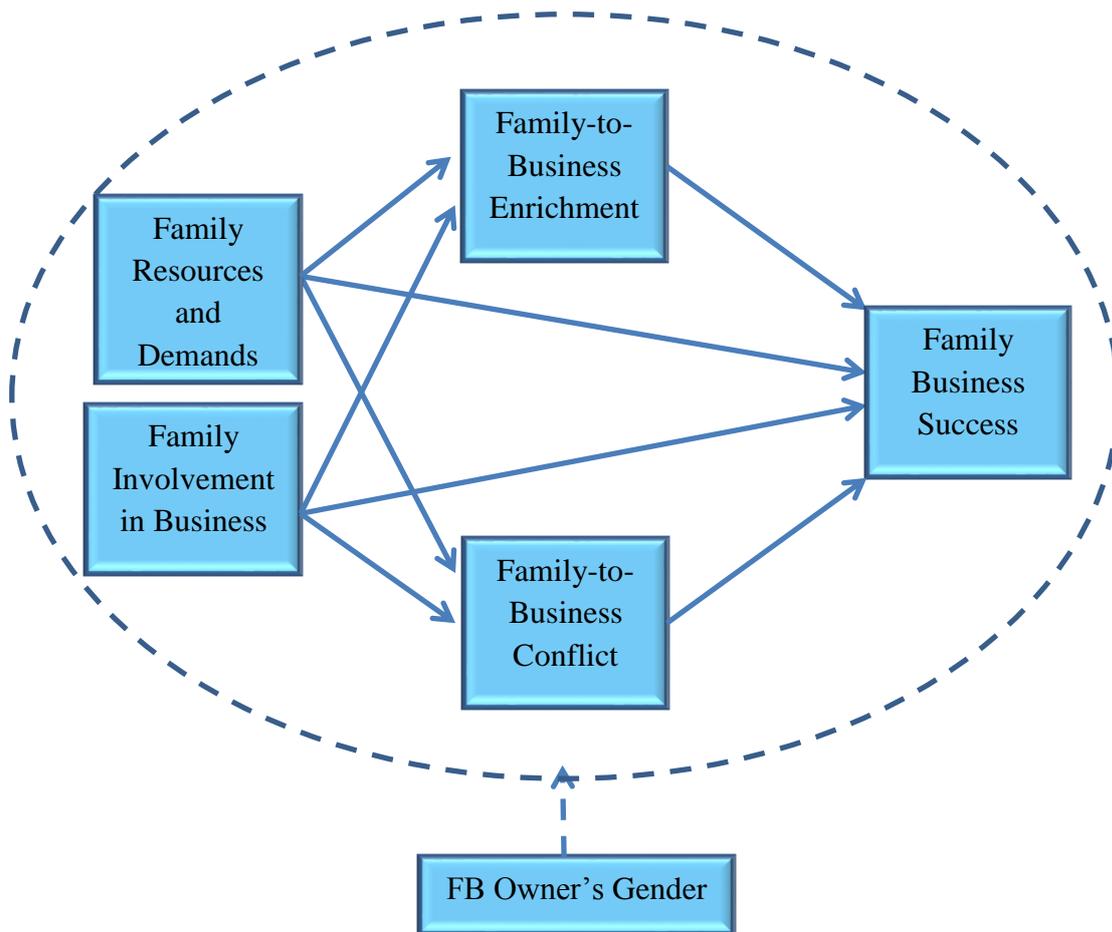
Hence, the above evidence indicates that the moderating effects of gender on family and business relationships are still unclear since previous studies have been unable to give it a precise definition. Consequently, following hypotheses were developed;

***H4a: Gender moderates the relationship between family involvement in business and FB success through the mediation of family-to-work enrichment.***

***H4b: Gender moderates the relationship between family involvement in business and FB success through the mediation of family-to-work conflicts.***

***H4c: Gender moderates the relationship between family resources and demands and FB success through the mediation of family-to-work enrichment.***

***H4d: Gender moderates the relationship between family resources and demands and FB success through the mediation of family-to-work conflicts.***



**Figure 4.5: Moderation Impact of Gender of the Family Business Owner on the Predicted Relationships**

#### **4.5.5 Education of the Business Owner, Family-business Interface, Business Success**

In the past, studies have shown that the business owner's level of education does influence the success of the business. Many studies reported that owner-managers' education and training positively affect business performance (Danes, Lee, et al., 2008; Danes et al., 2009; Danes et al., 2007; Gómez-Mejía et al., 2007). Further, education, managerial skills and experience, together with being male, were found to increase earnings (Rowe, Haynes, & Bentley, 1993). Education improves one's understanding of risk levels in business and the flexibility in adapting to changing contexts. As a result, highly educated owner managers promote firm profitability and growth (Kangasharju & Pekkala, 2002). University education was found to be less successful than elementary and senior high school education (Indarti & Langenberg, 2004), although educated owner managers more

readily see opportunities for creative destruction in the marketplace that can generate extraordinary profits (Kim & Gao, 2013). On the other hand, the differences between qualifications at the same level may create different impacts on managing a business. For instance, master degree in business a master in engineering may not provide the same knowledge to run a business. However, in this study the differences of education at the same level were not considered.

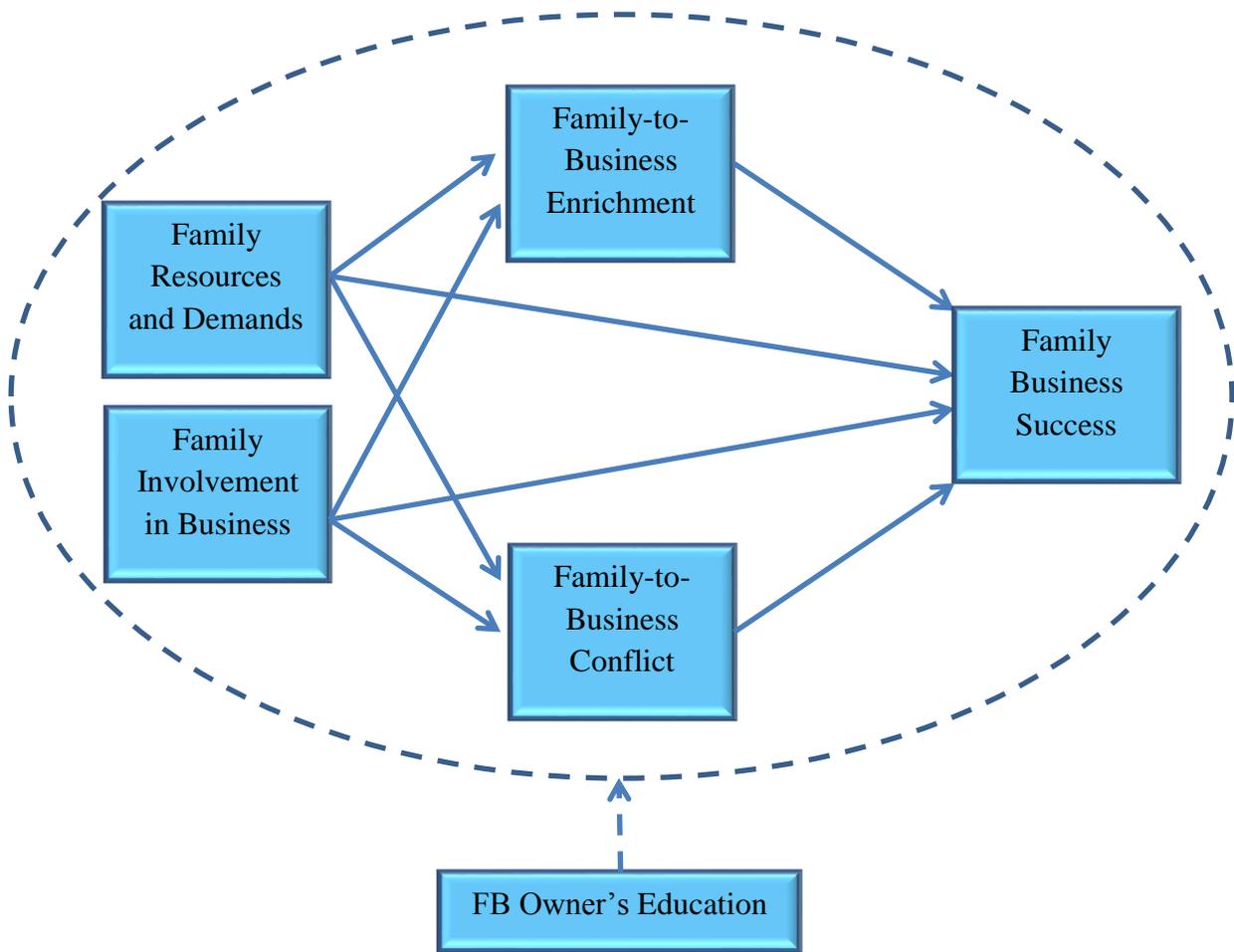
It is perceived that education should enhance positive spill-overs while minimising conflicts relating to the family and business interface because education improves an individual's understanding about the circumstances and knowledge and competencies even though it is hard to find literature on these specific moderating relationships. Therefore, the following hypotheses were constructed.

***H5a: Education moderates the relationship between family involvement of business and FB success through the mediation of family-to-work enrichment.***

***H5b: Education moderates the relationship between family involvement in business and FB success through the mediation of family-to-work conflicts***

***H5c: Education moderates the relationship between family resources and demands and FB success through the mediation of family-to-work enrichment.***

***H5d: Education moderates the relationship between family resources and demands and FB success through the mediation of family-to-work conflicts.***



**Figure 4.6: Moderation Impact of Education of the Family Business Owner on the Predicted Relationships**

#### **4.5.6 Business Size, Family-business Interface, Business Success**

Business size is recognised as an important moderating variable in determining firm performance in family businesses in this study. Previous literature holds contradictory views on the effect of business size on business. While some found that business size had a direct negative relationship with business success (Chrisman et al., 2004), others maintain that business size contributes to improving a firm’s performance (Tanewski, Romano, & Smyrniotis, 2000). According to Chu (2011), the association between family ownership and firm performance is stronger in small and medium-sized enterprises than in large companies. However, firms with fewer than 500 employees were considered as small businesses by Chu (2011). Therefore, firm size could skew performance because it impacts on organizational structures, innovation, and cumulated slacks (McGrath, 2001).

Business size has been recognised for its importance as firms' increase in size could increase their social status, identity, or family harmony because it may make both the firm and the family more visible in the community (Chrisman et al., 2012). On the other hand, increase in size could sever link between the family and the firm as size increases owing to the need for the firm to professionalize (Chrisman et al., 2012).

The study done by Rutherford et al. (2008) revealed that no significant interactions were observed between size and familiness for sales growth or perceived financial performance. They reasoned that the degree of impact may not be substantial although, size matters (Rutherford et al., 2008). Supporting this notion, firm size was found to have no moderation on the relationship between work-family and firm performance (Perry-Smith & Blum, 2000).

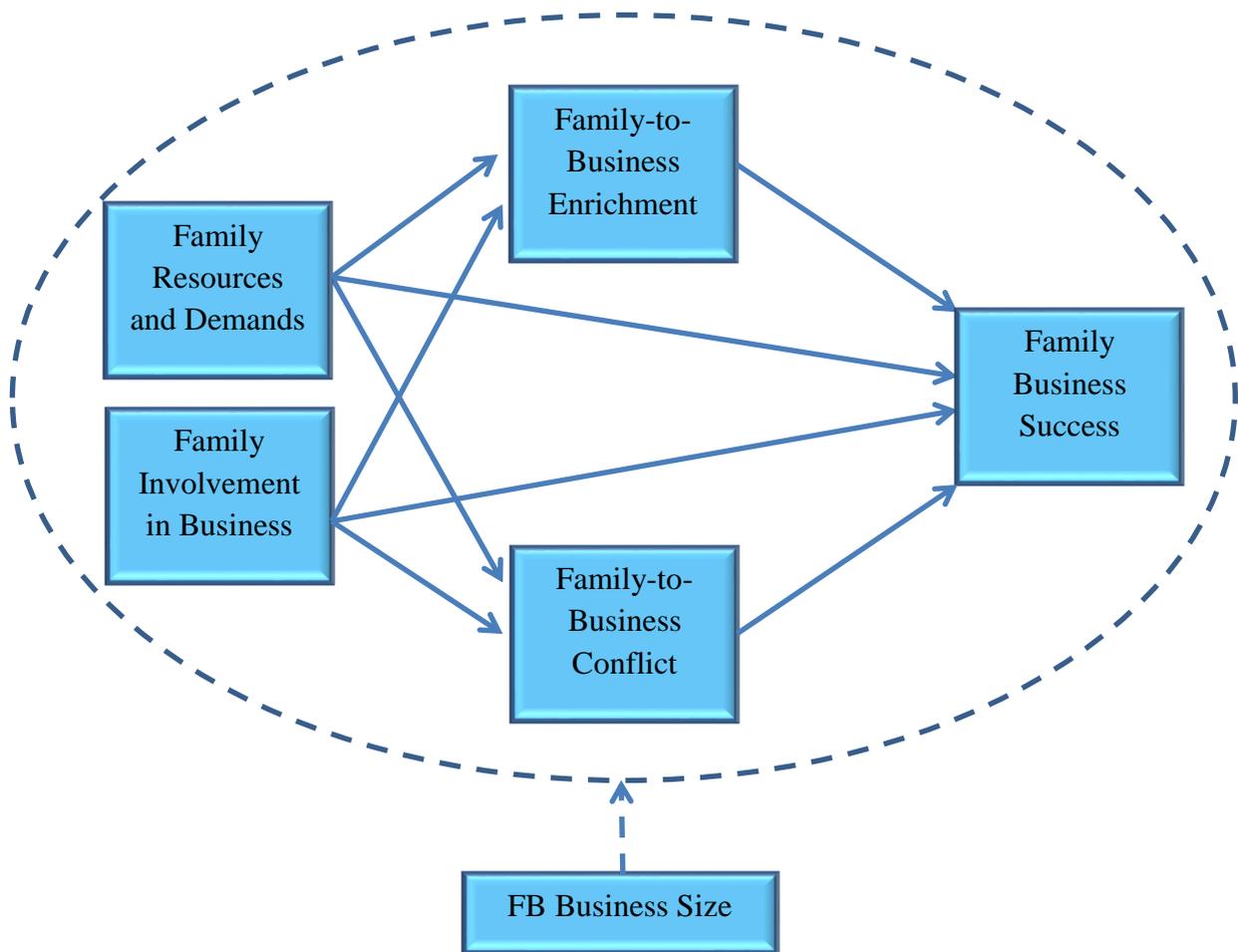
Therefore, to date, no uniform conclusion has been reached on the effects of business size on family and business association. Thus, the following hypotheses were developed to determine the impact of business size on family and business interactions.

***H6a: Business size moderates the relationship between family involvement in business and FB success through the mediation of family-to-work enrichment.***

***H6b: Business size moderates the relationship between family involvement in business and FB success through the mediation of family-to-work conflicts.***

***H6c: Business size moderates the relationship between family resources and demands and FB success through the mediation of family-to-work enrichment.***

***H6d: Business size moderates the relationship between family resources and demands and FB success through the mediation of family-to-work conflicts.***



**Figure 4.7: Moderation Impact of Family Business Size on the Predicted Relationships**

#### **4.5.7 Business Age, Family-business Interface, Business Success**

Business age was recognised in the literature review as a significant variable to study and used as a moderating variable to family-to-business environment. However, little is known about how firm performance changes with age, seemingly due to the paucity of data on firm age (Coad, Segarra, & Teruel, 2013). Recently, it was recognized that organizational age is an overlooked, yet theoretically meaningful, boundary condition on the ability of a firm to translate entrepreneurial strategies to meaningful performance outcomes (B. S. Anderson & Eshima, 2013).

Business age has generally been considered to have a negative relationship with business growth (Chrisman et al., 2004; Davidsson, 1991). For instance, B. S. Anderson and Eshima (2013) claimed that firm performance deteriorates with age. The relationship

between a work-family bundle and firm performance was moderated by firm age for profit and sales growth in a study done by Perry-Smith and Blum (2000). Further, they suggested that firm-level variables at the starting point and at other points in the growth of a business should be considered when age-dependency relations are studied. This implies that when business becomes larger, family-business conflicts could also increase. The study conducted by B. S. Anderson and Eshima (2013) adopted the resource-based view and studied the moderating impact of business age and intangible resources on the entrepreneurial orientation and firm growth relation among small to medium-sized enterprises in Japan. They revealed that younger firms are more likely to adopt entrepreneurial initiatives.

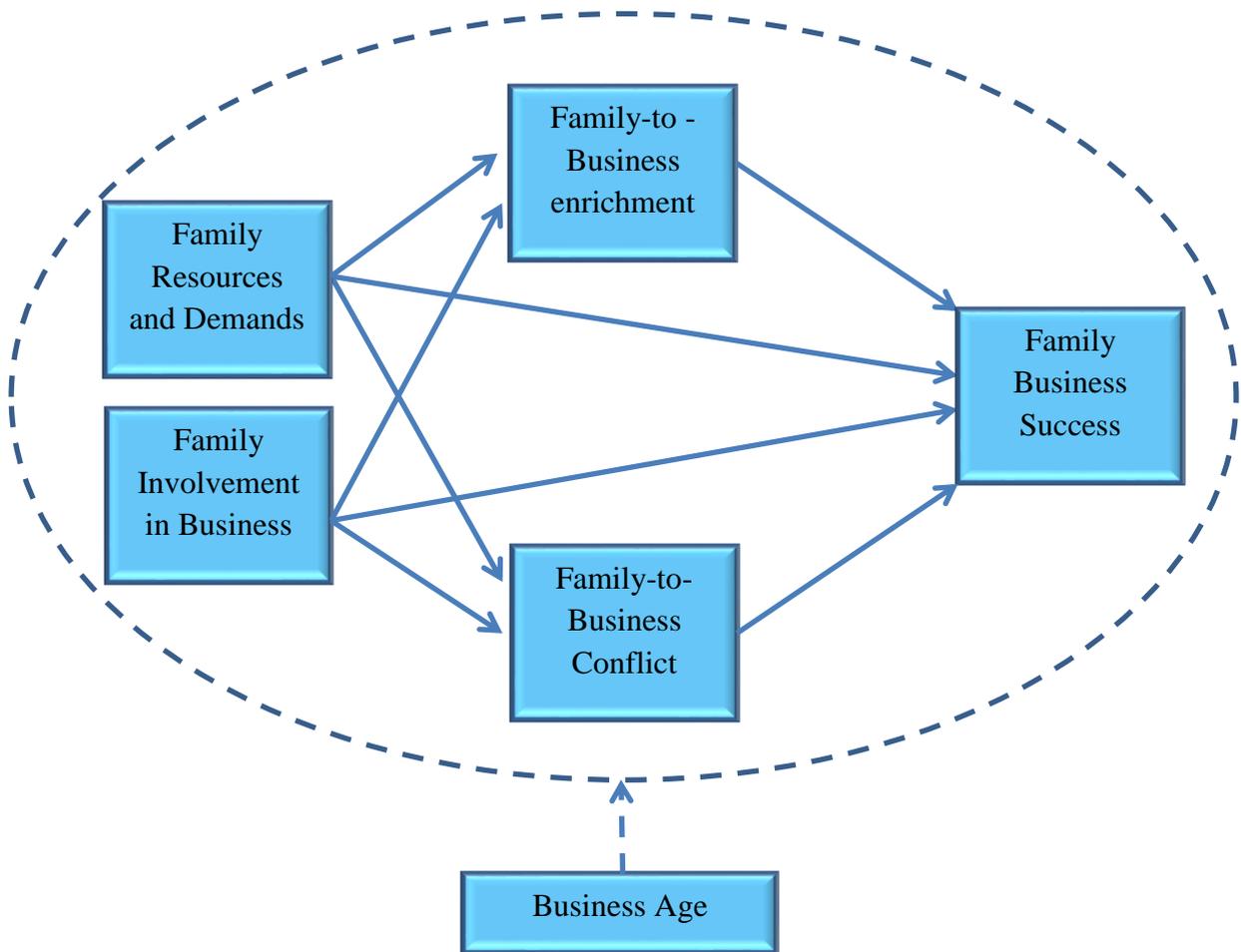
Considering the above literature, the following hypotheses were developed to determine the moderating impact of business age on family and business interactions.

***H7a: Business age moderates the relationship between family involvement in business and FB success through the mediation of family-to-work enrichment.***

***H7b: Business age moderates the relationship between family involvement in business and FB success through the mediation of family-to-work conflicts.***

***H7c: Business age moderates the relationship between family resources and demands and FB success through the mediation of family-to-work enrichment.***

***H7d: Business age moderates the relationship between family resources and demands and FB success through the mediation of family-to-work conflicts.***



**Figure 4.8: Moderation Impact of Family Business Age on the Predicted Relationships**

#### **4.5.8 Business Location, Family-business Interface, Business Success**

Business location was identified as the place where the business is located. In the literature, there is a lack of research on family businesses' geographic locations. A business' geographic location has a significant effect on economic opportunities by virtue of differential access to larger economies and centres of information, communication, trade and finance (Danes et al., 2007). Kahn and Henderson (1992) compared the location preferences of family and non-family firms and revealed that family firms seek locations that improve the family's quality of life. Businesses located in the metropolitan regions were positively associated with business revenue by Olson et al. (2003). Literature on rural family business discovered that businesses in rural and small town locations are

more likely to use business resources to benefit the family; for instance, farmers often use farm vehicles for personal use (Haynes & Walker, 1999).

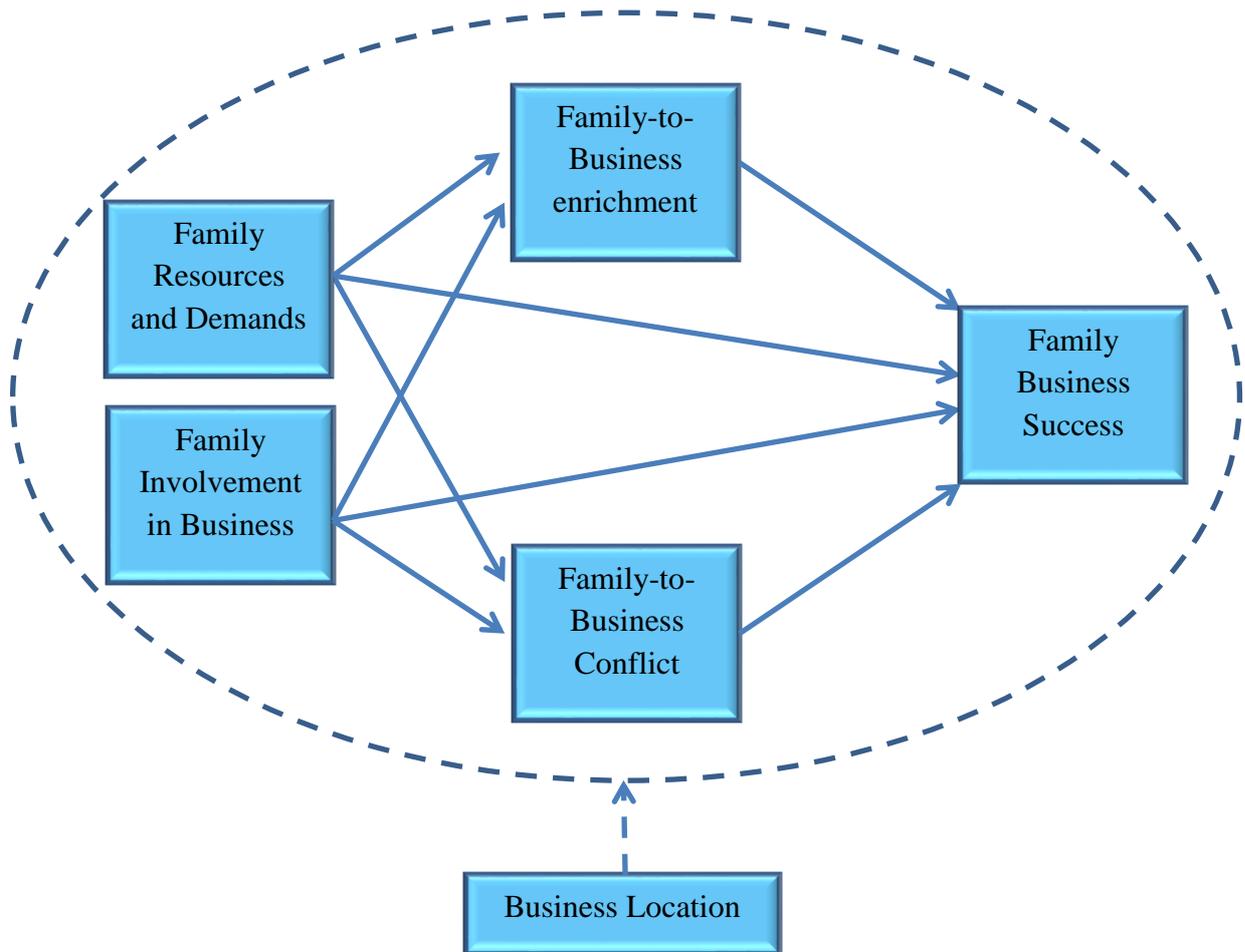
Firms in rural areas may have less access to financial resources; therefore, they may have a higher probability of intermingling family and business resources than urban businesses. In urban areas, other members of the business manager household may have more employment opportunities, thus reducing the need for business-to-family intermingling (Haynes & Walker, 1999, p. 229). And further, rural businesses may be willing to use business income for family expenses occasionally. Moreover, family businesses in rural counties were more likely than those in non-rural counties to have cash flow problems (Danes et al., 2001). However, it is hard to find studies that have considered the business' geographical location to measure its direct or indirect effect on business success or family and business interface. Therefore, considering the above literature, the following hypotheses were formed.

***H8a: Business location moderates the relationship between family involvement in business and FB success through the mediation of family-to-work enrichment.***

***H8b: Business location moderates the relationship between family involvement in business and FB success through the mediation of family-to-work conflicts.***

***H8c: Business location moderates the relationship between family resources and demands and FB success through the mediation of family-to-work enrichment.***

***H8d: Business location moderates the relationship between family resources and demands and FB success through the mediation of family-to-work conflicts.***



**Figure 4.9: Moderation Impact of Family Business Location on the Predicted Relationships**

#### **4.5.9 Proximity to Home, Family-business Interface, Business Success**

The final moderator in the study is proximity to home; that is, whether or not it is home-based. Turning to previous studies, Olson et al. (2003) found that new, small and home-based firms have less gross revenue than firms that are older, larger, and located outside of the home. Further, the positive relationship between family ownership and firm performance is strong in SMEs but relatively weak in large firms (Chu, 2011).

Since the major activity of the tourist accommodation sub-industry is the provision of services, there is a trend for many businesses to be home-based. Most businesses actually start off as small enterprises and often from a modest home-base, so the decision to grow and potentially move from a home-based has personal implications for the owner-operator in relation to aspects such as additional risk, both of a financial and emotional

nature (Walker & Webster, 2004), and the degree of fit between family and business. Even though Kahn and Henderson (1992) noted that family firms indicated a significantly higher preference for locations near their residences and are more concerned than non-family firms with proximity to residence, family-to-work enrichment may buffer the negative outcomes ordinarily linked to family-to-work conflict (Gareis et al., 2009).

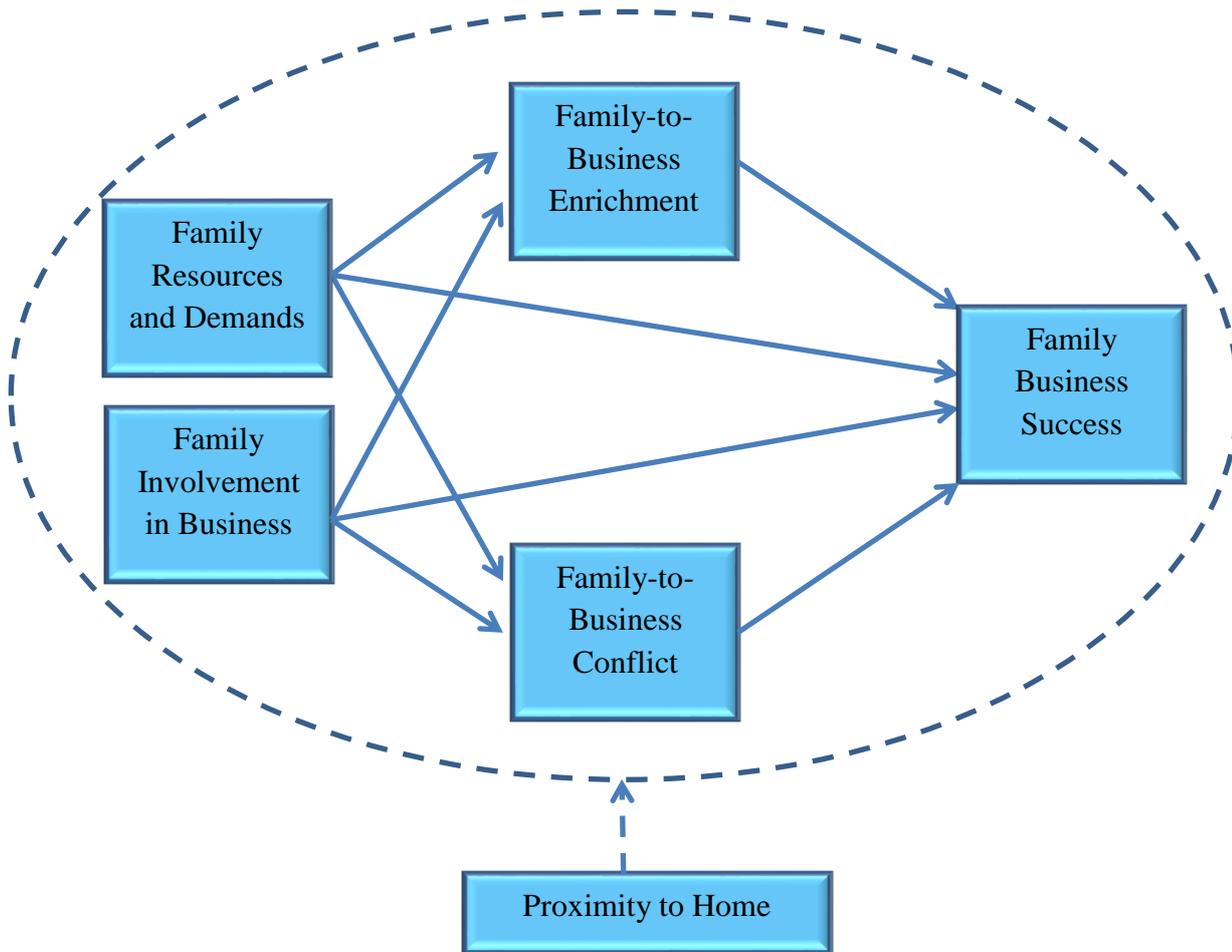
Interestingly, home-based businesses were also found to generate less income than their urban counterparts (Olson, 1994). An office away from home contributes to an increased perception of business success, while increasing age diminishes it, and dual manager households were more likely to have an office outside of the home, higher profits, and more full-time employees (Masuo et al., 2001). Further supporting this notion, Olson et al. (2003) and Danes et al. (1999) suggested that new, small and home-based firms have less gross revenue and less success in meeting business goals than firms that are older, larger, and located outside of the home. However, home-based businesses had fewer tensions over unresolved business conflicts (Danes et al., 1999). Elaborating further, they highlighted that the women engaged in home-based business ownership experience less business-to-family conflict than their non-home-based counterparts. In that sense, women enjoy less economic success than their non-home-based counterparts, suggesting that home-based ownership may be a good option only for those women who do not have strong financial needs (Loscocco & Smith-Hunter, 2004). Thus, the following hypotheses were developed to discover the moderation effect of being business home-based or not on family and business intersections.

***H9a: Proximity to home moderates the relationship between family involvement of business and FB success through the mediation of family-to-work enrichment.***

***H9b: Proximity to home moderates the relationship between family involvement of business and FB success through the mediation of family-to-work conflicts.***

***H9c: Proximity to home moderates the relationship between family resources and demands and FB success through the mediation of family-to-work enrichment.***

***H9d: Proximity to home moderates the relationship between family resources and demands and FB success through the mediation of family-to-work conflicts.***



**Figure 4.10: Moderation Impact of Proximity to Home on the Predicted Relationships**

#### **4.6 SUMMARY**

This chapter has presented a broad picture of the conceptual framework supporting this research. The conceptual framework proposed the relationships between owner demographics, family and business characteristics, work-family interface and business success. In total, thirty-three hypotheses, divided into seven main sections, were developed from the conceptual framework. The next chapter focuses on the research methodology guiding this thesis and will describe the process of data collection and data analysis used to test the hypotheses.

## **CHAPTER FIVE**

### **METHODOLOGY**

#### **5.1 INTRODUCTION**

An appropriate research approach is imperative when engaging in a research project. Thus, this chapter provides an overview of the research setting and the methodology employed in order to empirically test the hypotheses established in the previous chapter. The objective of this chapter is to provide a rationale for, and explain, the methodology applied to achieve the research objectives.

The first section discusses the philosophical positioning of the study – ontology, epistemology and methodology. This is followed by a discussion of the formulation of research along with the research process. The next section focuses on the research design and research approach (implementation) under two categories, qualitative design and quantitative design, which include sampling, data collection, analysis and validation of the results. The last section provides a summary of the chapter.

#### **5.2 RESEARCH PARADIGM**

All research needs a basis for its inquiry, which is offered by worldviews and scientific paradigms, since worldviews indicate how researchers perceive and, thus, think about research and go about conducting it (Gelo et al., 2008). Further, research philosophy can be recognised as the worldview of reality and how reality is known (Gacenga, 2013). Hence, the design of a research study always starts with the choice of a topic and a research paradigm (Creswell, 1994; Creswell & Clark, 2007; Creswell, Clark, Gutmann, & Hanson, 2003; Creswell & Miller, 2000; Zhou & Creswell, 2012). A research paradigm is the development of scientific practice based on people's philosophies and beliefs about the world, and in this setting, it is about how research should be performed (Hussey &

Hussey, 1997). Basically, paradigms propose a framework encompassing a set of accepted theories, methods and ways of defining data (Collis & Hussey, 2013).

The importance of a research paradigm is that ‘the confidence provided by understanding different philosophical positions provides the researcher and the practitioner with the power to argue for different research approaches and allows one to confidently choose one's own sphere of activity’ (Dobson, 2001, p. 199). On the other hand, outlining the philosophical approach is important so that the researcher and reader can reflect on the research process and taken-for-granted assumptions can be challenged. The chosen approach indicates how understanding and explanations are sought, thereby guiding the decisions about design and interpretation. Scientific inquiry can be illustrated by a set of philosophical and meta-theoretical assumptions regarding the nature of reality (ontology), knowledge (epistemology), and the principles motivating and governing scientific examination (methodology) (Gelo et al., 2008). Consequently, there is a hierarchy of decision-making when determining the appropriate research paradigm based on three interconnected and ordered questions: 1) The ontological question; 2) The epistemological question; and 3) The methodological question (Guba & Lincoln, 1994, p. 108).

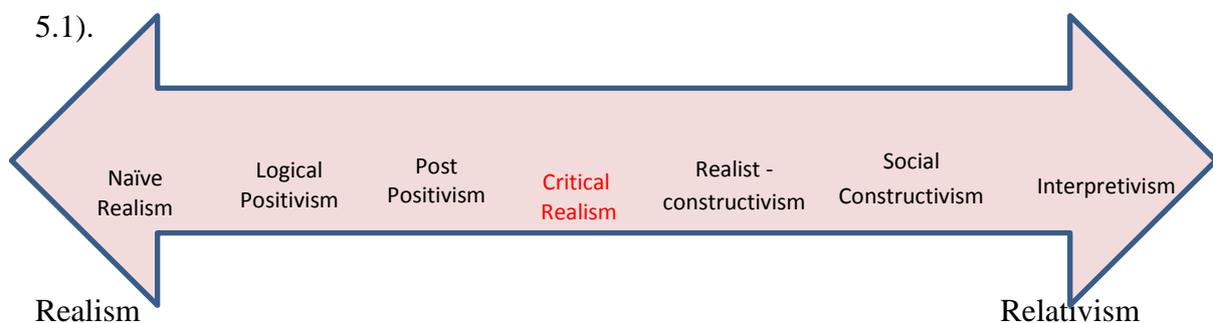
### **5.2.1 Ontology**

Ontology is “the theory of being, it is designed to determine the nature of the fundamental kinds of things that exist” (Gaffikin, 2008, p. 6). This represents the researchers’ belief about the nature of reality. The prominence of ontology in a study is due to the fact that ‘beliefs about what comprises the real world have an effect on what one seeks to observe, what one subsequently observes, how one explains what one observes, and the reasoning process by which one performs each of these’ (A. S. Lee, 2004, p. 6). The ontological position of a researcher can be realism or relativism. Realists see the reality as something outside of the researcher, as a law of nature, and to be discovered by the researcher. A realist researcher is independent from the research. Conversely, relativists accept that knowledge is a value-laden, social reality that can be discovered through individual interpretation. The researcher is not independent from what he or she is being researched.

The present study is grounded in realist research philosophy. From this perspective, the researcher considers that reality has its own in-built order, occurs externally of the mind and independently of the adoption of theories, conceptual frameworks, or paradigm aligning (Fay, 1996). Here, the researcher’s focus is on the sense of the common reality of an individual’s work-family interface effects and their impact on the economic system. Hence, there is a real world out there to explore and social science is proficient at uncovering and knowing reality (Buckby, 2011). However, the researcher also acknowledges that the real world cannot be known with certainty (Riege, 2003) because researchers’ knowledge of the world is always mediated by the discourses available to them. Reality comes from empirical feedback from those aspects of the world that are accessible (Sayer, 2004). Hence, for this study, the researcher’s ontological position is a realist view in which the family business owner draws on his or her work-family interface to comprehend a real and unique collection of actions and interactions which are independent of the perception and experience of the researcher.

### 5.2.2 Epistemology

Epistemology is related to the study of knowledge and what is assumed as being valid knowledge (Collis & Hussey, 2013). Further, this refers to the relationship between the researcher and the issue being researched. Positivist thinkers believe that the researcher is independent from what is being researched, while phenomenologist (interpretivist) thinkers believe that the researcher interacts with and affects the issue being researched (Ab Ghani, 2013). Apart from these two extremes, an epistemological position of critical realism (Gaffikin, 2008) is shown by the following epistemological continuum (Figure 5.1).



**Figure 5.1: Epistemological Continuum**

### 5.2.2.1 Critical Realism

Critical realism is a new philosophical perspective compared to other epistemological stances; it proposes a radical alternative to the conventional paradigms of positivism and interpretivism (Houston, 2001; McEvoy & Richards, 2003). Critical realism postulates that “reality exists independently of the researcher’s mind” (Sobh & Perry, 2006, p. 1199). It is “a philosophy of science that is open to practical application through reference to any individual theories, methods, and tools that can be combined in order to reveal casual mechanisms and context” (Fox, 2009, p. 466).

Critical realism proposes the existence of the real, the actual and the empirical. “These are: the empirical (those aspects of reality that can be experienced either directly or indirectly); the actual (those aspects of reality that occur, but may not necessarily be experienced); and the real or ‘deep’ structures and mechanisms that generate phenomena. These causal mechanisms cannot be captured directly as they are not open to observation, but they can be inferred through a combination of empirical investigation and theory construction. For critical realists, the ultimate goal of research is not to identify generalizable laws (positivism) or to identify the lived experience or beliefs of social actors (interpretivism); it is to develop deeper levels of explanation and understanding (McEvoy & Richards, 2006, p. 69).

Therefore, critical realism performs an imperative role in research as non-permanent, conditional, and intimately linked to the consequences and practice of research (Dobson, 2001). Critical realism is “realist and critical for two reasons: objects in the world, and in particular social objects, exist whether the observer or researcher is able to know them or not; and secondly, knowledge of these objects is always fallible because any attempts at describing them needs to take account of the transitive nature of knowledge” (Scott, 2007, p. 14).

The ultimate goal of a critical realist is to develop deeper levels of clarification and insight about a research question (McEvoy & Richards, 2006). Further, critical realism does not compete with current theories, methods and tools but, it is a philosophy that delivers a

unifying direction for the blend of individual theories, methods and tools (Fox, 2009). Hence, this is well-aligned with the selected methodology, the mixed-methods approach.

The literature is reflective of research that discloses several realities grounded in the configuration of the business, the ownership of the business and the involvement of the family (Eisele, 2011). Currently, family business research is dominated by positivist research methods. However, interpretive approaches, under the broader umbrella of qualitative methods, can also be seen. Further, family business research in general suffers from a lack of research on methodology apart from the study of Handler (1989) (Nordqvist et al., 2009). Besides, the field endures with the needs of movements toward a “more complex appreciation of the phenomena in question” (Litz, Pearson, & Litchfield, 2011, p. 22). Hence, the researcher’s argument here is aligned with the statement of Nordqvist et al. (2009) that these studies should be complemented by a research approach that is more apt to capture the specific complexity and dynamics unique to family businesses. Thus, the researcher as a critical realist suggests that the mixed-methods has this potential.

### **5.2.3 Adopted Methodology**

The methodology of the study relates to the principles underlying the research activity and can be defined as a set of rules, principles and formal conditions which ground and guide scientific inquiry in order to form and enhance the knowledge about phenomena (Gelo et al., 2008). Moreover, they argue that more specifically, methodology establishes which kind of relationship exists between the researcher’s observation, theory, hypotheses and research methods (Gelo et al., 2008). Basically, methodology can be quantitative, or qualitative or mixed based on the epistemological stance of the researcher. As a critical realist, mixed methods are preferred in this study since it is the most appropriate methodology to address the research questions stated in Chapter 1 and to fill the gap of methodology selection in the family business research field.

Additionally, Teddlie and Tashakkori (2009) argue that an integration of quantitative and qualitative approaches (mixed-methods approach), each paying allegiance to its ontology, epistemology and methodology in the social and behavioural sciences, gives latitude to

the use of required analytical tools to answer research questions. Further, it may be difficult to adequately address all issues using a sole method approach. Considering that, the advantage of the utilising mixed methods is that it has the potential to answer research questions that the other methodologies cannot (Tashakkori & Teddlie, 2003). Moreover, the research outcomes are richer and more reliable if different research methods are combined, because the world is multidimensional (Mingers, 2001). Likewise, cross-fertilisation between paradigms through transposing contributions from studies in one paradigm into the theoretical frameworks of the other is another advantage of combining both approaches (Goles & Hirschheim, 2000). Further, the mixed-methods approach allows the triangulation of quantitative and qualitative data.

In family business research, the need to integrate both approaches was first discussed by Handler (1989) who emphasised that the use of multiple methods or combined methods such as surveys, interviews, participant observation, archival data, and quasi-experiments through multiple methods of inquiry with the depth and quality of the analysis. In this light, combining several methods allows the triangulation to confirm the validity of the data. Hence, the selected methodology for the present study, under the above justification is mixed method.

### **5.3 ETHICAL CONSIDERATIONS**

The main ethical and research integrity issue associated with this study is to maintain the trust of research participants and to keep the data they provide confidential and anonymous. There are genuine public concerns about privacy and the storage of information of a personal nature (Council, 2007). Thus, the researcher has a huge responsibility for keeping the data confidential and anonymous since confidential information must be used only in ways agreed to by those who provided it (*Australian Code for the Responsible Conduct of Research*, 2007).

Before conducting empirical work, ethical approval was sought from the Victoria University Human Ethics Committee (Appendix 3). As the research did not involve working with vulnerable groups (e.g. children), discussion/measurement of sensitive

topics (e.g. illegal behaviour), the safety of participants was not threatened, research would not intrude into participants' daily lives (e.g. they could reject a request to complete the survey, or re-schedule an interview), and there was no deception (e.g. informed consent sought), ethical approval was granted quickly. However, ethical considerations go beyond simply achieving ethical approval, extending to incorporate the full research process and how research is conducted. For example, it was made clear that anonymity and confidentiality would be protected; participants were made aware that results may be published in academic journals. Further, all the questionnaires collected recordings of the interviews and CDs with SPSS data sheets would be kept in a cupboard or fire-proof filing cabinet within the university premises. Digital data would be stored as password-protected. The access to the research data would be restricted to the student, principle supervisor and co-supervisor. Research data and materials would be retained for at least five years after the completion of the research to enable research outcomes to be validated and justified.

#### **5.4 RESEARCH PROCESS**

The research process consists of a series of steps essential for carrying out the research successfully. However, the business research process is often depicted as a linear, chronological process, with one specific step following another, different to the reality. For instance, the time spent on each step differs, overlap between steps is usual, some stages may be skipped, sometimes there is a need to backtrack, and the order may change. Nonetheless, some structures for the research process are necessary (Zikmund, Babin, Carr, & Griffin, 2013).

Figure 5.2 provides an overview of the mixed-methods research process used in this study. The research process commenced with the literature review from which the problem of the research was formulated after identifying gaps in the literature. A comprehensive review of relevant literature to identify the gap was presented in Chapter Two. Based on the identified research gap in the literature, the research problem was developed and stated in Chapter One. Chapter Three was devoted to the explanation of the research context which is the Sri Lankan tourism industry's accommodation sector.

The next step in the process was conceptualisation of the selected variables and hypotheses development. This was grounded in the review of literature. The relevant theories identified through the literature review were used as a foundation for developing the theoretical framework and hypotheses for this research. This is explained in Chapter Four. Consequently, with the establishment of the researcher's research paradigm, the research design is elaborated in Chapter Five, the current chapter. Within the same chapter is a description of the process of development of the survey questionnaire and interview plan. Afterwards, the reliability and the validity of the quantitative and qualitative instruments were established. The results from the above phase were utilised to make required modifications to the research instruments.

The next step was data collection. As explained in the methodology chapter, the survey and interviews were conducted using the finalised instruments. The subsequent stage is the data analyses stage. Structural equation modelling was used to analyse quantitative data and, to analyse interviews, content analysis was used. The final stage involved the interpretation of the findings and a discussion of the implication of the findings. Chapters Eight and Nine are engaged with the discussion and conclusion of the study respectively.



**Figure 5.2: Research Process**

## **5.5 RESEARCH DESIGN**

A research design is “the plan of actions or structure which links the philosophical foundations and the methodological assumptions of a research approach to its research methods, in order to provide credible, accountable and legitimate answers to the research questions” (Gelo et al., 2008, p. 272). Further, they argue that the mixed-methods approach is based on a unitary vision of science (Gelo et al., 2008). For that reason, quantitative and qualitative methodologies must act together in a continuous way in order to solve diverse and complementary research questions. Mixed method is known by many names such as ethnographic residual analysis (Fry, Chantavanich, & Chantavanich, 1981), blended research (Thomas, 2003), triangulated studies (Sandelowski, 2003), integrative research (Johnson & Onwuegbuzie, 2004), and mixed research (Johnson & Christensen, 2008). Therefore, it is clear that mixed methods research is not new, it is a new movement, or discourse, or research paradigm that has resulted from the current

debate regarding quantitative research and qualitative research (Johnson, Onwuegbuzie, & Turner, 2007).

Mixed-methods studies combine qualitative and quantitative methods in the research methodology of a single study or multi-phased study (Tashakkori & Teddlie, 1998). In mixed-methods research design, both “qualitative and quantitative approaches are used in types of questions, research methods, data collection and analysis procedures” (Tashakkori & Teddlie, 2003, p. 711). Correspondingly, mixed methods have been outlined as the mixing of quantitative and qualitative approaches within a single study, with data collection, data analysis using both quantitative and qualitative methods and integrating them at a certain stage (Creswell & Clark, 2007; Creswell et al., 2003).

The advantages or the purpose of using mixed methods is widely discussed in the literature. For instance, the typology formed by Greene, Caracelli, and Graham (1989) offers new researchers five selections for determining the reason for mixing approaches. The first is triangulation. That justifies mixed method research as it allows comparing findings derived from different methods to interpret the same phenomenon. The second is complementarity. That rationalizes mixed methods as a platform to utilise diverse methods to evaluate different dimensions of the same phenomena. The third is development. This defends mixed methods as a venue to implement different methods sequentially, thereby allowing results of one method to inform the development of the other method. The fourth is expansion. This validates mixed methods as a mean to utilise diverse methods to measure various elements of the phenomena. The final is initiation. This reorganizes mixed methods as an approach to discover paradoxes and contradictions by using different methods that lead to redesigning the research question.

Apart from this, Collins, Onwuegbuzie, and Sutton (2006) developed four grounds for implementing mixed-methods research. They are: participant enrichment, instrument fidelity, treatment integrity, and significance enhancement. Participant enrichment explains that quantitative and qualitative methods should be mixed in order to optimize the sample using techniques such as recruiting participants, and ensuring that each participant selected is suitable for inclusion. The second, instrument fidelity, justifies the use of mixed methods by assessing the suitability and usefulness of existing instruments, creating new instruments, monitoring performance of human instruments. The third,

treatment integrity, means assessing the fidelity of intervention. The final justification for mixing methods is significance enhancement. That explains enabling density and richness of data, enhancing interpretation and effectiveness of findings.

It is worthwhile to discover how each different research purpose represents an interactive continuum along which a researcher may plan a study fluctuating in an energetic way between deduction and induction, generalization and contextualization, explanation and understanding, and hypotheses-testing and hypotheses-generating. Creswell and Clark (2007) proposed four mixed-methods designs: the triangulation design, the embedded design, the explanatory design, and the exploratory design. These designs include either one-phase or two-phase approaches. In one-phase approaches, qualitative and quantitative methods are applied simultaneously and to the same sample. There are two types of this concurrent method: triangulation designs and one-phase embedded designs. In two-phase approaches, the quantitative and qualitative methods are applied one after the other, sequentially to the same sample or to different samples at different stages of the study. This is comprised of three types: explanatory designs, exploratory designs, and two-phase embedded designs. Each is explained briefly below.

### **5.5.1 The Triangulation Design**

The most common and well-known approach to mixing methods is the triangulation method which is a one-phase design (Creswell et al., 2003). Therefore, this method requires concurrent, but separate, data collection and analysis. In this method, both quantitative and qualitative methods can be applied during the same timeframe and with equal weight. The purpose is to acquire different but matching data on the same issue. The reason is that it is necessary to combine the varying strengths and non-overlapping weaknesses of quantitative methods with those of qualitative methods to clearly characterize a research problem (Creswell & Clark, 2007). Consequently, this method enables the researcher to directly compare and contrast quantitative statistical results with qualitative findings, or to validate or expand quantitative results with qualitative data (Gelo et al., 2008). The two data sets are combined by bringing the results together into one overall result, or by converting one data set into the other, and the overall results are then interpreted (Gelo et al., 2008). There are three types of triangulation designs: data

transformation model, validating quantitative data model, and multilevel model (Gelo et al., 2008). The data transformation model allows the transformation of one type of data into the other type of data by either quantifying qualitative findings or qualifying quantitative results (Tashakkori & Teddlie, 1998). Further, quantitative data can be validated and expanded by adding a few open-ended qualitative questions to the end of a quantitative survey. The findings from each level are then merged together into one overall interpretation.

### **5.5.2 The Embedded Design**

In this method, study is primarily based on one data type, and the other type of data set provides a supportive, secondary role (Creswell et al., 2003). This design is employed when researchers need to incorporate qualitative or quantitative data to answer a research question within a largely quantitative or qualitative study (Gelo et al., 2008). This method allows embedding qualitative data within a primarily quantitative methodology, or quantitative data in a primarily qualitative design. There two types of embedded design are known as the embedded experimental model and the correlational model (Gelo et al., 2008). In the experimental model, qualitative data is inserted within an experimental design. This can be used either as a one-phase or a two-phase approach. Another variation of the embedded design is the correlational model, in which qualitative data is embedded within a quantitative design. Researchers conduct a quantitative correlational study, and simultaneously collect qualitative data to help explain the obtained results (Gelo et al., 2008).

### **5.5.3 The Explanatory Design**

The overall purpose of this two-phase design is to acquire quantitative results, and then clarify or build on them using additional qualitative data (Creswell et al., 2003). This design starts with the collection and analysis of quantitative data. The qualitative phase of the study is designed to follow the results of the first quantitative phase (Gelo et al., 2008). This method comprises two model types, namely the follow-up explanation model and the participant selection model. The follow-up explanation model is used to discover specific quantitative findings that need additional explanation, and then to collect and

analyse qualitative data to best explain the results. The participant selection model uses quantitative information to identify and purposefully select participants for a follow-up, in-depth qualitative study. This variant's focus is primarily qualitative (Gelo et al., 2008).

#### **5.5.4 The Exploratory Design**

This two-phase design is used to explore the required data in circumstances when measures or instruments are not available, or little is known about variables that have to be assessed, or there is a lack of guiding theory or framework (Gelo et al., 2008). This method benefits from the results of the method applied first to further develop or inform the results obtained with the second method (Creswell et al., 2003). That study begins with qualitative data in order to explore in depth a phenomenon, and then proceeds to a second, quantitative phase (Gelo et al., 2008). This method consists of two model types: the instrument development model and the taxonomy development model. The instrument development model develops a quantitative instrument based on qualitative findings. The taxonomy development model formulates research questions or hypotheses depending on qualitative findings, and tests them within a quantitative framework (Gelo et al., 2008).

This research is designed to use one-phase correlational embedded design since this has the greatest potential for achieving the stated aims of this investigation. The research is designed to utilise qualitative data to elaborate the quantitative data. Qualitative data set will provide a supportive, secondary role to better explain the results obtained from quantitative data in this study. Both quantitative and qualitative data collection will run parallel since this is a one-phase study. The concurrent data analysis helps to determine convergences resulting from incorporating the results from dissimilar datasets.

## **5.6 RESEARCH METHODS**

Research methods refer to procedures and techniques related to data collection, analysis and interpretation (Gelo et al., 2008). Various mixed-methods research designs are differentiated by specific procedures used for data collection, analysis, and interpretation. Mixed-methods research facilitates the combination of data collection and analysis either

concurrently or sequentially. In addition, this combination may allow the researcher to overcome the traditional limitations concerning both the information encoded in quantitative variables and the meaning contained in qualitative accounts (Gelo et al., 2008). Not only that, this further enhances the exceedingly rigid dichotomy existing between deductive and inductive inferences, thus leading to an increased accuracy and meaningfulness of data interpretation (Gelo et al., 2008). Since this research applies a one-phase embedded design, the same individuals are selected as the sample for both quantitative and qualitative data collection. The quantitative sample size is bigger than the qualitative sample size as there is no special requirement in this design that they be equal in size as in the triangulation design. Both types of data are collected within the same timeframe, independently from each other.

Data analysis involves separate initial analysis for each of the quantitative and qualitative datasets. Subsequently, the two datasets are merged, so that the qualitative data set can reinforce or disprove the results of the quantitative dataset (Gelo et al., 2008). Following is a detailed, separate explanation of the quantitative and qualitative research methods.

### **5.6.1 Quantitative Methods**

This involves collecting and converting data into numerical form to make statistical calculations to draw conclusions. Accordingly, sampling method, sampling frame, sampling size, and data collection, validity and reliability and analyses are discussed below.

#### **5.6.1.1 Population**

The target population for this study was small-scale, family-owned firms conducting a business in the accommodation sector in the tourism industry in Sri Lanka. The rationale behind selecting accommodation sub sector of tourism is twofold. First, accommodation businesses in tourism industry are registered with SLTDA. Hence, a clear sampling frame can be obtained. Second, the highest portion of tourism sector is covered by accommodation business in Sri Lanka. SMEs account for approximately 97% of all industries in Sri Lanka (Cooray & De Silva, 2007) . Hence, tourism sector is also mainly

comprised of small-scale businesses. The largest groups of small firms are in the primary and tertiary sectors (34.2% each), are family owned (61.6%) and managed by owner managers (52.0%), although a significant proportion (62.2%) of family-owned firms are managed by employed managers (Batten & Hettihewa, 1999).

Not only do small firms comprise the vast majority of businesses in the economy, but also the relationship between family involvement, family resources, and family business success is likely to be more prominent and more central in influencing behaviours in small firms than in larger firms that have a number of professional managers, widely dispersed ownership, and the presence of director board with diluted relationships of interest. Thus, it is apparent that family businesses continue to be a vital force in the economy of Sri Lanka. Hence, small-scale, family-owned firms in the tourism sector were selected as the sample population.

‘Small-scale’ was considered as any business with fewer than fifty employees in line with definitions of small business of Sri Lanka Standards Institution (SLSI) and World Bank (for Sri Lankan country studies and loan programs) and The Department of Small Industries in Sri Lanka. Further explanation of the population context of this study is detailed in Chapter Three.

### **5.6.1.2 Sampling**

In a quantitative design, sampling involves choosing individuals that are representative of a population, with the aim of generalising the results (Gelo et al., 2008). To accomplish this task, probabilistic sampling was chosen, which allowed generating a representative sample from the population with family business owners who have the same probability of being included in the sample. The type of probabilistic sampling adopted here was “proportionate stratified random sampling”. The reason for selecting this sampling type was the need to create a sample with equal representation of the entire island since some districts have a larger number of family businesses when compared to the other districts. Further, this sampling method allowed the researcher to separate the population into groups so that each element belongs to a single group with equal probability, from which a random sample was then selected.

### 5.6.1.3 Sampling frame

Family businesses registered with the Sri Lanka Tourism Development Authority (SLTDA) were used as the sampling frame for the study since the research population is family businesses in the tourism industry. According to the Sri Lanka Tourism Development Authority website, there are 1798 accommodation providers in nine provinces in Sri Lanka as shown in Table 5.1. ([http://www.slttda.lk/key\\_development\\_projects](http://www.slttda.lk/key_development_projects)).

### 5.6.1.4 Sample size

To select the sample, a proportionate stratified random sampling method was applied. Population was stratified according to provinces. Location as urban or non-urban was not considered here. Based on the proportion of the population, the sample was derived using the formula stated in Table 5.1 below. After the sample was acquired, each sample unit was contacted by phone and informed about the survey and asked whether the business had fewer than fifty employees. If so, consent was obtained over the phone to send an individual with the questionnaire. If the business had over fifty employees, it was removed from the sample and a new unit was added and the contact process was repeated. To employ the structural equation model, the sample size should be at least 200. Hence, to better represent population, 500 were targeted as the sample size initially.

**Table 5.1: Sample Derived through Stratified Random Sampling**

Province	Quantity	Proportion	Sample
Eastern	102	$102/1798*500$	28
North central	88	$88/1798*500$	24
Uva	82	$82/1798*500$	23
Southern	423	$423/1798*500$	118
Western	595	$595/1798*500$	165
Northern	42	$42/1798*500$	12
Sambaragamuwa	65	$65/1798*500$	18
North Western	83	$83/1798*500$	23
Central	319	$319/1798*500$	89
<b>Total</b>	<b>1798</b>		<b>500</b>

### **5.6.1.5 Unit of Analysis**

The unit of analysis refers to the level of aggregation of the data collected during the subsequent data analysis stage (Sekaran, 2006). The unit of analysis can be individual, dyads, or groups. The research questions of this study were used to determine the unit of analysis of the study. Family business owners were targeted by all research questions to derive answers for them. Accordingly, to answer this research question, the researcher's interest is the family business owner. Hence, the unit of the study is an individual.

### **5.6.1.6 Data Collection**

Primary sources or secondary sources can be used to gather data. Primary data refers to information collected firsthand by the researcher on the variables of interest for the specific purpose of the study. Secondary data refers to information gathered from sources already existing (Sekaran, 2006). This cross-sectional study was based purely on primary data which were collected from the sample and used for the analysis. The primary data source was the individual family business owners in Sri Lanka. Interviewing, administering questionnaire and observing people and phenomena are the three main data collection methods in survey research (Sekaran, 2006).

Within the fields of managerial and behavioural sciences, the majority of empirical studies utilised mainly the questionnaire as the data collection tool related to quantitative methodology (Baruch & Holtom, 2008). Moreover, the survey method is argued to be quick, inexpensive and efficient in terms of administration (Sekaran, 2006; Zikmund et al., 2013). Further, it is not surprising that questionnaires are used extensively in organizational research because questionnaires can assess organizational concerns, observe trends and evaluate progress (Kraut, 1996).

The justification for selecting the questionnaire method was based on the following major reasons. First, a questionnaire offers a quick, efficient and accurate means of accessing information about the population. Second, when there is a lack of secondary data, the questionnaire is the most suitable method. In this study, secondary data about family business owners in Sri Lanka was not available. On the other hand, the anonymity of the respondents was considered to be very important. Therefore, the questionnaire method

was the most suitable method for collecting more reliable data while ensuring the anonymity of the respondents. Hence, this study used the self-administered questionnaire as this was the most appropriate means of measuring the constructs.

Some constructs included in the questionnaire, such as the F-PEC scale, were already-established measurements and appropriate for surveys with a large number of respondents (Klein et al., 2005). Further, because the selected sample was large, the survey method was the most appropriate. However, using the survey method may limit the truthfulness of the answers, the detail and in-depth information, and the control over timeliness (Hair, Bush, & Ortinau, 2003). Therefore, wherever possible, validated scales were applied to measure the constructs in this study. For other constructs, validity and reliability were measured.

Due to a national database for screening being unavailable for Sri Lankan tourism industry, the registered businesses in SLTDA were taken as the sampling frame. However, this database includes every type of business in the tourism industry. Therefore, after selecting the sample randomly, each selected sample unit was contacted by phone and the nature of the study was explained to him/her. This initial contact was used to determine the size of the business; any businesses which were identified as large-scale or non-family enterprises were removed, and replaced by new sample units that were again selected randomly from the database. For acceptable business size, the criterion of fewer than 50 employees for a small business was applied as established by the definitions of World Bank, Sri Lanka Standards Institution (SLSI) and the Department of Small Industries in Sri Lanka. To decide whether the business was family or non-family, ownership or management or employment of family members was used.

After acquiring the consent of the sample participants over the phone, twelve undergraduates were hired to administer the questionnaire and to attend a workshop to give them training on the questionnaire and the survey method. They were asked to contact the respondents, explain the aim of the research, and invite them to complete the questionnaire.

#### **5.6.1.6.1 Questionnaire design**

The objectives of the study and the conceptual framework of the study were taken into consideration when designing the questionnaire. A great deal of thought was given to its comprehensiveness and length, because survey questions should be simple, straightforward and easy to understand as suggested by (Lorelle & Lawley, 2000). The length of the questionnaire was limited to six pages as 12 pages or less is a preferable length for a survey (Lorelle & Lawley, 2000). The questionnaire comprised a series of questions shown in Appendix I. To facilitate understanding, with the aim of increasing response rate and minimizing measurement error, simple instructions were given. To ensure the accuracy, the questionnaire was developed through the following process.

1. Review of academic literature, texts and research articles and identifying the variables that related to the study.
2. Discussions with the supervisors to identify some working variables of factors affecting family business success.
3. First draft of a questionnaire based on the review of the literature, past research and the knowledge acquired after discussions with the supervisors.
4. Pre-test through a pilot survey to ensure the respondents' comprehension of the questionnaire.

Apart from the instruments for family involvement in business, work-family conflict, and work-family enrichment, all the other constructs were developed specifically for this study by the researcher with the guidance of supervisors. The five-sectioned questionnaire (see Appendix 1) was used for the survey. A particular effort was made with the supervisors to standardize the format of the questions throughout the questionnaire with the intention of reducing the complexity of the questions and increasing the ease of completion. To assist the participants to answer as accurately as possible, the wording of the instructions was clear and simple. A cover letter titled "Information to participant involved in research" was attached to each questionnaire to provide an introduction to the study explaining the purpose of collecting data and the confidentiality. Consequently, a

higher response rate was expected through the provision of this information. The confidentiality of the collected data was guaranteed to all respondents.

With the aim of providing more valid inferences, the questionnaire was designed with five sections. The first section was intended for the purpose of collecting data about the owner, family, and business. This was comprised of two parts. Part I was designed to collect demographic data. All the other sections and parts consisted of closed questions. Closed questions are considered as more appropriate for large-scale surveys since they are less complex, quicker for respondents to answer and easier to analyse. Part II of the first section consisted of structured closed questions along with a Likert scale to collect further data on family and business. The second section employed the F-PEC Scale developed by J. H. Astrachan et al. (2002) to measure family involvement in business. This section was split into three: Part 1: The Power Subscale, Part 2: The Experience Subscale, and Part 3: The Culture Subscale. The next, third section contained two constructs: Part 1: Work-family Conflict, and Part 2: Work-family Enrichments developed by Carlson et al. (2000) and Carlson et al. (2006) respectively. The last section measuring family business success was developed by the researcher for the purposes of the study.

The answers to the questions were rated on a Likert five-point scale. The Likert response format is easy and fast and allows more items to be included than do other types of surveys; it is easier to tabulate and can be used for scaling responses (Somekh & Lewin, 2005). Three types of this scale were used: 1) from 'strongly disagree' to 'strongly agree', 2) from 'not at all' to 'large extent', 3) from 'very unsatisfied' to 'very satisfied'. The degree of agreement or disagreement with a given statement was analysed. Respondents were required to rate their level of agreement with the statement provided under each construct.

#### **5.6.1.7 Operationalization**

Described below are the variables used to operationalize the constructs discussed in Chapter Four. They include the dependent variable (Family business success), independent variables (Age of the owner, Gender of the owner, Education of the owner,

Entrepreneurial Attributes, Family Resources and Demands, Business Resources and Demands), mediating variables (Family Involvement in business and work-family enrichment), and moderating variable (Work-family conflicts). Table 5.2 below indicates how the variables were split into dimensions and indicators, and relevant items used to collect data on particular variables in the questionnaire.

**Table 5.2: Operationalization of the Constructs**

Variable	Dimension	Indicator	Items
Family Business Success	Financial Success	growth in sales	Section V Q1
		growth in market share	Section V Q2
		Cash flow	Section V Q3
	Non-financial Success	Customer Satisfaction	Section V Q4,5,10
		Family firm image	Section V Q7,8,9
	Employee Satisfaction	Section V Q6,11,12	
Family Resources and Demands	Family members	No of family member employees	Section I Part I Q10,11,12,13
	Spouse	Spouse support	Section I Part I Q4, and Part II Q1,2
	Child care	Number of children Children need care Children help business	Section I Part I Q5,6,7 and Part II Q3,4
	parent care	Parents need care Parents help business	Section I Part I Q8,9 and Part II Q5,6
	Family financial status	Family provides finance Family needs finance	Section I Part II Q7,8

Family Involvement in Business (J. H. Astrachan et al., 2002)	Power	Ownership	Section III Part I Q1,2
		Governance	Section III Part I Q3
		Management	Section III Part I Q4
	Experience	Generation of Ownership	Section III Part II Q2,4
		Generation active in management	Section III Part II Q1
		Generation active on the governance board	Section III Part II Q3
		Number of contributing family members	Section III Part II Q5,6
	Culture	Overlap between family values and business values	Section III Part III Q1,2,3,6,7,10
		Family business commitment	Section III Part III Q4,5,8,9,11,12,13
	Work Family Conflicts (Carlson et al 2000)	Family to work	Time
Strain			Section IV Part I Q13,14,15
Behavior			Section IV Part I Q16,17,18
Work Family Enrichment (Carlson et al 2007)	Family to work	Development	Section IV Part II Q10,11,12
		affect	Section IV Part II Q13,14,15

		efficiency	Section IV Part II Q16,17,18
Age of Owner	Ranges from 20 to 69 years		Section I Q1
Gender of Owner	Male		Section I Q2
	Female		
Education of Owner	From primary education to postgraduate with PhD		Section I Q3
Business size	Number of employees up to 50		Section I Q19
Business Age	Range from less than 5 to more than 35 years		Section I Q14
Business Location	Major city		Section I Q17
	Suburbs of a major city		
	Rural		
Proximity with Home	Based on home or not		Section I Q18

#### 5.6.1.8 Data Analyses

In quantitative research approaches, data is analysed with the aid of statistical methods in order to test the formulated hypotheses for the purpose of discovering the relationships between the observed variables. If the results are statistically significant, they will generalize to the population from which the sample has been drawn (Gelo et al., 2008). Further, the selection of statistical methods is based on the research questions, distribution of the population (normal or not), and the types of scales used to measure the variables. Moreover, confidence intervals and effect sizes may also be used to provide further evidence (Gelo et al., 2008).

The research questions of the study seek to determine the relationships and impacts of the variables chosen for the model. The statistical method which was first chosen for the study was Covariance-based Structural Equation Modelling (CB-SEM). Most statistical tests rely upon certain assumptions and without verifying those assumptions, the results of the test could be misleading. Hence, checks for all assumptions were conducted. However, it was revealed that CB-SEM can be applied only if the sample is normally

distributed. Hence, researcher adopted partial least squares structural equation modelling (PLS-SEM).

#### **5.6.1.8.1 Partial least squares structural equation modelling**

This thesis used structural equation modelling (SEM) to analyse the relationship between the selected independent, mediating, moderating, and dependent variables. SEM is a technique used for specifying and estimating models of linear relationships among variables (MacCallum & Austin, 2000). SEM involves a path analysis with latent variables used to measure the causal relationship in multivariate data analysis (Hair, Black, Babin, Anderson, & Tatham, 2006).

Structural equation models are popular in many areas of scientific inquiry, including psychology, sociology, and business research. Such models are popular because they enable researchers to test a wide range of hypotheses concerning the relationships among any combination of manifest and latent variables in the social and behavioural sciences (McQuitty, 2004). Further, all structural equation models are distinguished by three characteristics. The first is the ability to estimate multiple and interrelated dependence relationship. The second is the ability to represent unobserved concepts in these relationships and account for measurement error in the estimation process, and the last is its capacity to define a model to explain the entire set of relationships (Hair et al., 2006).

For the current study, PLS-SEM was utilised in order to explain the variance in the dependent variables when examining the model (Hair, Hult, Ringle, & Sarstedt, 2013). A PLS path model consists of two models namely, the structural model and the measurement model. The structural model also indicates the relationships between the constructs, and the measurement model shows the relationships between the constructs and the indicator variables (Hair et al., 2013). The estimation procedure for PLS-SEM is an ordinary least squares (OLS) regression-based method. PLS-SEM estimates path model relationships that maximize the regression values of the (target) constructs. PLS-SEM is therefore the preferred method when the research objective is theory development and explanation of variance (Hair et al., 2013). For this reason, PLS-SEM was chosen for this study. Table 5.3 shows the characteristics of PLS-SEM.

**Table 5.3: The Characteristics of PLS-SEM**

<b>Data Characteristics</b>	
Sample sizes	<p>No identification issues with small sample sizes</p> <p>Generally achieves high levels of statistical power with small sample sizes</p> <p>Larger sample sizes increase the precision (i.e., consistency) of PLS-SEM estimations</p>
Distribution	No distributional assumptions; PLS-SEM is a nonparametric method
Missing values	Highly robust as long as missing values are below a reasonable level
Scale of measurement	<p>Works with metric data, quasi-metric(ordinal) scaled data, and binary coded variables (with certain restrictions)</p> <p>Some limitations when using categorical data to measure endogenous latent variables</p>
<b>Model Characteristics</b>	
Number of items in each construct measurement model	Handles constructs measured with single and multi-item measures
Relationships between constructs and their indicators	Easily incorporates reflective and formative measurement models
Model complexity	<p>Handles complex models with many structural model relations</p> <p>Larger numbers of indicators are helpful in reducing the PLS-SEM bias</p>

Model setup	No causal loops allowed in the structural model (only recursive models)
PLS-SEM Algorithm Properties	
Objective	Minimizes the amount of unexplained variance (i.e., maximizes the R <sup>2</sup> values)
Efficiency	Converges after a few iterations (even in situations with complex models and/or large sets of data) to the optimum solution; efficient algorithm
Construct scores	<p>Estimated as linear combinations of their indicators</p> <p>Used for predictive purposes</p> <p>Can be used as input for subsequent analyses</p> <p>Not affected by data inadequacies</p>
Parameter estimates	<p>Structural model relationships are generally underestimated (PLS-SEM bias)</p> <p>Measurement model relationships are generally overestimated (PLS-SEM bias)</p> <p>Consistency at large</p> <p>High levels of statistical power</p>

Adapted from Hair et al. (2013)

### 5.6.1.9 Validity

Mixed-methods researchers take pains to ensure the accountability and legitimacy of their research results, which is necessary for drawing valid inferences (Gelo et al., 2008). In

mixed-method research, inference quality and inference transferability could be addressed for the validity. Inference quality is the extent to which the interpretations and conclusions derived from the study results comply with the professional standards of rigor, trustworthiness and acceptability and the extent to which alternative possible clarifications for the obtained results can be ruled out (Tashakkori & Teddlie, 2003). This integrates with the quantitative internal validity and the qualitative trustworthiness and credibility of interpretation (Gelo et al., 2008). Inference transferability is the “generalizability or applicability of inferences obtained in a study to other individuals or entities, other settings or situations, other time periods, or other methods/instruments of observation” (Tashakkori & Teddlie, 1998, p. 710). This includes the quantitative external validity (generalizability) as well as the qualitative transferability (Gelo et al., 2008).

In the embedded experimental design which was selected as the research design for this study, the overall validity of the study was strengthened by qualitatively addressing the “process” in addition to the quantitative investigation of the “product” (Gelo et al., 2008). Hence, to establish quantitative validity, different types of validity were tested. In quantitative design, validity refers to the extent to which an instrument measures what it is meant to measure, and a measuring instrument is valid when it does what it is intended to do. Simply put, validity is concerned with whether we measure the right concept. Three different forms of validity can be measured: content validity, criterion-related validity, and construct validity (Sekaran, 2006) .

Content validity is concerned with the representativeness or sampling adequacy of the content of the measuring instrument, such as the items or questions it contains (Grinnell Jr & Unrau, 2010). To ensure content validity, the questionnaire should be developed with an adequate number of items that represent variables related to the research problem and objectives. Three constructs were derived from literature. However, other validity assessments were also employed because of the subjective nature of content validity (Zikmund et al., 2013).

Construct validity exists when a measure reliably measures and truly signifies a unique concept (Zikmund et al., 2013). Construct validity is measured through convergent and discriminant validity. Convergent validity assess whether the scores obtained from two

different instruments measuring the same concept are highly correlated and discriminant validity measures whether the scores obtained by two variables are uncorrelated because, based on theory, two variables are predicted to be so (Sekaran, 2006). In this study, in order to predict construct validity, using convergent and discriminant validity, confirmatory factor analysis and correlational analysis were used.

Criterion validity is ascertained when the measure differentiates individuals on a criterion it is expected to predict (Sekaran, 2006). This can be done by establishing concurrent validity as explained in the above paragraph.

#### **5.6.1.10 Reliability**

The reliability of a measure is ascertained when an instrument measures the concept and helps to determine the goodness of a measure with stability and uniformity (Sekaran, 2006). A measuring instrument is reliable if it consistently produces similar results at recurrent administrations. Further, reliability is an indicator of a measure's internal consistency. Hence, in this research, reliability was measured in terms of internal consistency by using Cronbach's alpha ( $\alpha$ ). It is the most commonly employed estimate of a multiple-item scale's reliability (Zikmund et al., 2013). Cronbach's alpha is regarded as a perfectly adequate index of the inter-item consistency reliability (Sekaran, 2006). Even though different levels of acceptance have been recommended in the literature, an alpha of 0.70 and over is considered as the accepted level of internal consistency in line with Kline (2010). He further elaborated this by stating that there is no gold standard as to how high coefficients should be in order to consider score reliability as "good," but as a guideline, reliability coefficients around .90 are considered "excellent," values around .80 are "very good," and values around .70 are "adequate".

#### **5.6.2 Qualitative Methods**

This involves collecting and developing explanations to help interpret responses to the research question(s) of the study. The selected design is the embedded design where one data set provides a supportive, secondary role in a study primarily based on the other data type (Creswell et al. 2003). Further, this design can be used when researchers need to

include qualitative or quantitative data to answer a research question within a largely quantitative or qualitative study. Qualitative data could be embedded within a primarily quantitative methodology (Gelo et al. 2008). Hence, the qualitative segment of this study was used to provide additional insights into the findings of the quantitative phase. Accordingly, the sampling method, frame, and size, data collection, analyses and interpretation are discussed below.

### **5.6.2.1 Sampling**

Qualitative methods almost exclusively utilise purposive sampling strategies (Gelo et al., 2008) due to their ability to select information-rich cases. The sampling strategy used in this study was convenience sampling, which is usually used within qualitative research designs. For convenience sampling, elements were drawn from the population of businesses registered with SLTDA because of its accessibility and relevance to the research.

### **5.6.2.2 Sampling frame**

Similar to the quantitative sampling frame, family businesses registered with the Sri Lanka Tourism Development Authority (SLTDA) were used as the sampling frame of the study since the research population is family businesses in the tourism industry. According to the Sri Lanka Tourism Development Authority website, there are 1798 accommodation providers in nine provinces in Sri Lanka ([http://www.sltda.lk/key\\_development\\_projects](http://www.sltda.lk/key_development_projects)).

### **5.6.2.3 Sample size**

Since this study adopted a predominantly quantitative design, in which the qualitative design was added to enrich the quantitative data with qualitative explanation, a small sample was identified. Hence, ten family business owners were selected in a convenience sample. Sample selection criteria were the same as those for the quantitative research design. To avoid repetition, more detail about how sample was chosen is given under the sub heading of 5.6.2.4.2 Procedure of reaching participants.

#### **5.6.2.4 Data Collection**

Qualitative data is collected with the aim of allowing an in-depth understanding of the participants' perspectives. Therefore, unlike quantitative data collection, qualitative data collection procedures have a much lower degree of standardization (Gelo et al., 2008). Further, the qualitative process allows the interviewer to "reach areas of reality that would otherwise remain inaccessible such as people's subjective experiences and attitudes" (Peräkylä, 2005, p. 869).

##### **5.6.2.4.1 Semi-structured interview**

The open-ended interviews conducted for this study allowed the researcher to investigate the respondents' opinions on a pre-defined set of topics. Interviews are usually audio-recorded with the consent of the participant. Further, questions were open-ended to encourage participants to give detailed responses since this will allow the researcher to interpret the data with a greater degree of accuracy. Since the interviews were to be semi-structured, the researcher prepared an interview plan prior to the interviews. To design the interview plan, the suggestions of Creswell and Clark (2007) were followed. Accordingly, the questions were designed by arranging the questions from general to specific and ending with questions that invited detailed comments.

Forty-two (42) open-ended interview questions were developed from the five variables of the conceptual model developed for the study. However, not all 42 questions were asked from one respondent. These questions were used as a guide and the interviewer had the flexibility to choose questions from each section as some questions asks the same information. These were organized into an interview plan designed to produce at least a one-hour, face-to-face interview in the natural setting of the owners' business location. The interview plan (Annexure II) consisted of three steps: introduction to the owner/family member and ice-breaking; the signing of the consent form by the interviewee; and answering owner-related questions. The questions related to: A. Individual & family background, B. Family business, C. Family Business Success, D. Work-Family Conflicts, E. Work-Family Enrichments, and F. Family Involvement in Business.

#### **5.6.2.4.2 Procedure of reaching participants**

For triangulation, embedded and explanatory designs, researchers should select the same individuals for both quantitative and qualitative data collection (Gelo et al., 2008). Therefore, the selected sample for quantitative data collection was used to select ten businesses owners.

As a part of the quantitative data collection process, the researcher called over the phone the selected sample unit, requesting that s/he agree to meeting with a representative of the researcher for the purpose of completing the questionnaire. At this time, the information the participants provided during the telephone conversation enabled the researcher to decide on their suitability as interviewees, if they were willing to participate. Information rich cases were selected as suitable for the interviews using convenient sampling with the purpose of using qualitative data to better explain quantitative analysis as quantitative analysis is the main analysis. Selected business owners were contacted by phone once again and advised of the purpose of the study; they were asked to give oral consent to participate in the study, and an interview time was arranged.

#### **5.6.2.5 Data Analysis**

The selected analysis method was content analysis. The purpose of applying this method was twofold: to reveal whether and to what extent the qualitative results confirm the quantitative findings, and to reveal any additional findings that emerged from the qualitative data (Neuendorf, 2002). Content or thematic analysis is based on the examination of the data for repeated occurrences of some kind. Then these instances are systematically identified across the data set, and grouped together by means of a coding system (Silverman, 2004). The analysis was done manually by the researcher without the help of any software because of the number of participants. Audio recordings and written notes collected during interviews were read and reviewed.

The process involved:

- making a list of interesting or relevant information found from recordings and notes;

- reading through the list made and making another list of different types of information found;
- categorising each item in order to provide a description of what it is about;
- determining whether the categories could be linked, and listing them as major themes and/or minor themes. This process, called coding, permits the grouping of evidence and labelling of portions of text so that they replicate increasingly wider perspectives (Gelo et al., 2008);
- comparing and contrast the identified major and minor themes;
- reviewing all of the themes and ascertain whether some themes can be merged or used as sub categories with the help of supervisors;
- presenting the obtained categories.

The presentation of qualitative results essentially includes a discussion of the evidence for the emerged themes because the reader needs to be persuaded that the identified themes are effectively grounded in the observed data, and not imposed by the researcher (Gelo et al., 2008).

#### **5.6.2.6 Trustworthiness**

Research studies need to be evaluated in relation to the procedures used to generate the research findings in order to make them trustworthy (Graneheim & Lundman, 2004). Further, ensuring the validity and trustworthiness of qualitative research focuses on how well the researcher provided evidence to support his or her description and analysis to represent the reality of a situation and persons studied (Bloomberg & Volpe, 2012). To ensure rigor and evaluate the trustworthiness of qualitative research, the four criteria proposed in the literature are: credibility, transferability, dependability and confirmability (Guba, 1981). Further, many scholars argue that these categories represent validity and reliability in quantitative research (Graneheim & Lundman, 2004; Long & Johnson, 2000; Morrow, 2005) and nothing is gained by changing labels (Long & Johnson, 2000). However, Morrow (2005) argued that these correspondences do not mean that these parallel criteria accomplish exactly the same goals as their corresponding standards of rigor in quantitative research. Even though the aspects of trustworthiness are separated,

they should be considered as interconnected and interrelated (Graneheim & Lundman, 2004).

Credibility in qualitative research corresponds to internal validity in quantitative approaches (Morrow, 2005). Credibility is defined as the methodological processes and sources used to produce a high level of congruence between the participants' expressions and the researcher's understandings of them (Given, 2008). Put simply, credibility relates to the alignment between the study participants' views and researcher's interpretation of them. Data triangulation was used to ensure the credibility of this study. Selecting the most suitable method for data collection and the volume of data are also imperative in establishing credibility (Graneheim & Lundman, 2004). Further, the volume of data required to answer a research question with credibility varies depending on the complexity of the studied phenomenon and the data quality (Graneheim & Lundman, 2004). Hence, in this study, ten interviews with ten family business owners with various characteristics such as family structure, business attributes and performance, and family-to-business interface, were conducted to obtain good quality data to recognize themes relating to the phenomenon being studied. The credibility of research findings also consider that the extent to which the data covers the themes, and the similarities within and differences between themes (Graneheim & Lundman, 2004). To support credibility, this study presents pertinent quotations from the transcribed text.

Transferability in qualitative research is said to be compatible with external validity or generalizability in quantitative approaches (Morrow, 2005). Simply, transferability is the generalizability of the research findings. To ensure the transferability of this study, in Chapter Nine, the researcher provides detailed information on the limitations of this study. Further, the researcher gave clear descriptions about the research context in Chapter Three and details regarding the selection and characteristics of participants, data collection and analysis process in Chapter Five. However, a researcher can only give suggestions about transferability. Readers have to decide whether or not the findings are transferable to another context (Graneheim & Lundman, 2004).

Dependability in qualitative research is supposed to be in line with reliability in quantitative research. Dependability is the indication of consistency of the procedures and methods utilised in the research process. To increase the dependability of this study, the

researcher provided an accurate and comprehensive explanation of how the data were collected and analysed. In addition, possible externalities which could probably have an impact on the research participants' responses to the interview questions were taken into consideration when analysing the data. To ensure dependability, it is vital that the same questions be asked of all. Hence, the researcher put the same or similar questions to all the participants, covering the same topics.

Confirmability in qualitative research is similar to objectivity in quantitative research (Morrow, 2005). Confirmability is the acknowledgement that research findings are objective and not biased by the researcher's beliefs (Gasson, 2004). This is based on the viewpoint that the integrity of findings depends on the data and because of that, the researcher must adequately merge the data through analysis processes, and present findings in such a way that the reader is able to confirm the adequacy of the findings (Morrow, 2005). In this study, confirmability was maintained through the use of a structured interview guide (see Appendix 1). However, in some circumstances, the researcher asked additional questions in order to clarify an open-ended interview question.

## **5.7 CHAPTER SUMMARY**

If any study on research is to be recognized as valid or true, it must be done in a systematic and scientific manner, known as the methodology. Hence, this chapter was devoted to providing a comprehensive explanation of the methodology chosen for this study in order to answer the research questions presented in Chapter One. It includes a clear explanation about the researcher's stance as a critical realist, followed by a description of the selected mixed-methods research approach with a clear explanation of the quantitative and qualitative methods chosen for this study. The results obtained through the selected quantitative and qualitative methods are presented in Chapters Six and Seven.

## **CHAPTER SIX**

### **QUANTITATIVE DATA ANALYSIS**

#### **6.1 INTRODUCTION**

Chapter Six presents the results of the quantitative analysis of the data collected from the questionnaire distributed for the survey. To conduct the analysis mainly, Partial Least Square (PLS) was applied, employing SmartPLS version 3.0. The results were categorised under several subheadings: data preparation and screening, sample demographics, normality of data, exploratory factor analyses (EFA), model estimation, structural model, and testing moderated mediation impact. This includes a table showing how the results relate to each hypothesis. Finally, a summary of the chapter concludes the chapter.

#### **6.2 DATA PREPARATION AND SCREENING**

Initially, data preparation and screening were conducted. Kline (2005) has recognised data preparation and screening as critical due to two reasons. Firstly, SEM uses estimation methods with specific distributional assumptions about the data and these assumptions must be taken seriously because their violation could result in bias. Secondly, data-related problems can prevent SEM computer programs from producing a logical solution. Therefore, after the data have been collected and before they are analysed, data need to be prepared for the analyses. This involves data editing, coding, and tabulation. Editing involves checking the data collection forms for omissions, legibility, and consistency in classification (Zikmund et al., 2013). Coding helps to translate lengthy question responses to brief and specific categories as shown in Appendix 1. Tabulation means transferring data into a form of tables. This was done with the help of SPSS version 22.0 software. Consequently, the raw data entered into the SPSS data sheet underwent a procedure of screening and cleaning in order to identify data entry errors, missing data, unengaged responses, outliers, and assessment of the data normality. The first step in data preparation is managing missing data. However, there is no need to screen for missing data for PLS-SEM. Hence, outliers were identified in the first data preparation step.

### 6.2.1 Outliers

Outliers are items whose scores are significantly different from all the others in a particular set of data (Byrne, 2010). To identify univariate outliers, box-plots and standardized z-scores were used. A univariate outlier is one with an extreme score on a single variable, and a multivariate outlier is one with extreme scores on two or more variables (Kline, 2005). Although there is no single definition of “extreme,” a common rule is that scores more than three standard deviations beyond the mean may be outliers (Kline, 2005). In relation to this, Hair, Anderson, Tatham, and Black (1998) recommended that a large sample size be 80 or more. As a common rule of thumb, z scores can range from + 3 to + 4 of standardised means. Because outliers affect the mean, the standard deviation, and correlation coefficient values, outliers must be explained, deleted, or accommodated by using robust statistics (Schumacker & Lomax, 2004). Therefore, for this study, any value exceeding + 3 standard deviation on each of the variables was removed as an outlier. Seven responses were found having one outlier each. However, these outliers were not removed at this stage, but were retained for further analysis. As the questionnaire consists of items asking attitude and perception of work family conflict and enrichment, it was anticipated that in some of their answers participants would strongly agree or disagree with the questionnaire statements. Further, in agreement with (Tabachnick & Fidell, 2007), removing all outliers might affect the generalizability of the results to the population studied.

Since this study involved more than two variables, a multivariate outlier assessment was conducted. For this purpose, the Mahalanobis distance (D2) method was employed since it allows multivariate outlier assessment when several variables are combined (Hair, Black, Babin, & Anderson, 2010; Tabachnick & Fidell, 2007). Mahalanobis distance can be assessed as a chi square ( $\chi^2$ ) with a degree of freedom equal to the number of independent variables with a probability of  $p < .001$  (Pallant, 2007; Tabachnick & Fidell, 2007). By examining Mahalanobis distance values, four cases (ID 70,78, 130, 197) were identified as multivariate outliers with the  $p < 0.001$  and discarded from the final set of respondents. The total number of respondents was decreased from 248 to 244.

### **6.3 SAMPLE DEMOGRAPHICS**

Table 6.1 presents a profile of respondents. As shown in the table, of the 248 respondents, 189 are male, which is over two-thirds of the sample. This suggests that most small family businesses operating in the Sri Lankan tourist accommodation industry are male-owned. The sample consists of a variety of educational levels but many respondents (52.8%) have secondary level education. As for age, the majority of the respondents were between 40 to 49 years old, followed by the 50 to 59 age group. Further, a majority of the respondents (92.3%) are married, and of these, 95% have at least one child. Fifty percent of owners use family labour for their business but less than half of them (21%) make payments to family employees.

Ninety-four percent of business owners who employed family members had one or two family members in their business, and approximately 40% of these are owners' children. The largest number of businesses (93) has been established for five years or less. Further, a great proportion of the sample owned guesthouse accommodation since SLTDA has a high number of guesthouses registered with it, indicating that the guesthouse is the most common type of tourist accommodation in Sri Lanka. Not surprisingly, 84% of businesses are sole proprietorships because the main focus of this research is small family businesses. In addition, many of them are located in suburbs of major cities and approximately 34% are home-based businesses. Moreover, 171 firms have fewer than 15 employees, further showing that these businesses are small-scale businesses.

### **6.4 NORMALITY OF DATA**

Normality was tested using Skewness and Kurtosis before proceeding further. Therefore, to assess the normality of the data, skewness and kurtosis values were inspected to identify any non-normality. Skewness concerns the asymmetry of the distribution. According to Tabachnick and Fidell (2007), if the distribution's mean is not in the centre, the distribution is either positively or negatively skewed. Kurtosis measures whether the data are peaked or flat comparative to a normal distribution (Hair et al., 2006). To represent a symmetric shape of the normal distribution, the recommended value of skewness is zero (Preacher, Curran, & Bauer, 2006). Kurtosis values less than  $\pm 1$  are

regarded as negligible, and values from  $\pm 1$  to  $\pm 10$  show moderate non-normality, while those greater than  $\pm 10$  indicate a severe non-normality (Holmes-Smith, Coote, & Cunningham, 2006). However, in this study, data indicated that the distributions could be considered as not normal. Table attached as the appendix 4 exhibits that many values are outside the range of -1 to 1 and therefore regarded as not normally distributed as recommended by (Hair et al., 2013). Hence, the CB-SEM approach was not appropriate and the better alternative method, PLS-SEM, was chosen. The software SmartPLS version 3 was used. Based on the population of 244, the application of PLS-SEM was the most appropriate for the sample because of the requirements of the methodology explained in Chapter Four.

**Table 6.1: Profile of Respondents**

<b>Respondents</b>	<b>Number</b>	<b>Percentage %</b>
<b>Gender</b>		
Male	189	76.2
Female	59	23.8
<b>Education</b>		
Primary Education (up to O/L)	38	15.3
Secondary education	131	52.8
Graduate	62	25.0
Postgraduate (with diploma)	13	5.2
Postgraduate (with masters)	4	1.6
<b>Age</b>		
20-29	16	6.45
30-39	58	23.4
40-49	85	34.27
50-59	82	33.06
60-69	7	2.82
<b>Marital Status</b>		
Married	229	92.3
Divorced	15	6.0
Widowed	4	1.6
<b>Do you have children?</b>		
Yes	217	87.5
No	16	6.5
Not Applicable	15	6.0

<b>Are family members employed in your business?</b>		
Yes	125	50.4
No	123	49.6
<b>Are they paid?</b>		
Yes	52	21.0
No	73	29.4
Not Applicable	123	49.6
<b>Number of family members employees</b>		
0	123	49.6
1	45	18.1
2	47	19.0
3	21	8.5
4	8	3.2
5	2	0.8
6	2	0.8
<b>Type of family members</b>		
Spouse	24	9.7
Children	49	19.8
Parents	11	4.4
Other relatives	16	6.5
None	123	49.6
Both spouse and children	19	7.7
Both spouse and parents	2	.8
Both parents and children	4	1.6
<b>Business</b>	<b>Number</b>	<b>Percentage %</b>
<b>Age of the business</b>		
≤5	93	37.5
6-10	59	23.79
11-15	45	18.15
16-25	45	18.15
26-35	4	1.61
>35	2	0.8
<b>Business type</b>		
Hotels	17	6.9
Home stays	19	7.7
Bungalows	32	12.9
boutique hotels and villas	10	4.0
Guest house	170	68.5
<b>Structure of the business</b>		
Limited liability Company	18	7.3
Sole proprietorship	209	84.3
Partnership	21	8.5

<b>Location of the business</b>		
Major city	75	30.2
Suburbs of a major city	145	58.5
Rural	28	11.3
<b>Is your business home-based?</b>		
Yes	84	33.9
No	164	66.1
<b>Size of the business in terms of number of employees</b>		
≤5	35	14.11
6-15	136	54.84
16-25	61	24.6
26-35	14	5.65
36-50	2	0.8

Source: Survey Data

## 6.5 EXPLORATORY FACTOR ANALYSIS

Exploratory factor analysis (EFA) was used to further investigate the measurement items used in this study. EFA was applied in this study in order to explore the data and deliver information about the number of possible factors that best represent the data (Hair et al., 2006). Even though the research objectives seem to be confirmatory in nature, the developed constructs were researched in a context geographically and culturally different from those of previous studies. Hence, the originality of this research was another reason for applying EFA. Moreover, EFA confirms whether the items load onto their respective constructs and whether there is any evidence of cross-loading. Thus, EFA also provides a measure of convergent validity of the scale items. EFA can also assess construct unidimensional scales, which suggests that all items from a construct load on a single factor and identify the structure of the measurement or outer model for the items in the study. Becker and Huselid (1998) declared that factor analysis is suitable for a reflective measurement model in which multiple items cover the same construct, but not for a formative measurement model. Hence, in this instance, since all the constructs are reflective, EFA was conducted for all of them. Furthermore, as stated above, since this is the first study to be conducted on family business in Sri Lanka, the application of EFA is a suitable means of acquiring an understanding of how the data reflect the selected constructs.

In order to conduct EFA to examine the arrangement of the measurement items corresponding to the variables exhibited in conceptual framework, principal component analysis (PCA) and varimax rotation were selected. The PCA helps to produce the maximum variance from the data set, in a way that first component produces highest variance and the last component produces least variance (Tabachnick & Fidell, 2007). Also, PCA assists the researcher to identify and reduce the large set of variables into smaller number of components by converting interrelated variables into new unrelated linear composite variables (Hair et al., 2006; Tabachnick & Fidell, 2007).

The varimax rotation method was chosen because it is the most commonly used variance maximising method and has higher generalizability and replicability power (Pallant, 2007; Tabachnick & Fidell, 2007). Moreover, this is the most appropriate method for this study since it has non-normal data. Additionally, according to Rennie (1997), results generated by the orthogonal rotations are best matched with the past and future data, while with oblique rotation, obtained results are best matched with the data collected from the survey research. Besides, due to uncorrelated factors, the interpretations of the results obtained using orthogonal rotation are much easier, compared to the oblique method (Pallant, 2007; Tabachnick & Fidell, 2007). Table 6.4 shows the factor loadings and total variance explained for each of the constructs. Eigenvalues greater than one meet the latent root criterion and solution, that assumes 60% or above cumulative variance satisfies the criterion of variance percentage (variability in score) (Hair et al., 2006). According to Table 6.5, for all factors, eigenvalues are greater than one and cumulative variance is 66.5%. Hence, the data satisfied the adequacy of extracted factors.

**Table 6.2: KMO and Bartlett's Test Results for Sampling Adequacy**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.764
Bartlett's Test of Sphericity	Approx. Chi-Square	6297.719
	df	780
	Sig.	.000

Source: SPSS Output

The results of EFA demonstrate good quality levels (KMO=0.764 and 66.5% of variance extracted) in the factorial solution. In order to obtain appropriate factor analysis results, it is recommended to calculate the Kaiser-Meyer-Olkin (KMO) test and Bartlett's test of Sphericity to measure the sampling adequacy (Norusis, 1992). A value of KMO greater than 0.6 indicates that the relationship between items is statistically significant and is suitable for EFA to provide a parsimonious set of factors (Tabachnick & Fidell, 2007). Whereas, the significance of Bartlett's test of sphericity indicates that the correlation among the measurement items is higher than 0.3 and is suitable for EFA (Hair et al., 2006). The results revealed that the KMO value was greater than 0.6 and Bartlett's test was significant ( $p < 0.005$ ) which satisfied the initial assumptions for the EFA (see Table 6.2).

**Table 6.3: Eigenvalues and Variance Extracted by each Component**

<b>Total Variance Explained</b>									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative e %	Total	% of Variance	Cumulative e %	Total	% of Variance	Cumulative e %
1	6.659	16.646	16.646	6.659	16.646	16.646	6.446	16.114	16.114
2	5.280	13.199	29.845	5.280	13.199	29.845	5.203	13.008	29.122
3	4.074	10.185	40.030	4.074	10.185	40.030	3.712	9.280	38.402
4	2.946	7.365	47.395	2.946	7.365	47.395	2.655	6.639	45.041
5	2.333	5.832	53.226	2.333	5.832	53.226	2.388	5.970	51.010
6	1.918	4.796	58.023	1.918	4.796	58.023	2.349	5.872	56.882
7	1.765	4.412	62.434	1.765	4.412	62.434	2.027	5.068	61.950
8	1.628	4.069	66.504	1.628	4.069	66.504	1.822	4.554	66.504
9	1.161	2.903	69.407						
10	1.060	2.650	72.057						
11	.918	2.296	74.353						

Extraction Method: Principal Component Analysis.

- a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Source: SPSS Output

Table 6.3 shows the total variance explained by each component. The number of items that contributed to an eigenvalue  $>1$  were retained as significant. Remaining items were disregarded (Hair et al., 2006; Tabachnick & Fidell, 2007). When the eigenvalues were examined, unexpectedly, more than the required components were extracted whose eigenvalues were greater than 1. To identify the problem, the results within a rotated component matrix were examined. It was noticed that items of culture (FIBQ1C, FIBQ2C, FIBQ3C, FIBQ4C, FIBQ5C, FIBQ7C) Family resources and demands (Q3F, Q5F, Q6F, Q7F, Q8F) and Experience (FIBQ3E, FIBQ5E, FIBQ6E) loaded separately (i.e. cross-loaded) on different components other than their relevant factor. Therefore, after a few rounds of EFA, and excluding cross-loading items one by one, the remaining 41 items were extracted as shown in the rotated component matrix in Table 6.4. Table 6.5 presents the names of the coded items.

**Table 6.4: Rotated Component Matrix**

Rotated Component Matrix <sup>a</sup>								
	Component							
	1	2	3	4	5	6	7	8
FWCQ15	.889							
FWCQ16	.864							
FWCQ14	.863							
FWCQ12	.840							
FWCQ13	.820							
FWCQ17	.818							
FWCQ11	.808							
FWCQ10	.793							
FWCQ18	.789							
FWEQ12		.800						
FWEQ11		.773						
FWEQ14		.772						
FWEQ15		.767						
FWEQ13		.738						
FWEQ16		.731						
FWEQ17		.706						
FWEQ10		.702						
FWEQ18		.630						
FIBQ11C			.824					
FIBQ10C			.681					
FIBQ13C			.667					
FIBQ8C			.638					
FIBQ12C			.638					
FIBQ9C			.624					
FIBQ6C			.600					
FIBA2E				.947				
FIBQ1E				.905				
FIBQ4E				.853				
FBSQ5F					.805			
FBSQ6F					.779			
FBSQ4F					.774			
FBSQ3F					.609			
FBSQ9NF						.877		
FBSQ7NF						.850		
FBSQ8NF						.823		
FRDQ1							.931	
FRDQ2							.911	
FRDQ4							.836	
FIBQ3P								.669
FIBQ2P								.618
FIBQ1P								.618

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations

**Table 6.5: Names of Item Codes**

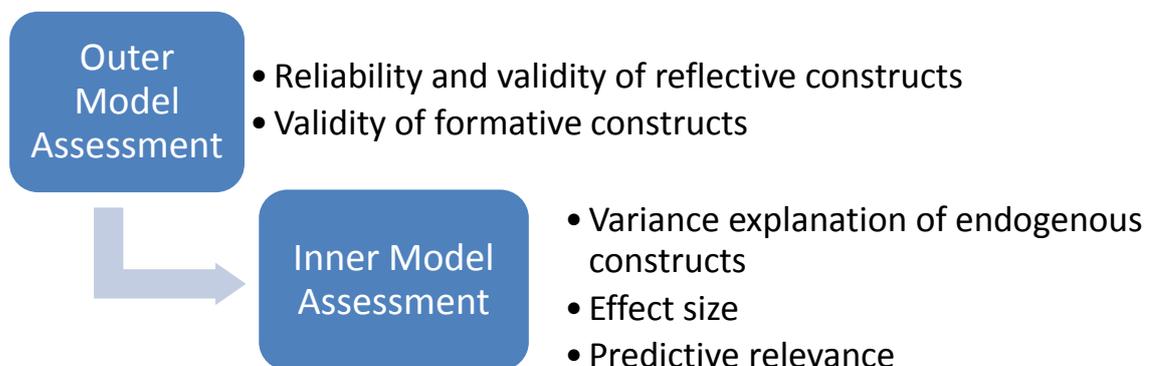
Code	Name
FWC	Family-to-Work Conflict
FWE	Family-to-Work enrichment
FIB	Family Involvement in Business
FBS	Family Business Success
FRD	Family resources and demands

Hence, these reflective constructs appear to be uni-dimensional and exhibit good internal consistency (Hair et al. 2010). Given the above, it was confirmed that the measurement model employed in this study met and exceeded the criteria for ascertaining convergent validity. The following sections measure discriminant validity, which is the second condition for determining the adequacy of the measurement model in this study.

## 6.6 MODEL ESTIMATION / PLS-SEM ALGORITHM

Each structural equation model with latent constructs has two components. First is the structural model, which is typically referred to as the inner model in the PLS-SEM context, and exhibits the relationships between the latent constructs. Second is the measurement model, which is typically referred to as the outer model, and shows the unidirectional predictive relationships between each latent construct and its associated observed indicators (Hair, Ringle, & Sarstedt, 2011).

Figure 6.1 demonstrates the further process of model testing and evaluation, the content of the next sections.



**Figure 6.1: The process of Model Evaluation**

PLS-SEM focuses on the difference between the approximated values in the case of latent variables or observed in the case of manifest variables of the dependent variables and the values which are predicted by the model (Hair, Sarstedt, Ringle, & Mena, 2012). The PLS-SEM algorithm assesses all unknown elements in the path model by using the known elements. The relationship between the measured indicator variables of the reflective constructs are labelled as outer loadings ( $l$ ), and the relationship between the latent variables are labelled as path coefficients ( $p$ ) (Hair et al., 2013).

Further, PLS-SEM, different from CB-SEM, does not optimize a unique global scalar function and therefore has no global goodness-of-fit measures (Hair, Sarstedt, Ringle, et al., 2012). As a result of missing fit-indices, researchers who apply PLS-SEM, judge the model's quality by depending on measures representing the model's predictive capabilities (Hair et al., 2013). For instance, in this study, the assessment of the inner and outer models in PLS-SEM uses procedures such as bootstrapping and blindfolding and builds on a set of non-parametric evaluation criteria (Hair et al., 2013).

The indicator variables in the SEM normally contain some degree of measurement error. The error exists both in the latent variable scores and in the path coefficients as they are predicted by using these scores (Hair et al., 2013). The consequences of the measurement error are that the unbiased, true path model relationships are often underestimated, and the parameters for the measurement model are usually overestimated. In other words, structural model relationships are undervalued, whereas measurement model relationships are overvalued. This is known as the PLS-SEM bias. To overcome this bias, latent variables should approximate their true values when both the number of observations and the number of indicators per latent variable increase to infinity (Hair et al., 2013).

Nevertheless, different studies revealed that this PLS-SEM bias is generally at minimal levels (e.g. Ringle, Götz, Wetzels, & Wilson, 2009). Therefore, PLS-SEM bias can be considered with a limited relevance in most empirical studies (Hair et al., 2013). As a result, this was considered as least relevant in this study. Further, the use of formative measurement in PLS-SEM is possible but challenging as the estimation of the constructs is without error terms (Hair et al., 2013). However, this was not a problem for this study since only reflective indicators were used. Reflective indicators are functions of the latent

construct. Changes in the underlying latent construct are reflected in changes in the indicator variables (Hair et al., 2013; Hair et al., 2011). The evaluation criteria used to evaluate both inner and outer models of the study are listed in Table 6.6.

**Table 6.6 Evaluation Criteria**

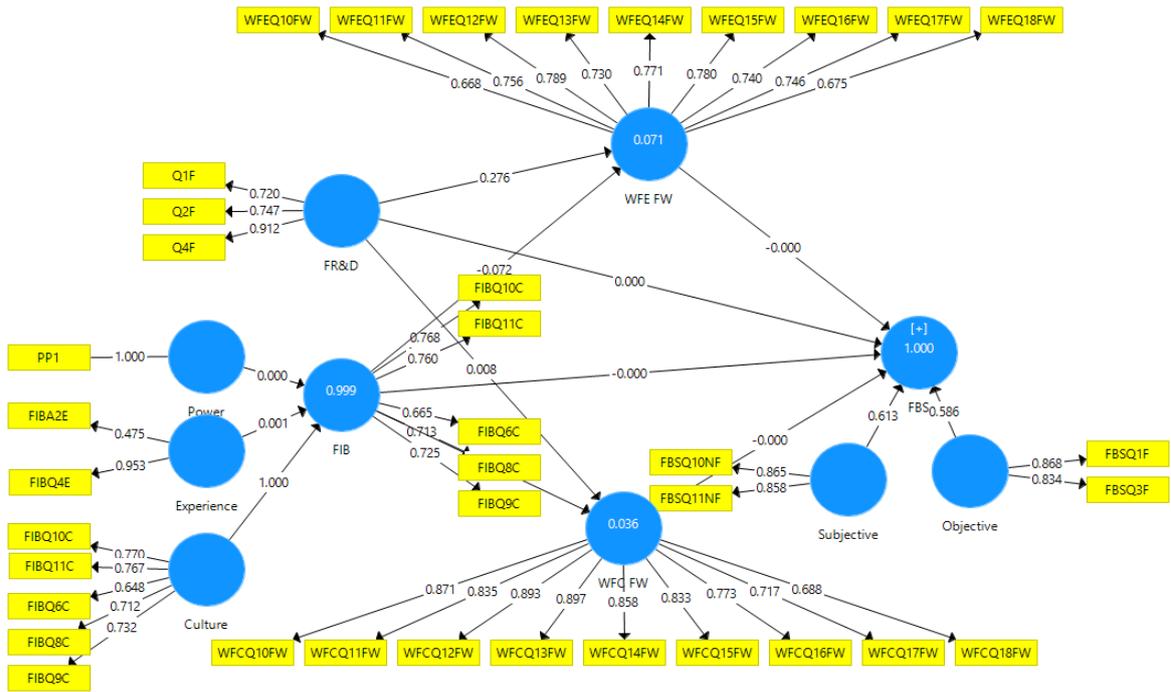
Outer Model	Inner Model
Internal consistency (composite reliability)	Coefficients of determination (R <sup>2</sup> )
Indicator reliability	Predictive relevance (Q <sup>2</sup> )
Convergent validity (average variance extracted)	Size and significance of path Coefficients
Discriminant validity	f <sup>2</sup> effect sizes q <sup>2</sup> effect sizes

### 6.6.1 Outer-Model Assessment (Reflective Measurement Model)

Since the model contains only reflective measurement models, reliability and validity are highly significant and have to be calculated (Hair et al., 2011). The next sections show validity with assessment of the predictive relevance of both the outer-model and the inner-model.

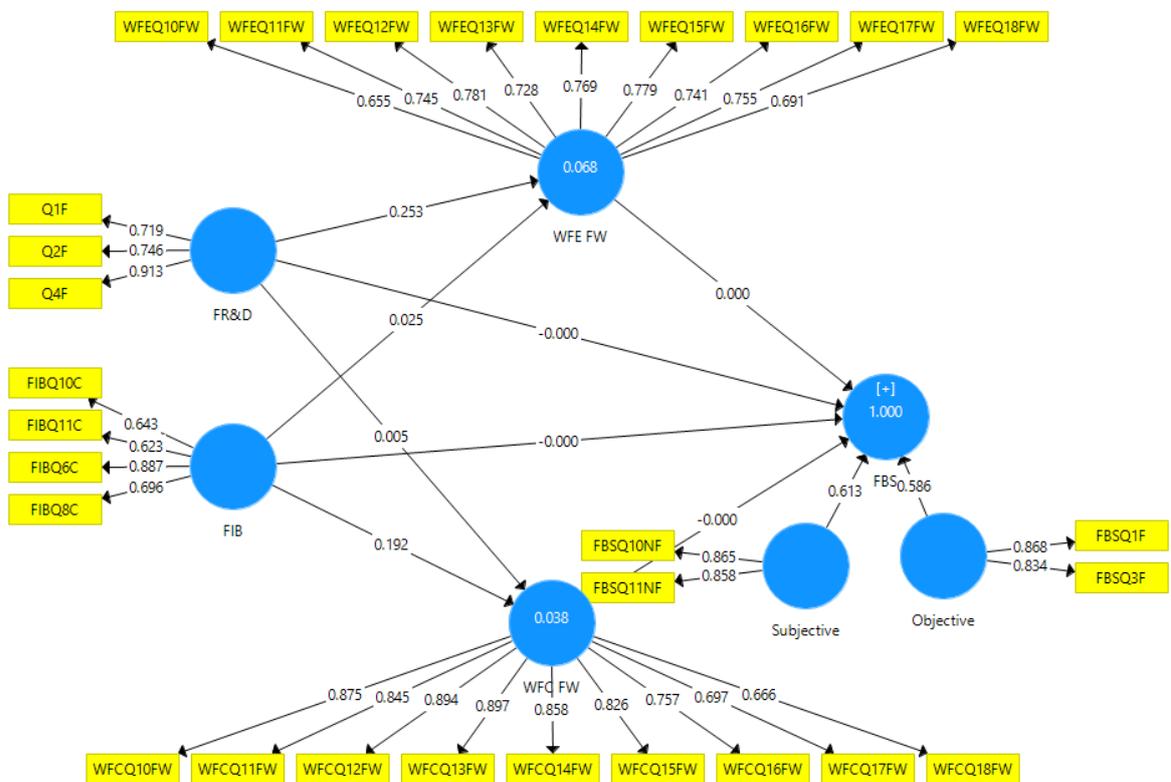
#### 6.6.1.1 The first assessment of the model with second-order constructs

As a first step, the theoretical framework with its key elements and relationships with second-order constructs of family involvement in business and family business structure were assessed. The constructs were measured by multiple items with their reflective nature indicated by the arrows pointing from the construct to the indicators. The model has two exogenous latent variables and leads to the other two endogenous latent variables that are considered as mediating variables (family-to-work conflicts, and family-to-work enrichments). Furthermore, it has one second-order dependent construct (family business success), which is known as an endogenous latent variable (Hair et al., 2013). The calculation was performed using the statistical software of SmartPLS (Ringle et al., 2015). Figure 6.2 shows the model with all second-order constructs indicating that power and experience did not contribute significantly to family involvement in business. Hence, it was decided to remove the relevant items from the estimation model and run the model again with family involvement in business as a first-order construct. In both of these figures (6.2 and 6.3) family-to-work enrichment is denoted as WFE FW (Work family enrichment family-to-work) and family-to-work conflicts is denoted as WFC FW (Work family conflicts Family to Work).



**Figure 6.2: Initial Measurement Model**

The model was modified by eliminating indicators relevant to family involvement in business until the entire model met the evaluation criteria described in the following pages. The finalised model is depicted in Figure 6.3.



**Figure 6.3: Family Involvement in Business as a First-order Construct**

### 6.6.1.2. Factor loadings of each construct

PLS-SEM produces factor loadings for each scale indicator, as shown in Table 6.9. The matrix of factor loadings shows that other than a few, most factor loadings are greater than 0.708 as recommended by Hair et al. (2013). According to them, the factor loading must exceed 0.708 for the factor to account for 50 percent of the variance. Table 6.7 below indicates that family business success (FBSQ3F), family involvement in business (FIBQ10C and FIBQ11C), Family-to-Work enrichment, (WFEQ10FW and WFEQ18FW) and Family-to-Work conflicts (WFCQ17FW and WFCQ18FW) have factor loadings below 0.708. Hair et al. (2013) suggest that when the loading is below 0.4, the item should be discarded. The items with factor loadings between 0.40 and 0.70 should be considered for removal from the scale only when deleting the indicator leads to a surge in composite reliability or (Average Variance Extracted) AVE above the suggested threshold value. However, in this study, the values of the stated items above are slightly below 0.708 and the composite reliability and AVE were already above the recommended values, so it was decided to retain these items. It can be concluded that all constructs exhibited good factor loadings as shown below in Table 6.7.

**Table 6.7: Factor Loadings for Reflective Measures**

Construct	Item	Factor Loading
Family Business Success	FBSQ10	0.734
	FBSQ11	0.717
	FBSQ1	0.74
	FBSQ3	0.664
Family Resources and Demands	FRDQ1	0.719
	FRDQ2	0.746
	FRDQ4	0.913
Family involvement in Business	FIBQ6	0.887
	FIBQ8C	0.706
	FIBQ10	0.643
	FIBQ11	0.633
Family-to-Work Enrichment	FWEQ10	0.655
	FWEQ11	0.745
	FWEQ12	0.781

	FWEQ13	0.728
	FWEQ14	0.769
	FWEQ15	0.779
	FWEQ16	0.741
	FWEQ17	0.755
	FWEQ18	0.691
Family-to-Work Conflicts	FWCQ10	0.875
	FWCQ11	0.845
	FWCQ12	0.894
	FWCQ13	0.897
	FWCQ14	0.858
	FWCQ15	0.826
	FWCQ16	0.757
	FWCQ17	0.697
	FWCQ18	0.666

### **6.6.1.3 Internal consistency reliability**

#### **6.6.1.3.1 Cronbach's alpha**

The first criterion to be applied is the internal consistency reliability of the measurement model (Hair et al., 2013). This means that the construct is internally consistent due to the measurement of the same concept among the construct measures. Traditionally, the criterion used to measure internal consistency is Cronbach's coefficient alpha (Cronbach, 1951), which presumes that all indicators have equal outer loadings on the construct depending on the inter-correlations of the observed indicator variables, (Henseler, Ringle, & Sinkovics, 2009). However, the main limitation of Cronbach's alpha is that it is sensitive to the number of items in the scale and generally tends to underestimate the internal consistency reliability (Hair et al., 2013). In spite of this, the applied PLS-SEM algorithm prioritizes the items according to their individual reliability, and because of the limitations of Cronbach's coefficient, another measure should be used to assess the internal consistency. Hence, this study applied composite reliability which examines the extent of convergent validity of each construct in the research model.

#### **6.6.1.3.2 Composite reliability**

Composite reliability considers the different outer loadings of the indicator variables (Hair et al., 2013). Consequently, it is more suitable as an alternative measure of internal consistency reliability (Bagozzi and Yi, 1998; as cited in Hair et al., 2013). Further, composite reliability is generally considered as superior to Cronbach's coefficient alpha since Cronbach's alpha does not presume that all indicators are equally weighted (Martensen, Grønholdt, Bendtsen, & Jensen, 2007). Composite reliability consists of values between 0 and 1, with higher values indicating a higher level of reliability (Hair et al., 2013). Composite reliability values between 0.70 and 0.90 are considered as satisfactory in more complex phases of research (Nunnally & Bernstein, 1994). Nevertheless, values above 0.60 are considered acceptable in exploratory research (Hair et al., 2013).

Items with loadings of less than 0.4 are regarded as low loadings. This is a threshold commonly applied for factor analysis (Kline 2005, 2010). Therefore, 0.4 or 0.5 should be omitted from the analysis (Hulland & Richard, 1999). This suggests that indicators with outer loadings between 0.40 and 0.70 should be considered for removal in order to increase the composite reliability or the average variance extracted above the suggested threshold value of 0.70 respectively (Hair et al., 2013; Hair et al., 2011). As shown in Table 6.8, the composite reliability of every construct in this study is well above the suggested 0.70 threshold.

#### **6.6.1.3.3 Average variance extracted**

Average Variance Extracted (AVE) measures the error-free variance of a set of items. The AVE value of the indicators of a construct specifies the extent of representativeness of those indicators of the construct. The higher the AVE value, the higher is the representativeness. AVE assesses the degree of variance that a variable captures from its indicators compared to the amount that results from measurement error (Chin, 1998). A high construct AVE indicates that the indicators (or measures) are capturing the same underlying construct, which leads to the exhibition of convergent validity of the construct. In order to support a satisfactory convergent validity, it is recommended that the AVE of

each construct in the model exceed 0.50 (Fornell, 1982). As Table 6.8 shows, in this research, all constructs have exceeded this threshold.

**Table 6.8: Measures of Internal Consistency**

	<b>AVE</b>	<b>Composite Reliability</b>	<b>Cronbach's Alpha</b>
Family Business Success	0.510	0.806	0.679
Family Involvement in Business	0.518	0.808	0.734
Family Resources and Demands	0.635	0.838	0.801
Family-to-Work Enrichment	0.546	0.915	0.897
Family-to-Work Conflict	0.667	0.947	0.946

AVE, Cronbach's alpha coefficient and composite reliability of the study were presented in Table 6.8. The Cronbach's alpha coefficient is above the satisfactory level for all constructs apart from family business success, and composite reliability indicates a high level of reliability for all constructs showing a level between 0.8 and 1 for each construct. Based on these statistics, the model could be considered as having satisfied internal consistency reliability. The calculation of AVE indicated satisfactory reliability at the construct level, using the conventional threshold criterion of 0.5 for AVE (Hair et al., 2013). These results indicate a strong and consistent relationship between each set of items and their latent variables. Since the internal consistency reliability was satisfied, convergent validity and discriminant validity are also essential for substantial measurement assessment and are analysed in the next sections.

#### **6.6.1.4 Discriminant validity**

Unlike convergent validity, which ensures the unity or relatedness of the measures of each construct, discriminant validity discriminates or differentiates between measures of different constructs. This is indicated when there is a low correlation between the measures of each construct in the research model. It is very important to assess this since the measures of each construct are supposed to measure a different concept. Basically, there are two ways to establish discriminant validity at item level and latent variable level.

In this research, cross-loadings for each construct were measured to find item-level discriminant validity and the square root of the AVE of each construct was assessed for latent variable level as follows. Each of these analyses is described in the following sections.

#### 6.6.1.4.1 Cross-loadings

Chin (1998) suggested examining the cross-loading within factor loading at item-level discriminant validity. To show satisfactory discriminant validity, the loading of each measurement item on its corresponding construct should be higher than its loading on other constructs (Chin, 1998; Gefen, Straub, & Boudreau, 2000; Straub, Boudreau, & Gefen, 2004). This indicates that the measurement items of a construct are measuring their construct only. Table 6.9 confirms that each of the measurement items within a construct was higher than all of its cross-loadings. This satisfies this criterion as the entire measurement items load highly on their own constructs but not as highly on the other constructs. On the other hand, all cross-loadings were lower than the 0.4 values recommended by Hair et al. (2006).

**Table 6.9: Cross-loadings of Constructs**

	<b>Family Business Success</b>	<b>Family Involvement in Business</b>	<b>Family Resources &amp; Demands</b>	<b>Family to Work Conflict</b>	<b>Family to Work Enrichment</b>
FBSQ10	0.734	0.261	0.284	0.194	0.153
FBSQ11	0.717	0.338	0.277	0.176	0.222
FBSQ1	0.74	0.27	0.245	0.13	0.393
FBSQ3	0.664	0.318	0.174	0.066	0.181
FIBQ10	0.162	0.643	0.098	0.224	-0.085
FIBQ11	0.109	0.623	0.115	0.05	-0.101
FIBQ6	0.472	0.887	0.293	0.159	0.182
FIBQ8	0.213	0.696	0.175	0.1	0.05
FQ1	0.141	0.262	0.719	-0.013	0.05
FQ2	0.161	0.273	0.746	-0.013	0.084
FQ4	0.378	0.208	0.913	0.088	0.314

FWCQ10	0.224	0.225	0.102	0.875	0.072
FWCQ11	0.179	0.105	0.005	0.845	0.094
FWCQ12	0.175	0.198	0.054	0.894	0.025
FWCQ13	0.217	0.218	0.079	0.897	0.003
FWCQ14	0.144	0.106	0.051	0.858	0.049
FWCQ15	0.07	0.087	-0.035	0.826	-0.025
FWCQ16	-0.009	0.028	-0.058	0.757	-0.063
FWCQ17	0.022	0.068	-0.04	0.697	-0.136
FWCQ18	-0.007	0.035	-0.039	0.666	-0.159
FWEQ10	0.118	-0.072	0.149	0.086	0.655
FWEQ11	0.191	-0.019	0.168	0.045	0.745
FWEQ12	0.237	-0.001	0.171	0	0.781
FWEQ13	0.208	0.094	0.216	-0.007	0.728
FWEQ14	0.222	0.059	0.199	0.019	0.769
FWEQ15	0.304	0.046	0.18	0.081	0.779
FWEQ16	0.238	0.056	0.192	0.072	0.741
FWEQ17	0.315	0.154	0.22	-0.066	0.755
FWEQ18	0.295	0.19	0.207	0.038	0.691

#### 6.6.1.4.2 Relationship between correlations among constructs and the square root of AVEs

At the latent variable level, the criterion for establishing discriminant validity is the square root of the Average Variance Extracted (AVE) of each construct. Fornell and Larcker (1981) suggest that the square root of AVE for each construct should be higher than the other constructs' correlation with any other, i.e. inter-construct correlation. As shown in Table 6.10, the square root of the AVE of each construct (shown diagonally) is greater than its correlation with other constructs (the off-diagonal numbers), which satisfies this test for discriminant validity.

**Table 6.10: Relationship between Correlations among Constructs and the Square Root of AVEs**

	<b>FBS</b>	<b>FIB</b>	<b>FRD</b>	<b>FWC</b>	<b>FWE</b>
<b>FBS</b>	<b>0.714</b>				
<b>FIB</b>	0.414	<b>0.72</b>			
<b>FRD</b>	0.345	0.274	<b>0.797</b>		
<b>FWC</b>	0.201	0.194	0.058	<b>0.817</b>	
<b>FWE</b>	0.334	0.095	0.26	0.034	<b>0.739</b>

All of the statistics presented above indicate that the measurement model used in this study meets and exceeds the requirements for establishing convergent and discriminant validities. The following section examines the structural model and tests the proposed hypotheses.

## **6.7 STRUCTURAL MODEL**

This section concentrates on the structural model evaluation. The model’s predictive capabilities and the relationships between the constructs are examined in this section. It describes the extent to which the empirical data supported the underlying theory. After establishing a reliable and validated measurement model, the hypothesised linear relationships among the exogenous and endogenous latent variables were estimated. The structural model linked to the path model with its hypothesized relationships between latent variables, and explained the nature and magnitude of the relations between them. The designed structural model was tested by running the PLS algorithm in SmartPLS to identify the relationships among the constructs. The main emphasis was on identifying the variance explained by one or more variables included in the model, and on establishing the significance level of all PLS path estimates (Henseler & Chin, 2010; Lleras, 2005).

### 6.7.1 Multicollinearity

The first step in assessing the structural model results involves examining collinearity issues. Multicollinearity is the challenge associated with the correlation matrix in which three or more independent variables are highly interrelated with each other (Hair et al., 2006; Tabachnick & Fidell, 2007). According to Kline (2005), extreme collinearity can arise when what seem to be separate variables actually measure the same thing. The “occurrences of higher level of multicollinearity consequences in lowering the unique variance explained by each independent variable ( $\beta$ -value) and increasing the shared prediction percentage” (Hair et al., 2006, p. 186). This creates difficulties in recognizing the separate contribution of individual independent variables. Among the techniques that can be used to assess the multicollinearity, this study applied the variance inflation factor (VIF) and tolerance value. A VIF value greater than 10 indicates a potentially harmful multicollinearity problem (Kline, 2005). The tolerance effect indicates that the variability specified by the independent variable is unique, whereas VIF is the inverse of a tolerance effect (Pallant, 2007). Lower tolerance indicates the presence of multicollinearity. The cut-off for tolerance value is 0.2 as suggested by Hair et al. (2013). To test for multicollinearity, tolerance values and VIF value were applied for all exogenous variables. As shown by Table 6.11, results indicate that all VIF values were found to be below 2, and all tolerance values were greater than 0.2, indicating that all were satisfactory. Hence, no significant multicollinearity was found between independent variables in this study.

**Table 6.11: Collinearity Assessment for Exogenous Constructs**

Model 1	Collinearity Statistics	
	Tolerance	VIF
Family Resources and Demands	.865	1.156
Family Involvement in Business	.877	1.140
Family-to-Work Conflict	.900	1.111
Family-to-Work Enrichment	.937	1.067

a. Dependent Variable: Family Business Success

## **6.7.2 Structural Model Evaluation**

The structural model was assessed using second-generation techniques to analyze more than one layer of links and relationships between independent and dependent latent variables. According to Hair et al. (2013), PLS-SEM is an appropriate model for the sample data to achieve the best parameter estimates by maximizing the explained variance of endogenous latent variable(s). On the other hand, covariance based-SEM (CB-SEM) estimates parameters with the aim of minimizing the differences between the sample covariance and those predicted by the theoretical model. In contrast to covariance-based methods, PLS does not assist with statistically evaluating the overall goodness-of-fit of the model that is based on the assumption of distribution-free variance. Further, the goodness-of-fit measure proposed by Tenenhaus, Amato, and Esposito Vinzi (2004) was not used, as this measure has been criticized both conceptually and empirically (Hair et al., 2013; Henseler & Sarstedt, 2013). Thus, non-parametric statistical tests were applied to estimate the overall model fit. Accordingly, the criteria used for the assessment of the structural model in this study were: estimation of path coefficient ( $\beta$ ), coefficient of determination ( $R^2$ ), and prediction relevance ( $q^2$ ) (Götz, Liehr-Gobbers, & Krafft, 2010; Hair et al., 2013; Henseler & Chin, 2010; Henseler et al., 2009; Tenenhaus, Vinzi, Chatelin, & Lauro, 2005). These criteria are explained briefly below.

### **6.7.2.1 Structural model path coefficient**

Path coefficients represent the presumed relationships among the constructs. Further, the path coefficient is a measure of multiple correlation coefficients between exogenous and endogenous variables (Tabachnick & Fidell, 2007). Values are evaluated in terms of sign, magnitude and significance. This has standardized values between -1 and +1 where a strong positive relationship is indicated by coefficients close to +1 and a strong negative relationship is -1 (Hair et al., 2013).

### **6.7.2.2 Coefficient of determination**

The coefficient of determination ( $R^2$ ) presents the percentage of variation in dependent variable(s) explained by the independent variable(s) (Hair et al., 2013). In another words, the coefficient of determination is a measure of the variability in outcomes which is

accounted for by the exogenous observed variables (Hair et al., 2006; Tabachnick & Fidell, 2007). The R<sup>2</sup> is a similar function to a multiple regression model. Further, it indicates the prediction of the structure model with the influence of the independent latent variables on the dependent latent variables. The explanatory power is examined by looking at the R<sup>2</sup> of the dependent latent variable. To indicate substantial, moderate, and weak correlations and effect sizes in that order, the R<sup>2</sup> values should be greater than the cut-offs of 0.67, 0.33, or 0.19 levels (Chin, 1998; Hock & Ringle, 2006). However, according to Hair et al. (2010), R<sup>2</sup> can be categorized according to one of three classifications for social science research: weak (.25), moderate (.50), or substantial (.75).

### **6.7.2.3 Bootstrapping**

To assess the significance of structural model relationships, a bootstrapping procedure was employed to evaluate the quality of the estimated structural model parameters. As stated above, unlike covariance-based approaches, PLS-SEM employs non-parametric bootstrapping, which involves repeated random sampling with replacements from the original sample to generate a bootstrap sample. This produces standard errors for hypothesis testing. This process presumes that the sample distribution is a reasonable representation of the intended population distribution, rather than assuming normality. The bootstrap sample allows testing the significance of the estimated coefficients in PLS-SEM. A minimum of 5,000 bootstrap samples was recommended by Hair et al. (2011). This study was carried out with the ‘no sign change option’, that is the most traditional method in order to assure high significance (Hair et al., 2013). When the size of the resulting empirical t-value is above 1.96, the path coefficient becomes significantly different from zero at a significance level of 5%, above 2.57 for a significance level of 1% and above 1.65 for 10% respectively (Hair et al., 2013).

### **6.7.2.4 Blindfolding (predictive relevance q<sup>2</sup>)**

PLS-SEM includes an extra method to measure structural model predictive ability called blindfolding, which is not reported in CB-SEM analyses. Blindfolding was performed to evaluate the predictive relevance of the endogenous latent constructs (Hair et al., 2014). The blindfolding procedure generates the Q<sup>2</sup>, the measure of predictive significance, as

explained in Henseler et al. (2009). This involves a sample re-use technique that omits part of the data matrix and uses the model estimates to predict the omitted part (Chin, 1998; Henseler & Chin, 2010; Henseler et al., 2009). For PLS-SEM models, the Q2 value should be larger than 0 to have predictive relevance for a certain endogenous construct and values of 0 and below denote the absence of predictive relevance (Hair et al., 2013).

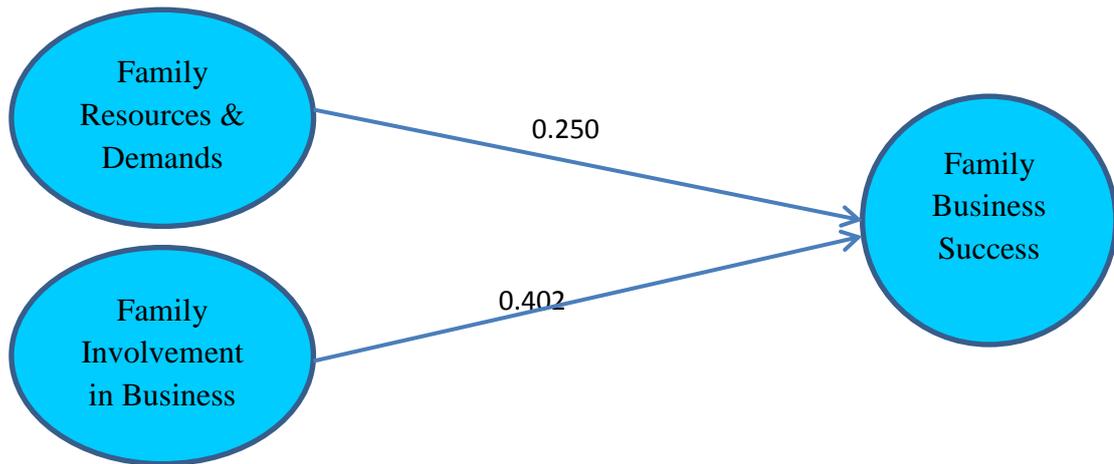
### **6.7.3 Model 1 Results**

In this study, a step-by-step analysis of the structural model was conducted to present a detailed picture of the results and to test hypotheses straightforwardly. As an initial empirical investigation, model 1 first examined only the direct relationships of both family involvement in business, and family resources and demands with family business success as model 1. Subsequently, with Models 2 and 3, the intervention of family-to-work conflicts and family-to-work enrichment as mediators were considered separately. Next is the full model which included all the exogenous variables in one model and was presented as Model 4. All the constructs were treated as reflective. The PLS-SEM mediator analyses followed the general recommendations given by Preacher and Hayes (2008), as well as the PLS-SEM-specific suggestions given by Hair et al. (2013). Finally, by means of Multi-group Analysis (PLS-MGA), all moderators were tested with the full model to identify significant differences.

Model 1 was utilised to prove the hypothesised relationships comprising both family involvements in business and family resources and demands measures. Originally, family involvement in business was deemed as a second-order construct, but measurement model validation revealed that culture, a sub-variable of family involvement in business, fully explained the construct. Hence, the other two sub-variables were removed and family involvement in business was considered as a first-order construct.

The structural model estimations of R2, path coefficients, and t-values ( $p < 0.05$ ) were calculated for Model 1. Table 6.12 presents the R2 values for Model 1. The R2 value for the family business success (FBS) measure is 0.248. This shows that the two independent variables of family involvement in business (FIB) and family resources and demands (FRD) explained almost one fourth of the variation in the family business success scores, which indicates the considerable influence of these variables on the family business

success measure. Further positive path coefficients indicated that these two variables are significantly associated ( $> 1.96$ ,  $p < 0.05$ ) with the family business success measure as seen in Table 6.12, thus providing support for Hypotheses 1a, and 2a (see Table 6.38). Further, the model's predictive relevance for endogenous variables is shown in Table 6.12.



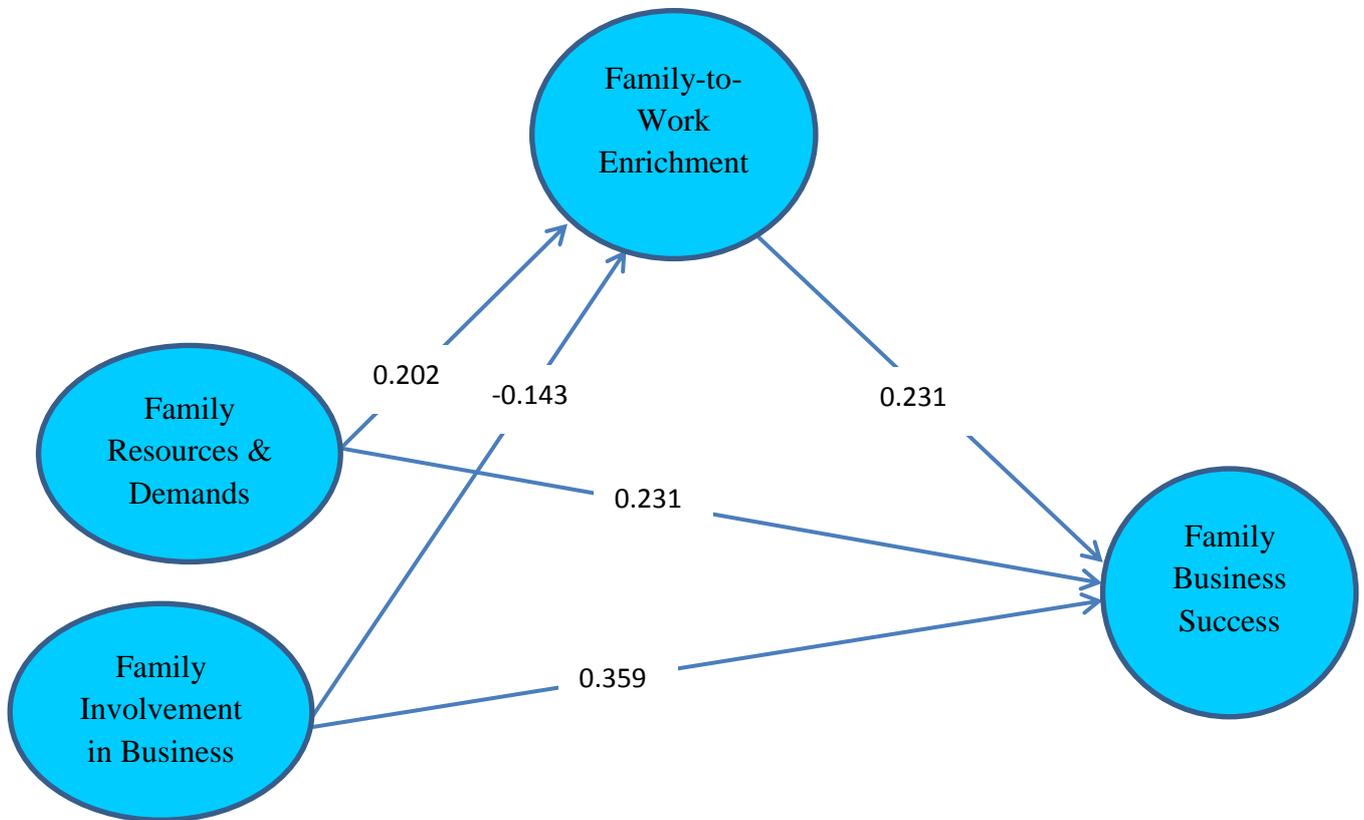
**Figure 6.4: Structural Model without Mediators (Model 1)**

**Table 6.12: Structural Model Assessment of Model 1 (PLS Path Model without Mediators)**

Endogenous constructs	R2	Q2			
Family Business Success	0.248	0.119			
Relation	Path Coefficient	T value	P value	Bias Corrected 95% confidence interval	
				2.5%	97.5%
FR & D → FBS	0.250	2.704	0.007	0.339	0.557
FIB → FBS	0.402	6.957	0.000	0.076	0.309

## 6.7.4 Separate Mediating Models

### 6.7.4.1 Model 2 Results with family-to-work enrichment as the mediator



**Figure 6.5: Structural Model with the Mediator of Family-to-Work Enrichment (Model 2)**

Model 2 was devoted to validating the mediating relationship of family to work enrichment with the two independent variables and the dependent variable of family business success as in Figure 6.3. Results as shown Table 6.13 indicated that support for the relationships was significantly associated with family business success, implying that the path coefficients from family resources and demands and family involvement in business had significant correlations with family-to-work enrichment and family business success, apart from the correlation between family resources and demands and family business success.

The central criterion for the structural model's assessment is the coefficient of determination ( $R^2$ ) (Henseler, Ringle, & Sarstedt, 2012),  $R^2$  is 0.296 for this study's primary interest construct of family business success and 0.084 for the mediating variable

of family-to-work enrichment. This finding is also supported by the Q2 value of the predictive relevance. Q2 values for both family business success and family-to-work enrichment were obtained which are above zero, indicating the predictive relevance of the PLS path model. Further the bootstrapping procedure with 5,000 samples, and the ‘no sign changes option’ was used to assess the significance of the path coefficients (Hair et al., 2013; Hair et al., 2011; Hair, Sarstedt, Ringle, et al., 2012).

**Table 6.13: Structural Model Assessment of Model 2 (PLS Path Model with One Mediator: Family-to-Work-Enrichment)**

Endogenous constructs	R2	Q2			
Family Business Success	0.296	0.139			
Family-to-Work Enrichment	0.084	0.040			

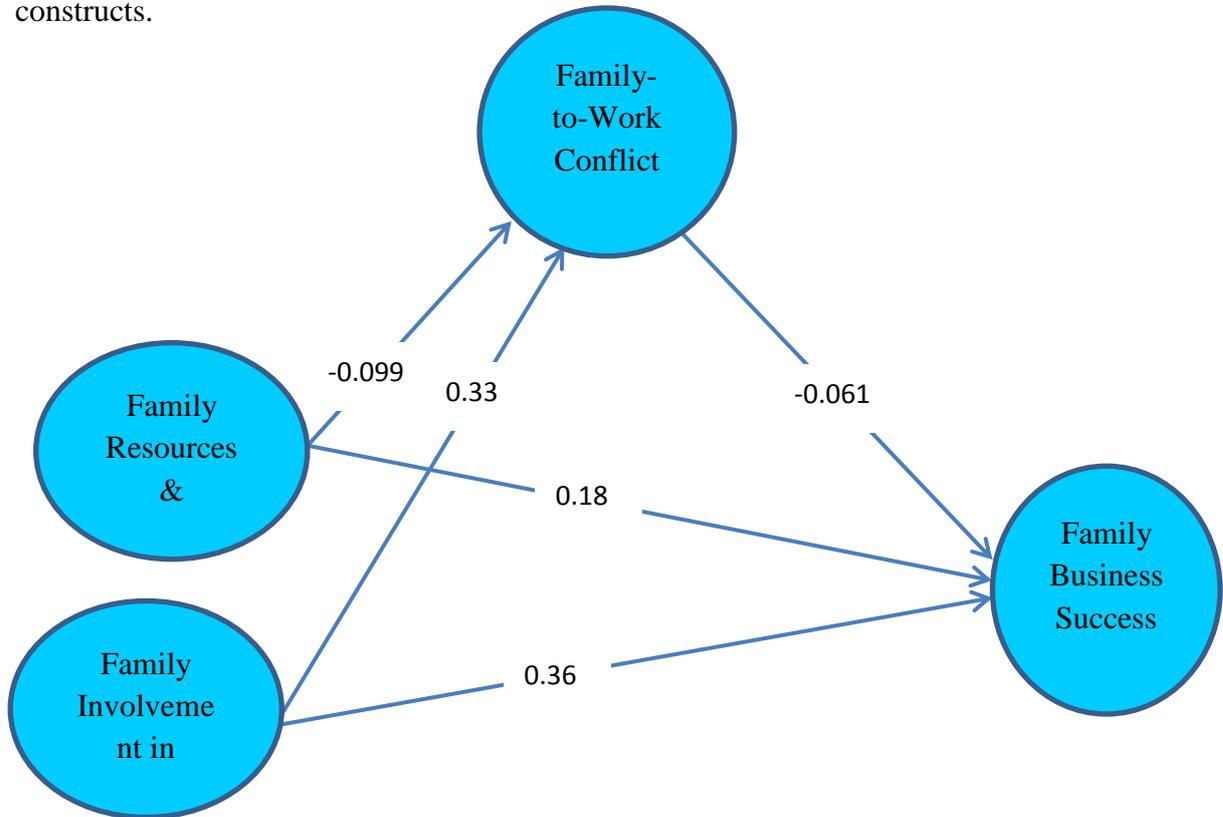
  

Relation	Path Coefficient	T value	P value	Bias-corrected 95% confidence interval	
				2.5%	97.5%
FIB -> FBS	0.359	6.126	0.000	0.263	0.478
FIB -> FWE	-0.143	1.964	0.050	-0.006	0.282
FR&D -> FBS	0.143	2.025	0.043	0.014	0.286
FR&D -> FWE	0.202	2.644	0.008	0.082	0.376
FWE -> FBS	0.231	4.462	0.000	0.151	0.345

#### 6.7.4.2 Model 3 Results with family-to-work conflict as the mediator

Figure 6.4 shows the same model as in Model 3 but with a different mediator called family-to-work conflicts. Results confirmed that both independent variables seemed to be significantly associated with family-to-work conflict and family business success, indicating that the path coefficients from family resources and demands, and family involvement in business, had significant correlations with family-to-work conflicts and family business success as presented in Table 6.14. However, the relationship between family-to-work conflicts and family business success was found to be insignificant due to low t-value and high p-value (>0.05). Interestingly, even though it is insignificant, negative correlation was found between family-to-work conflicts and family business

success. Further, the coefficient of determination R2 for family-to-work conflict indicated that both dependent variables have weak explanatory power for family-to-work conflicts. Q2 values were above zero, suggesting the predictive relevance of both endogenous latent constructs.



**Figure 6.6: Structural Model with the Mediator of Family-to-Work Conflicts (Model 3)**

**Table 6.14: Structural Model Assessment of Model 3 (PLS Path Model with One Mediator: Family-to-Work Conflict)**

Endogenous constructs	R2	Q2			
Family Business Success	0.240	0.114			
Family-to-Work Conflict	0.094	0.055			
Relation	Path Coefficient	T value	P value	Bias-corrected 95% confidence interval	
				2.5%	97.5%
FIB -> FBS	0.363	5.447	0.000	0.268	0.523
FIB -> FWC	0.332	5.917	0.000	0.254	0.450
FR&D -> FBS	0.189	2.803	0.005	0.068	0.325
FR&D -> FWC	-0.099	2.395	0.015	-0.209	0.068
FWC -> FBS	-0.061	0.926	0.355	-0.076	0.190

### 6.7.5 Mediation Analysis

Hypotheses 4, 5, 9 and 10 predicted that family-to-work enrichment and family-to-work conflict would mediate the relationships between the family involvement in business and family business success, and family resources and demands with family business success. This was accomplished by following the Preacher and Hayes (2008) procedure of bootstrapping in a 2-step procedure. Since there should be an effect to be mediated, at first, the significance of direct effect was checked using bootstrapping without the presence of the mediators in the model (Table 6.12 and Figure 6.2). Secondly, the significance of indirect effects and associated t-values were then tested using the path coefficients when the mediators are included in the model (Tables 6.12 and 6.14, Figures 6.3 and 6.4).

Once the significance of the indirect effect was verified, the strength of the mediator could be checked with total effect and variance account for (VAF). Total effect can be calculated by adding direct effect and indirect effect (Total effect = direct effect + indirect effect). VAF is calculated using indirect effect divided by total effect (VAF = indirect effect/total effect). Partial mediation is displayed when VAF exceeds the 0.2 threshold level and full mediation is established when it exceeds 0.8 (Hair et al., 2013).

The role of family-to-work enrichment and work-family conflict were separately assessed as mediators of family resources and demands and family involvement in business's direct effect on the focal construct of family business success. Mediation analysis results are presented in Table 6.15. It can be seen that only 25% of influence of the variable of family resources and demands on family business success can be explained by the family-to-work enrichment mediator. Since the VAF is higher than the 20% threshold level, family-to-work enrichment is argued to have partial mediating effect on the family resources and demands and family business success linkage. However, 8% of family involvement in business' effect on family business success can be explained by the family-to-work enrichment mediator; the magnitude is considerably less and the conclusion is that it has no mediation. These findings lead to the rejection of hypothesis H1c (Refer Table 6.38) but support hypothesis H1b (Refer Table 6.38) about the mediator role of family-to-work enrichment. Regarding the family-to-work conflict as the mediator, none of the VAF values were higher than 0.2. Hence, no mediating effect was

found for either family resources and demands and family business success linkage or family involvement in business and family business success relationship. Thus, both hypotheses H2b and H2c (refer Table 6.38) were rejected.

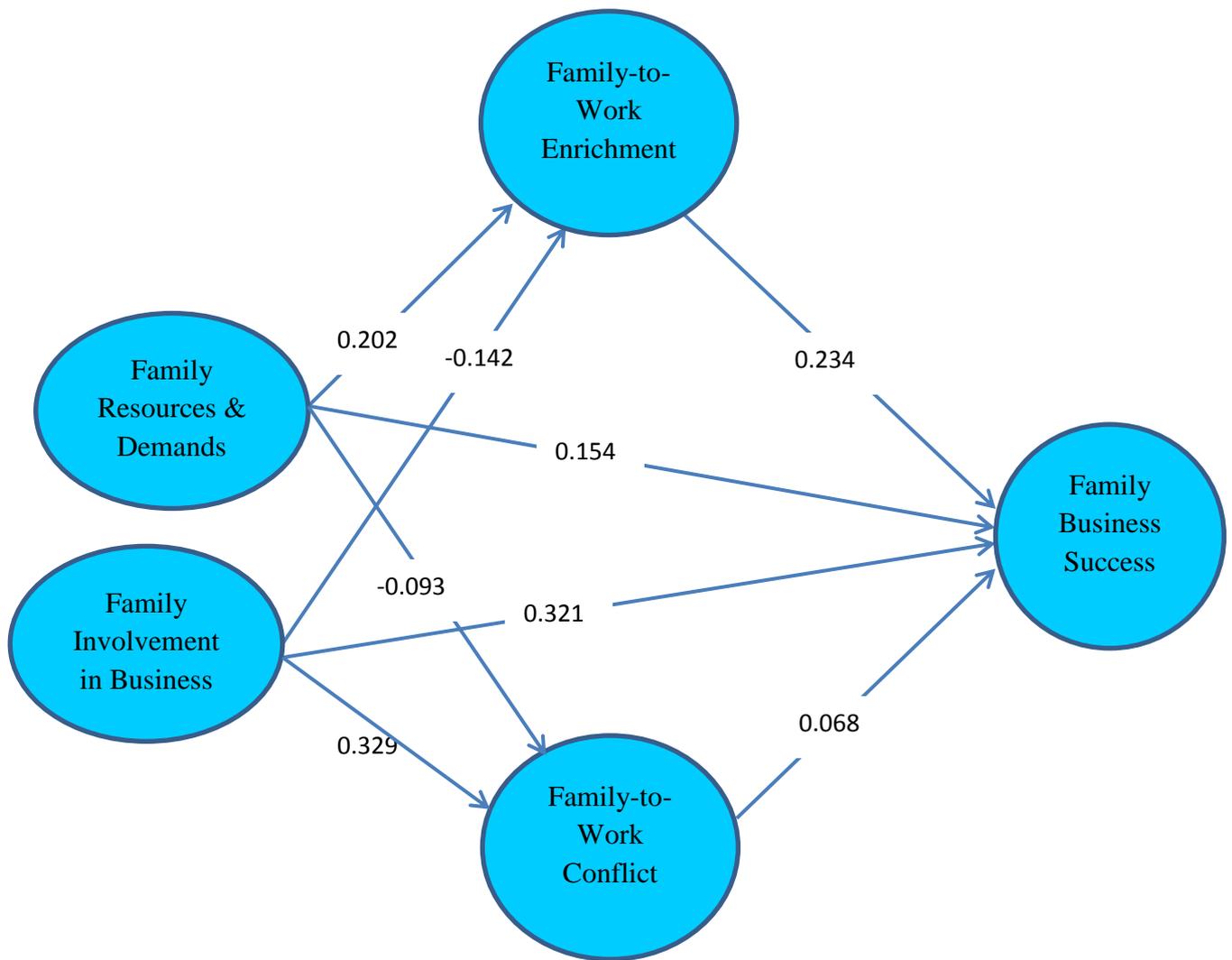
**Table 6.15: Separate Analysis of Mediating Effects (Model 2 and Model 3)**

	Model2: Family-to-Work Enrichment				Model3: Family-to-Work Conflict			
	Direct effect	Indirect effect	Total effect	VAF	Direct effect	Indirect effect	Total effect	VAF
FRD → FBS	0.143***	0.047**	0.190**	25% (partial mediation)	0.189***	-0.006	0.183***	3% (no mediation)
FIB → FBS	0.359***	0.033*	0.392***	8% (no mediation)	0.363***	0.020	0.383***	5% (no mediation)

### 6.7.5.1 Full model with both mediators

In Model 4, without separating the model into two, both mediators were considered within the same model as shown in Figure 6.5. The results of the full path model with the presence of two mediators are shown in Table 6.16. The coefficient of determination R<sup>2</sup> has a value of 0.292 for the key target construct of this study (i.e. family business success), substantiating the model's predictive validity (Hair, Sarstedt, Pieper, & Ringle, 2012). The Q<sup>2</sup> value of the predictive relevance also supported this result. Through the blindfolding procedure, 0.136 was obtained as the Q<sup>2</sup> value of family business success, 0.040 for family-to-work enrichment, and 0.093 for family-to-work conflict which are well above zero, indicating the predictive relevance of the PLS path model.

The next part of the table shows all structural relationships and their significance levels. Apart from relationship between family-to-work conflicts with family business success, all the others were found to be significant positive relationships with the predictive validity above zero.



**Figure 6.7: Structural Model with Both Mediators of Family-to-Work Enrichment and Family-to-Work Conflicts (Model 4)**

### 6.7.6 Testing Moderated Mediation Impact

Generally, it is assumed that exogenous latent variables directly affect endogenous latent variables without any systematic influences of other variables (Hair et al., 2013). However, this assumption of homogeneity is impractical in many real-world applications since people are likely to be heterogeneous in their evaluations and perceptions (Sarstedt, 2008). Moreover, incorrect conclusions can be drawn due to the failure to consider data heterogeneity as the validity of PLS-SEM results is threatened (Hair et al., 2013; Hair, Sarstedt, Ringle, et al., 2012). Therefore, there is indeed a need to find out how these relationships will vary based on the moderator variables.

**Table 6.16: Structural Assessment with Both Mediators of Family-to-Work Enrichment and Family-to-Work Conflicts (Model 4)**

<b>Endogenous constructs</b>	<b>R2</b>	<b>Q2</b>			
<b>Family Business Success</b>	0.292	0.136			
<b>Family-to-Work Enrichment</b>	0.084	0.040			
<b>Family-to-Work Conflict</b>	0.093	0.054			
<i>Relation</i>	<i>Path Coefficient</i>	<i>T value</i>	<i>P value</i>	<i>Bias Corrected 95% confidence interval</i>	
				<b>2.5%</b>	<b>97.5%</b>
FIB → WFE	-0.142	1.964	0.050	-0.020	0.303
FIB → WFC	0.329	5.983	0.000	0.258	0.456
FIB → FBS	0.321	6.146	0.000	0.285	0.525
FR&D → WFE	0.202	2.641	0.008	0.073	0.369
FR&D → WFC	-0.093	2.283	0.012	-0.227	0.055
FR&D → FBS	0.154	2.770	0.006	0.071	0.342
WFE → FBS	0.234	4.530	0.000	0.147	0.351
WFC → FBS	0.068	1.047	0.295	-0.040	0.215

Therefore, the next step was to inspect the moderating effect of the seven demographic variables after assessing the direct path relationships within the main model. The seven demographic variables were owner’s age, owner’s gender, owner’s educational level, business age, business size, business location in terms of geographical positioning, business location in terms of the proximity to home. The most common approaches to examining the moderating effect within structural models are: investigation using the interaction effect and investigation using multiple-group analysis (MGA). In an interaction-effect approach, the moderating effect within a structural path model is always characterized by a new structural relationship (Henseler & Fassott, 2010). Consequently, the proposed model needs to be examined with moderating effect considered of not only the main effect under consideration, but also the moderator variable’s main effect on the criterion variable, an interaction variable’s effect, and the effect of predictor multiplies

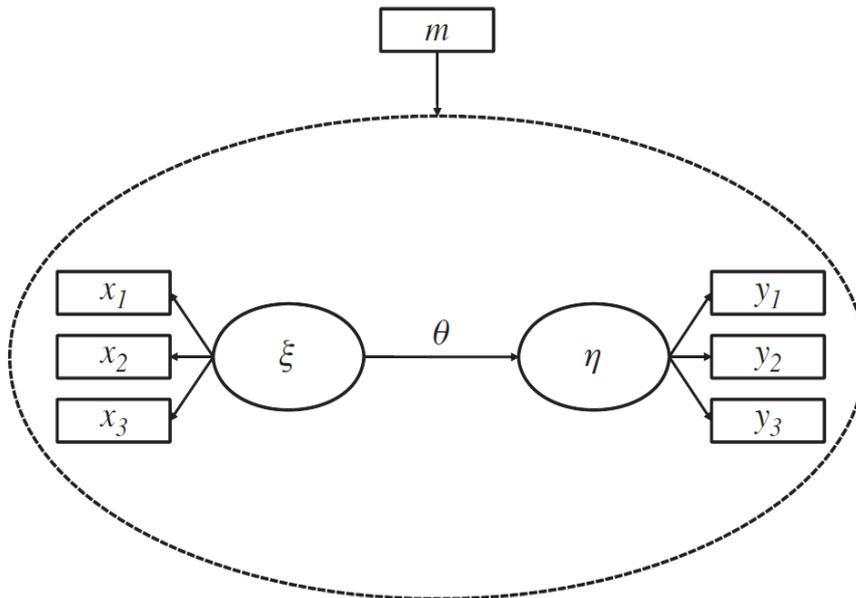
by moderator. However, this method of investigating the moderating effects is absent in CBSEM techniques, due to the assumption that the correlation between latent variables needs to be zero (Eberl, 2010). Seemingly, this method has no shortcomings if the predictors and moderator variables are developed with the reflective indicators. However, if one of the two constructs is operationalized with the formative indicators, then this method is inappropriate (Chin, Marcolin, & Newsted, 2003; Eberl, 2010).

The second method is multiple-group analysis (MGA). This approach is broadly recommended to overcome the limitations of the previously-stated method due to its ability to proceed when independent and moderator variables are categorical in nature (Henseler & Fassott, 2010). Generally, this type of the group analysis is widely accepted in structural equation modeling to test the moderating effect and also receives attention from researchers employing the PLS method (e.g. Chin, 2000; Eberl, 2010). However, this method also has several drawbacks. One is that it needs to test the t-value with assumption of the data normality. To exclude this, a random permutation method, as an alternative, distribution free approach with in PLS was suggested by Dibbern and Chin (2005). In MGA, moderators are examined by splitting data-sample into subsamples along with the moderating variable and same PLS model is run for both subsamples (Chin, 1998). The path differences between the two groups are evaluated by testing the significance of the parametric t-test.

Consequently, due to having categorical moderators and reflective indicators for predictor variables and being more common in CBSEM methods, of these two methods, the PLS based MGA was adopted to investigate the impact of the seven moderators on the influence of family variables on the dependent variable of FB Success. Hence, PLS-MGA (PLS-SEM multi-group analysis) was utilized in order to evaluate significant differences between coefficients relating to each group (Hair et al. (2013).

Figure 6.6 depicts the impact of a categorical moderator variable (Sarstedt, Henseler, & Christian, 2011). “  $x_1$  to  $x_3$  represent (reflective) indicator variables of an exogenous latent variable  $\xi$ ,  $y_1$  to  $y_3$  represent (reflective) indicator variables of an endogenous latent variable  $\eta$ , and  $\theta$  is the parameter of the relationship between  $\xi$  and  $\eta$ . Lastly,  $m$  represents a categorical moderating variable, which potentially exerts an influence on all model

relations. Researchers are usually interested in analyzing group effects related to structural model relations” (Sarstedt et al., 2011, p. 198).



**Figure 6.8: The Moderator Modeling Framework**

Source: Sarstedt et al. (2011)

#### 6.7.6.1 Owner’s age as the moderator

The moderating effect of owner’s age was examined employing MGA. The nature of the age moderating variable was categorical in the survey question. For the questionnaire, five categories were established for age: 20-29, 30-39, 40-49, 50-59, and 60-69. However, the first and the last categories attracted the least number of respondents. Therefore, for the analysis, only three categories were considered: below 40 as the younger-age group, 40-49 as the middle-age group, and 50 and over as the older-age group. Within the younger-age group, there were a total of 74 (31%) respondents aged under 40, 84 (34%) were in the middle-age group between 40 to 49, and 86 (35%) were in the older age group.

Based on this explanatory graphical model in Figure 6.6, for instance, the moderation effect of owner’s age is presented in Figure 6.7. Figure 6.7 reflects two models with the relationships, between family resources and demands and family involvement in business with family business success through (a) family-to-work enrichments and (b) family-to-work conflicts separately. Owner’s age as a categorical moderating variable potentially

has an influence on all model relationships. Group effects related to structural model relations could therefore be analyzed where path coefficients are hypothesized as different across three sub-populations (i.e., young, middle age and older age), which are expressed by “different modalities of age” (Sarstedt et al., 2011, p. 199).

Table 6.17 shows the path coefficients and their significance relating to each group. Young business owners reveal significant relationships with family resources and demands with the family business success. Even though family-to-work enrichment acts as the mediator, and significant path coefficients exist, no significant relationship could be found when family-to-work conflicts mediate the direct relationships between two independent and the dependent variables. In contrast to this, for the respondents in the middle-age group, the appearance of family-to-work conflict as a mediator disclosed significant correlations among the relationship of family involvement in business and family business success. However, for the third group of older respondents, only family involvement in business shows significant correlation with the dependent variable and mediators. Further, these results (Table 6.18) confirmed, by the magnitudes of mediation, that only family-to-work enrichment mediates the targeted relationship of family resources and demands and family business success of younger age group with partial mediation of 41% at 95% level of significance. For the other two groups, results revealed that neither of the two mediators was significant because they do not have a significant indirect effect. Even though the analyses showed 26% and 49% mediation effect for the two relationships of exogenous variables with the endogenous variable, when the mediator of family-to-work conflicts was presented for the first group, neither indirect effect was significant, and for the relationship between family involvement in business and family business success no path coefficients were significant. Hence, both were considered as having no mediation effect on the particular relationships.

Furthermore, multi-group analysis was conducted to find out whether the variances of the PLS parameter estimates (i.e. path coefficients) differ significantly across the 3 groups. Bootstrapping procedure can be used to find the standard errors of the PLS parameter estimates. As revealed in Table 6.19, seven out of ten relationships differ significantly between young and older groups and six out of ten were different significantly between young and middle age respondents. The difference between middle and older ages were found to be not substantiated. Therefore, from the hypotheses 3a, 3b, 3c, and 3d (See

Table 6.38) only hypothesis 3c was partially accepted since it showed a mediating impact for one group only and that this group's behavior was significantly different from that of the other groups (Table 6.19).

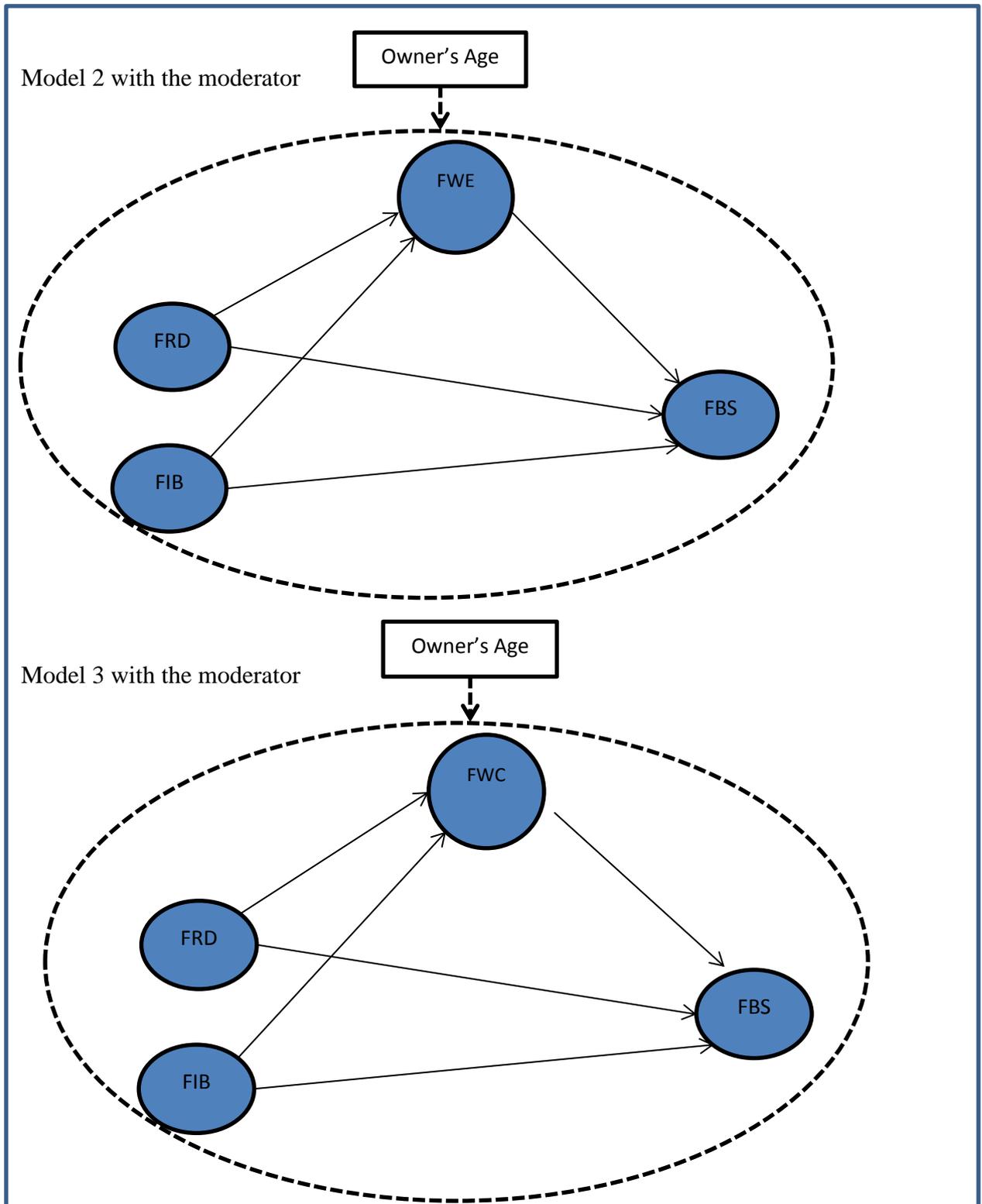


Figure 6.9: Owner's Age as the Moderator

**Table 6.17: Structural Model Assessment with Owner’s Age Groups**

Group	Relation	Path Coefficient	T value	P value	Bias-corrected 95% confidence interval		Relation	Path Coefficient	T value	P value	Bias-corrected 95% confidence interval	
					2.5%	97.5%					2.5%	97.5%
					1	FIB → FBS					-0.474	1.534
	FIB → FWE	0.034	0.109	0.913	-0.234	0.878	FIB → FWC	-0.369	0.938	0.349	-0.885	0.522
	FRD → FBS	0.533	2.198	0.028	-0.423	0.927	FRD → FBS	0.703	2.318	0.021	-0.609	0.931
	FRD → FWE	0.601	2.350	0.019	-0.219	0.964	FRD → FWC	-0.555	1.486	0.138	-0.786	0.955
	FWE → FBS	0.616	2.441	0.015	0.253	1.032	FWC → FBS	0.436	1.925	0.055	0.136	0.863
2	FIB → FBS	0.360	5.691	0.000	0.285	0.515	FIB → FBS	0.335	4.304	0.000	0.219	0.525
	FIB → FWE	-0.072	0.653	0.514	-0.098	0.313	FIB → FWC	0.308	4.205	0.000	0.209	0.455
	FRD → FBS	0.183	2.275	0.023	0.027	0.330	FRD → FBS	0.188	2.090	0.037	-0.012	0.338
	FRD → FWE	0.154	1.149	0.251	-0.031	0.439	FRD → FWC	-0.058	0.687	0.492	-0.060	0.277
	FWE → FBS	0.226	3.678	0.000	0.123	0.346	FWC → FBS	0.062	0.690	0.491	-0.079	0.263
3	FIB → FBS	0.496	3.315	0.001	0.299	0.859	FIB → FBS	0.679	6.290	0.000	0.472	0.896
	FIB → FWE	-0.473	4.319	0.000	0.264	0.673	FIB → FWC	0.302	2.064	0.040	0.287	0.708
	FRD → FBS	0.226	0.931	0.352	-0.467	0.122	FRD → FBS	-0.299	1.146	0.253	-0.412	0.431
	FRD → FWE	0.174	0.753	0.452	-0.310	0.464	FRD → FWC	-0.202	0.862	0.389	-0.702	-0.135
	FWE → FBS	0.126	0.867	0.386	-0.032	0.541	FWC → FBS	-0.188	1.254	0.210	-0.445	0.138

**6.18: Mediation Analysis with Owner’s Age Groups**

Group		Model2: Family-to-Work Enrichment				Model3: Family-to-Work Conflict			
		Direct effect	Indirect effect	Total effect	VAF	Direct effect	Indirect effect	Total effect	VAF
1	FRD → FBS	0.533**	0.370**	0.903***	41% (partial mediation)	0.703**	0.242	0.945***	26% (no mediation)
	FIB → FBS	-0.474	0.021	-0.453	5% (no mediation)	-0.170	-0.161	-0.331	49% (no mediation)
2	FRD → FBS	0.183**	0.035	0.217**	16% (no mediation)	0.188**	0.004	0.192**	2% (no mediation)
	FIB → FBS	0.360***	0.016	0.376***	4% (no mediation)	0.335***	0.019	0.354***	5% (no mediation)
3	FRD → FBS	0.226	0.022	0.248	9% (no mediation)	-0.299	0.038	-0.261	15% (no mediation)
	FIB → FBS	0.496***	0.059	0.556***	11% (no mediation)	0.679***	-0.057	0.622***	9% (no mediation)

**6.19: PLS-MGA with Owner’s Age as The Moderator**

	Path	Path coefficient difference (Age group 1 vs Age group 2)	Path coefficient difference (Age group 1 vs Age group 3)	Path coefficient difference (Age group 2 vs Age group 3)	p-value (Age group 1 vs Age group 2)	p-Value (Age group 1 vs Age group 3)	p-Value (Age group 2 vs Age group 3)
<b>FWE</b>	FIB → FBS	0.834	0.970	0.136	0.989	0.992	0.792
	FIB → FWE	0.039	0.439	0.400	0.556	0.931	0.992
	FRD → FBS	0.451	0.408	0.043	0.054	0.127	0.542
	FRD → FWE	0.447	0.427	0.020	0.048	0.075	0.563
	FWE → FBS	0.390	0.490	0.100	0.046	0.036	0.247
<b>FWC</b>	FIB → FBS	0.505	0.849	0.345	0.932	0.984	0.988
	FIB → FWC	0.676	0.671	0.006	0.956	0.946	0.515
	FRD → FBS	0.514	1.002	0.488	0.028	0.006	0.070
	FRD → FWC	0.498	0.757	0.260	0.065	0.048	0.187
	FWC → FBS	0.374	0.624	0.250	0.049	0.022	0.073

### **6.7.6.2 Owner's gender as the moderator**

The nature of the moderating variable gender was categorical, i.e. male and female; therefore, it does not require any modification. Of the 244 respondents, more than three quarters were (n=186, 76%) male. Table 6.20 indicates path coefficients for both age groups with two mediators separately. Only for the male group, were significant path coefficients seen for several relationships. They are (a) family involvement in business and family business success in both mediating models and (b) family involvement in business and family-to-work conflict. Family resources and demands and family and family business success relationship was not significant for both gender groups. However, Table 6.21 revealed that only the indirect effect of the relationship between family resources and demands and family business success was significant (0.074 at 95% level), and indirect effects of any other relationships were not significant. Hence, the mediation of family-to-work conflicts was not significant based on the gender groups of the family business owner. Conversely, the male group showed a partial mediation impact of 32% family to work enrichment on the relationship of family resources and demands and family business success.

Further, this was further established by the PLS-MGA analysis as in Table 6.22 showing no significant differences across the two groups, when family to work a conflict acts as the mediator. Then again, when family-to-work enrichment works as the mediator a significant difference could not be seen between two groups. Thus, none of the hypotheses stating that family business owner moderates mediation effect of family-to-work conflicts or family-to-work enrichment on the relationships between family and business was accepted and all the hypotheses of H4a, H4a, H4b, and H4d (see Table 6.38) were rejected.

**Table 6.20: Structural Model Assessment with Owner’s Gender Groups**

Group	Relation	Path Coefficient	T value	P value	Bias-corrected 95% confidence interval		Relation	Path Coefficient	T value	P value	Bias-corrected 95% confidence interval	
					2.5%	97.5%					2.5%	97.5%
1	FIB → FBS	0.358	5.084	0.000	0.251	0.523	FIB → FBS	0.352	4.178	0.000	0.233	0.555
	FIB → FWE	-0.070	0.760	0.447	-0.067	0.283	FIB → FWC	0.345	4.851	0.000	0.255	0.500
	FRD → FBS	0.155	2.722	0.016	-0.031	0.325	FRD → FBS	0.230	2.321	0.021	0.055	0.408
	FRD → FWE	0.304	3.584	0.000	0.152	0.461	FRD → FWC	-0.107	1.078	0.282	-0.314	0.078
	FWE → FBS	0.242	3.906	0.000	0.128	0.382	FWC → FBS	0.042	0.519	0.604	-0.130	0.186
2	FIB → FBS	0.294	1.926	0.055	0.050	0.678	FIB → FBS	0.266	1.535	0.125	0.011	0.661
	FIB → FWE	0.306	1.639	0.102	0.096	0.744	FIB → FWC	0.286	1.435	0.152	-0.298	0.532
	FRD → FBS	0.272	1.430	0.153	-0.074	0.585	FRD → FBS	0.292	1.723	0.086	-0.057	0.554
	FRD → FWE	0.085	0.365	0.715	-0.387	0.534	FRD → FWC	0.121	0.541	0.588	-0.446	0.437
	FWE → FBS	0.156	1.294	0.196	0.057	0.506	FWC → FBS	0.113	0.579	0.563	-0.169	0.539

**Table 6.21: Mediation Analysis with Owner’s Gender Groups**

Group		Model2: Family-to-Work Enrichment				Model3: Family-to-Work Conflict			
		Direct effect	Indirect effect	Total effect	VAF	Direct effect	Indirect effect	Total effect	VAF
1	FRD → FBS	0.155**	0.074**	0.229**	32% (partial mediation)	0.230**	-0.004	0.225**	2% (no mediation)
	FIB → FBS	0.358***	0.017	0.375***	5% (no mediation)	0.352***	0.014	0.366***	4% (no mediation)
2	FRD → FBS	0.272	0.013	0.285	5% (no mediation)	0.292*	0.014	0.305*	5% (no mediation)
	FIB → FBS	0.294**	0.048	0.342**	14% (no mediation)	0.266	0.032	0.298**	11% (no mediation)

**Table 6.22: PLS-MGA Owner’s Gender as the Moderator**

	Path	Path coefficient difference (Age group 1 vs Age group 2)	p-value (Age group 1 vs Age group 2)
<b>FWE</b>	FIB → FBS	0.064	0.337
	FIB → FWE	0.236	0.891
	FRD → FBS	0.116	0.956
	FRD → FWE	0.218	0.019
	FWE → FBS	0.086	0.285
<b>FWC</b>	FIB → FBS	0.086	0.338
	FIB → FWC	0.059	0.449
	FRD → FBS	0.062	0.659
	FRD → FWC	0.229	0.838
	FWC → FBS	0.071	0.640

### 6.7.6.3 Owner education as the moderator

Like the other moderators, the nature of the educational level moderator was also categorical. Data was basically collected under five categories: primary education (up to O/L) (36), secondary education (130), graduate (62), postgraduate (with diploma) (12), and postgraduate (with masters) (4). Since there were a low number of respondents in the postgraduate categories, they were all considered as one category, and finally three classes were identified as primary, secondary, and tertiary.

The first category comprised respondents (business owners) having primary education (n=36, 15%), second was respondents having secondary education (n=130, 53%) and the third consisted of the respondents having tertiary education (n=78, 32%). There was a noticeable difference between the family business owners having secondary education and others. It was possible to combine the groups with primary education and tertiary education to highlight the difference from secondary education, but it was not rational. Being considerably different in terms of the breadth and the depth of their education, primary educated and tertiary educated respondents were not merged together. The tertiary education class comprised respondents with graduate and any other postgraduate qualifications. Thus, the impact of the educational level moderator was observed on three groups rather than two.

Table 6.23 shows all the path coefficients and their significance. Those who have primary education only, revealed significant and substantially positive (0.750 at 95% level) relationship between family resources and demands and family-to-work enrichment. There was no significant connection between these two constructs for the other two categories. Respondents with tertiary education indicated a negative but significant relationship (-0.419 at 99% level) between family resources and demands and family-to-work conflicts demonstrating that higher family resources and demands will lower family-to-work conflicts. This is not common to the other two groups. The group of respondents having secondary education exposed positive path coefficients for all paths, but none of them was strong.

Moving towards Table 6.24, family-to-work enrichment shows full mediation (80%) on the link between family resources and demands and family business success of the first

group of respondents, and since indirect effect was significant, it was concluded that family-to-work enrichment fully mediated the relationship of family resources and demands and family business success. However, for the same group, when family-to-work conflicts present as the mediator for the same relationship, 26% of mediation can be seen but neither a direct nor an indirect effect is significant; thus, the mediation impact is not significant.

Nevertheless, for the secondary education group, 33% partial mediation of family-to-work enrichment on the connection between family resources and demands and family business success is significant at 95% level. Moreover, PLS-MGA analysis results presented in Table 6.25 do not show any significant difference between three groups for many relationships other than a few, between secondary education group and other groups. Thus, among the hypotheses related to the moderation of owner's education, only the hypothesis H5c stating that education moderates the relationship between family resources and demands and FB success through the mediation of family to work enrichment, is partially accepted. The justification is that significant mediation could be seen only for the groups who had completed primary and secondary education.

**Table 6.23: Structural Model Assessment with Owner’s Education Groups**

Group	Relation	Path Coefficient	T value	P value	Bias-corrected 95% confidence interval		Relation	Path Coefficient	T value	P value	Bias-corrected 95% confidence interval	
					2.5%	97.5%					2.5%	97.5%
					1	FIB → FBS					0.503	2.197
	FIB → FWE	-0.111	0.544	0.586	-0.243	0.492	FIB → FWC	0.585	6.887	0.000	0.498	0.838
	FRD → FBS	0.058	2.151	0.040	-0.838	0.730	FRD → FBS	0.373	1.228	0.220	-0.066	0.837
	FRD → FWE	0.750	2.309	0.021	-0.835	0.697	FRD → FWC	-0.121	0.901	0.368	-0.303	0.247
	FWE → FBS	0.332	2.211	0.027	-0.236	0.802	FWC → FBS	0.182	2.098	0.023	-0.029	0.578
2	FIB → FBS	0.313	2.733	0.006	0.086	0.508	FIB → FBS	0.366	4.019	0.000	0.221	0.577
	FIB → FWE	0.180	1.772	0.077	0.032	0.396	FIB → FWC	0.290	3.804	0.000	0.172	0.463
	FRD → FBS	0.103	2.093	0.025	-0.068	0.279	FRD → FBS	0.144	1.479	0.140	-0.027	0.348
	FRD → FWE	0.198	1.964	0.050	0.038	0.422	FRD → FWC	-0.017	0.172	0.864	-0.142	0.236
	FWE → FBS	0.262	2.934	0.003	0.148	0.486	FWC → FBS	0.083	0.866	0.387	-0.094	0.259
3	FIB → FBS	0.405	3.470	0.001	0.216	0.661	FIB → FBS	0.466	3.935	0.000	0.270	0.700
	FIB → FWE	0.335	2.436	0.015	0.077	0.603	FIB → FWC	-0.147	0.670	0.503	-0.276	0.522
	FRD → FBS	0.170	1.236	0.217	-0.148	0.406	FRD → FBS	0.171	1.231	0.219	-0.094	0.434
	FRD → FWE	0.152	1.050	0.294	-0.073	0.486	FRD → FWC	-0.419	3.214	0.001	-0.580	-0.009
	FWE → FBS	0.103	0.864	0.388	-0.053	0.388	FWC → FBS	0.044	0.293	0.770	-0.194	0.394

**Table 6.24: Mediation Analysis with Owner’s Education Groups**

Group		Model 2: Family-to-Work Enrichment				Model3: Family-to-Work Conflict			
		Direct effect	Indirect effect	Total effect	VAF	Direct effect	Indirect effect	Total effect	VAF
1	FRD → FBS	0.058**	0.249**	0.307**	81% (full mediation)	0.373	0.022	0.395	5% (no mediation)
	FIB → FBS	0.503**	0.037	0.540**	7% (no mediation)	0.296**	0.106**	0.402**	26% (partial mediation)
2	FRD → FBS	0.103**	0.052**	0.155**	33% (Partial mediation)	0.144	0.001	0.145	0% (no mediation)
	FIB → FBS	0.313***	0.047	0.360***	13% (no mediation)	0.366***	0.024	0.390***	6% (no mediation)
3	FRD → FBS	0.170	0.016	0.186	9% (no mediation)	0.171	-0.019	0.152	12% (no mediation)
	FIB → FBS	0.405***	0.035	0.440***	8% (no mediation)	0.466***	0.007	0.473***	15% (no mediation)

**Table 6.25: PLS-MGA with Owner’s Education as the Moderator**

	Path	Path coefficient difference (Age group 1 vs Age group 2)	Path coefficient difference (Age group 1 vs Age group 3)	Path coefficient difference (Age group 2 vs Age group 3)	p-value (Age group 1 vs Age group 2)	p-Value (Age group 1 vs Age group 3)	p-Value (Age group 2 vs Age group 3)
<b>FWE</b>	FIB → FBS	0.190	0.098	0.092	0.125	0.240	0.724
	FIB → FWE	0.069	0.224	0.155	0.599	0.814	0.815
	FRD → FBS	0.161	0.228	0.068	0.681	0.732	0.667
	FRD → FWE	0.897	0.851	0.839	0.004	0.938	0.016
	FWE → FBS	0.070	0.228	0.159	0.374	0.209	0.010
<b>FWC</b>	FIB → FBS	0.070	0.170	0.100	0.625	0.779	0.755
	FIB → FWC	0.295	0.437	0.142	0.046	0.391	0.325
	FRD → FBS	0.229	0.202	0.027	0.213	0.238	0.576
	FRD → FWC	0.104	0.539	0.435	0.238	0.016	0.131
	FWC → FBS	0.099	0.138	0.039	0.285	0.262	0.402

#### **6.7.6.4 Business size as the moderator**

In terms of the size of the business, the two categories taken into consideration were very small and small, based on the number of employees. Businesses with fewer than ten employees were considered as very small, and businesses with more than ten employees but fewer than 50 were regarded as small businesses. One hundred and thirty-three (55%) very small and 111 (45%) small businesses were recorded in the sample. According to Table 2.26, apart from two path coefficients i.e. (a) family involvement in business and family-to-work enrichments, and (b) family resources and demands and family business success, all the other path coefficients are significant for both groups when family-to-work enrichment works as the moderator. Conversely, when a family-to-work conflict operates as the mediator, half of the relationships were not significant for both groups. Especially, the connection between family-to-work conflicts and family business success were not significant for both groups. Moreover, mediation analyses results in presented in Table 6.27 demonstrate that family-to-work conflict is not a significant mediator.

By contrast, family-to-work enrichment is a mediator which describes 27% of variance of the link between family resources and demands and family business success for the group of having 10 or fewer employees, 22% and 19% of variances of the associations between family resources and demands and family business success, and family involvement in business and family business success respectively. Further, Table 6.28 reveals the difference between path coefficients of the two groups. According to the figures, a significant difference between two groups could be seen only for the mediator of family-to-work enrichment, which further verified the results obtained in the other two tables (Tables 6.26, and 6.27). Thus, H6a and H6c were accepted, while rejecting H6b and H6d. However, H6a was partially accepted since it produced significant results only for the group with ten or fewer employees.

**Table 6.26: Structural Model Assessment with Business Size Categories**

Group	Relation	Path Coefficient	T value	P value	Bias-corrected 95% confidence interval		Relation	Path Coefficient	T value	P value	Bias-corrected 95% confidence interval	
					2.5%	97.5%					2.5%	97.5%
1	FIB → FBS	0.416	5.828	0.000	0.319	0.613	FIB → FBS	0.419	5.114	0.000	0.284	0.587
	FIB → FWE	-0.066	0.645	0.519	-0.038	0.346	FIB → FWC	0.326	4.411	0.000	0.222	0.497
	FRD → FBS	0.146	2.579	0.010	-0.056	0.303	FRD → FBS	0.176	1.620	0.106	-0.010	0.390
	FRD → FWE	0.204	2.650	0.007	0.020	0.442	FRD → FWC	-0.038	0.387	0.699	-0.108	0.268
	FWE → FBS	0.263	4.853	0.000	0.174	0.373	FWC → FBS	0.017	0.176	0.860	-0.134	0.272
2	FIB → FBS	0.234	1.977	0.049	0.089	0.550	FIB → FBS	0.265	1.989	0.047	0.154	0.586
	FIB → FWE	-0.249	2.410	0.016	0.110	0.486	FIB → FWC	0.318	2.042	0.042	0.160	0.546
	FRD → FBS	0.149	2.946	0.010	-0.190	0.419	FRD → FBS	0.229	1.648	0.100	-0.047	0.457
	FRD → FWE	0.193	2.815	0.004	0.033	0.439	FRD → FWC	-0.263	2.511	0.012	-0.469	-0.064
	FWE → FBS	0.219	2.444	0.014	-0.079	0.483	FWC → FBS	0.061	0.487	0.627	-0.222	0.284

**Table 6.27: Mediation Analysis with Business Size Categories**

Group		Model2: Family-to-Work Enrichment				Model3: Family-to-Work Conflict			
		Direct effect	Indirect effect	Total effect	VAF	Direct effect	Indirect effect	Total effect	VAF
1	FRD → FBS	0.146**	0.054**	0.200**	27% (partial mediation)	0.176*	0.001	0.177**	0% (no mediation)
	FIB → FBS	0.416***	0.017	0.434***	4% (no mediation)	0.419***	0.006	0.427***	1% (no mediation)
2	FRD → FBS	0.149**	0.042**	0.191**	22% (partial mediation)	0.229*	-0.016	0.213	7% (no mediation)
	FIB → FBS	0.234**	0.055**	0.288**	19% (almost partial mediation)	0.265**	0.019	0.285**	7% (no mediation)

**Table 6.28: PLS-MGA with Business Size as the Moderator**

	Path	Path coefficient difference (Age group 1 vs Age group 2)	p-value (Age group 1 vs Age group 2)
<b>FWE</b>	FIB → FBS	0.183	0.078
	FIB → FWE	0.183	0.986
	FRD → FBS	0.003	0.515
	FRD → FWE	0.011	0.948
	FWE → FBS	0.044	0.013
<b>FWC</b>	FIB → FBS	0.153	0.156
	FIB → FWC	0.008	0.553
	FRD → FBS	0.053	0.633
	FRD → FWC	0.301	0.022
	FWC → FBS	0.044	0.622

### **6.7.6.5 Business age as the moderator**

All the moderating variables being categorical, business age was also comprised of two categories: developing and mature. Family businesses from their beginning to their tenth year of operation were taken as developing businesses. Businesses more than 10-years-old were considered as matured businesses. There were 149 (61%) start-ups, and 95 (39%) matured business in the sample. Table 6.29 disclosed the path coefficients for all the relationships, revealing positive path coefficients for all the links when family-to-work enrichment works as the mediator. However, the relationships between family resources and demands and family business success for both groups were found to be negative when the presence of family to work conflicts, but none of them was significant. For the developing businesses, links between family resources and demands and family-to-work enrichments, family-to-work enrichments and family business success, family involvement in business and family business success, and family involvement in business and family-to-work conflicts were significant at 99% level of significance. For the mature business group, only three associations were found as significant (Table 6.29).

Moreover, Table 6.30 presents the mediation analyses with respect to each group and each mediator. Similar to the behaviour of earlier stated mediators, only the interaction between family resources and demands and family business success showed a significant mediation of family-to-work enrichment as 43% of variance of the relationship is accounted by the mediator of family-to-work enrichment. Not all the other mediations were significant. Furthermore, PLS-MGA analysis (Table 6.31) confirmed this, showing significant difference between the path coefficients of the two groups for family-to-work enrichment. Thus, hypothesis H7c - business age moderates the relationship between family resources and demands and FB success through the mediation of work-to-family enrichment - was partially accepted, while others (H7a, H7b, H7d) (See Table 6.38) were rejected.

**Table 6.29: Structural Model Assessment with Business Age Categories**

Group	Relation	Path Coefficient	T value	P value	Bias-corrected 95% confidence interval		Relation	Path Coefficient	T value	P value	Bias-corrected 95% confidence interval	
					2.5%	97.5%					2.5%	97.5%
1	FIB → FBS	0.394	5.889	0.000	0.281	0.552	FIB → FBS	0.367	3.954	0.000	0.227	0.599
	FIB → FWE	-0.004	0.042	0.967	-0.129	0.213	FIB → FWC	0.426	7.065	0.000	0.343	0.561
	FRD → FBS	0.106	2.227	0.020	-0.039	0.292	FRD → FBS	0.178	1.966	0.049	0.010	0.362
	FRD → FWE	0.255	2.597	0.001	0.125	0.479	FRD → FWC	-0.069	0.832	0.406	-0.240	0.076
	WEW → FBS	0.322	5.661	0.000	0.233	0.459	FWC → FBS	0.019	0.184	0.854	-0.155	0.234
2	FIB → FBS	0.343	2.655	0.008	0.171	0.666	FIB → FBS	0.380	3.784	0.000	0.244	0.640
	FIB → FWE	0.399	3.971	0.000	0.246	0.604	FIB → FWC	-0.281	1.190	0.235	-0.582	0.453
	FRD → FBS	0.175	1.430	0.153	-0.090	0.367	FRD → FBS	0.205	1.587	0.113	-0.136	0.389
	FRD → FWE	0.100	0.778	0.437	-0.111	0.363	FRD → FWC	-0.198	1.160	0.247	-0.445	0.206
	FWE → FBS	0.142	0.942	0.347	-0.146	0.417	FWC → FBS	0.215	1.601	0.110	-0.138	0.386

**Table 6.30: Mediation Analysis with Business Age Categories**

Group		Model 2: Family-to-Work Enrichment				Model 3: Family-to-Work Conflict			
		Direct effect	Indirect effect	Total effect	VAF	Direct effect	Indirect effect	Total effect	VAF
1	FRD $\rightarrow$ FBS	0.106**	0.082***	0.188***	43% (partial mediation)	0.178**	-0.001	0.177**	0% (no mediation)
	FIB $\rightarrow$ FBS	0.394***	0.001	0.395***	0% (no mediation)	0.367***	0.008	0.375***	2% (no mediation)
2	FRD $\rightarrow$ FBS	175	0.014	0.189	7% (no mediation)	0.205	-0.042	0.162	26% (no mediation)
	FIB $\rightarrow$ FBS	343**	0.056	0.400***	14% (no mediation)	0.380***	0.060	0.441***	14% (no mediation)

**Table 6.31: PLS-MGA with Business Age as the Moderator**

	Path	Path coefficient difference (Age group 1 vs Age group 2)	p-value (Age group 1 vs. Age group 2)
<b>FWE</b>	FIB $\rightarrow$ FBS	0.051	0.366
	FIB $\rightarrow$ WFE	0.395	0.997
	FRD $\rightarrow$ FBS	0.069	0.688
	FRD $\rightarrow$ WFE	0.155	0.964
	WFE $\rightarrow$ FBS	0.180	0.010
<b>FWC</b>	FIB $\rightarrow$ FBS	0.013	0.539
	FIB $\rightarrow$ WFC	0.146	0.247
	FRD $\rightarrow$ FBS	0.026	0.611
	FRD $\rightarrow$ WFC	0.128	0.238
	WFC $\rightarrow$ FBS	0.196	0.870

### **6.7.6.6 Business location as the moderator**

Based on the place where the business is located, three classes were identified: major cities, suburbs of a major city, and rural. The figures for these groups were 74 (30%), 142 (58%), and 28 (12%) respectively. Even though rural category has got less number of responses, it has not been integrated with any of the rest categories since all three are quite different from each other. Hence, business location was applied to three groups. The results presented in Table 6.32 show significant path coefficients for several relationships of groups one and two.

However, the two links between family-to-work enrichment and family business success, and family-to work-conflicts and family business success, were not significant; therefore, their indirect effects were not significant. Further, none of the relationships of group three was significant.

Turning to mediation analyses for each group, group two, that is the suburbs of a major city, showed two partial mediations. The first, 21% of variance of the link between family resources and demands and family business success is accounted for by family-to-work enrichment, and secondly, 20% of variance of the link between family involvement in business and family business success is accounted for by family-to-work conflicts. Further, the category of rural businesses also claimed 33%, and 26% of mediation of family-to-work enrichment and family-to work-conflicts respectively on the connection between family involvement in business and family business success. However, these mediations did not reach the required significance level.

Table 6.34 indicates the difference between path coefficients and their significance indicating a substantial difference only between group 1 and 2, with six out of ten having significant values for both mediators. Hence, amongst the hypotheses of H8a, H8b, H8c, and H8d only H8b and H8c (Table 6.38) were partially accepted.

**Table 6.32: Structural Model Assessment with Business Location Categories**

Group	Relation	Path Coefficient	T value	P value	Bias-corrected 95% confidence interval		Relation	Path Coefficient	T value	P value	Bias-corrected 95% confidence interval	
					2.5%	97.5%					2.5%	97.5%
					1	FIB → FBS					0.401	3.889
	FIB → FWE	-0.302	3.136	0.002	0.163	0.525	FIB → FWC	0.436	2.889	0.004	0.204	0.629
	FRD → FBS	0.265	2.445	0.015	-0.006	0.432	FRD → FBS	0.253	2.550	0.011	0.052	0.444
	FRD → FWE	0.185	1.188	0.235	0.057	0.524	FRD → FWC	-0.173	1.109	0.268	-0.470	0.108
	FWE → FBS	0.118	1.030	0.304	-0.049	0.357	FWC → FBS	-0.111	0.776	0.438	-0.416	0.131
2	FIB → FBS	0.358	3.209	0.001	0.162	0.568	FIB → FBS	0.320	3.255	0.001	0.167	0.523
	FIB → FWE	-0.158	1.440	0.150	0.011	0.457	FIB → FWC	0.313	4.044	0.000	0.204	0.512
	FRD → FBS	0.102	2.960	0.038	-0.120	0.309	FRD → FBS	0.175	1.788	0.074	-0.042	0.349
	FRD → FWE	0.141	2.401	0.012	-0.036	0.323	FRD → FWC	-0.104	1.075	0.283	-0.313	0.073
	FWE → FBS	0.201	2.881	0.004	0.095	0.467	FWC → FBS	0.244	2.966	0.003	0.113	0.431
3	FIB → FBS	0.819	1.488	0.137	-0.978	0.685	FIB → FBS	-0.203	0.320	0.749	-0.583	1.532
	FIB → FWE	-0.491	1.106	0.269	-1.051	0.556	FIB → FWC	0.577	1.314	0.189	-0.697	0.778
	FRD → FBS	-0.786	1.647	0.100	-0.709	0.926	FRD → FBS	-0.152	0.310	0.757	-1.786	0.278
	FRD → FWE	0.034	0.093	0.926	-0.957	0.415	FRD → FWC	-0.036	0.089	0.929	-0.387	0.989
	FWE → FBS	0.414	0.969	0.333	-0.976	0.670	FWC → FBS	-0.123	0.519	0.604	-0.585	0.324

**Table 6.33: Mediation Analysis with Business Location Categories**

Group		Model 2: Family-to-Work Enrichment				Model 3: Family-to-Work Conflict			
		Direct effect	Indirect effect	Total effect	VAF	Direct effect	Indirect effect	Total effect	VAF
1	FRD → FBS	0.265**	0.022	0.286***	8% (no mediation)	0.253***	0.016	0.273***	5% (no mediation)
	FIB → FBS	0.401***	0.036	0.437***	8% (no mediation)	0.478***	0.048	0.430***	11% (no mediation)
2	FRD → FBS	0.102**	0.028**	0.130**	21% (Partial mediation)	0.175**	-0.025	0.149*	17% (no mediation)
	FIB → FBS	0.358***	0.032	0.390***	8% (no mediation)	0.320***	0.076**	0.396***	20% (Partial mediation)
3	FRD → FBS	-0.786	0.014	-0.772	2% (no mediation)	-0.152***	0.004	-0.148	3% (no mediation)
	FIB → FBS	0.819***	-0.204	0.616***	33% (no significant mediation)	-0.203***	-0.071	-0.274***	26% (no significant mediation)

**Table 6.34: PLS-MGA with Business Location as the Moderator**

	Path	Path coefficient difference (Age group 1 vs. Age group 2)	Path coefficient difference (Age group 1 vs. Age group 3)	Path coefficient difference (Age group 2 vs. Age group 3)	p-value (Age group 1 vs. Age group 2)	p-Value (Age group 1 vs. Age group 3)	p-Value (Age group 2 vs. Age group 3)
FWE	FIB → FBS	0.043	0.418	0.461	0.989	0.757	0.773
	FIB → FWE	0.144	0.793	0.649	0.149	0.068	0.111
	FRD → FBS	0.163	1.051	0.888	0.138	0.023	0.046
	FRD → FWE	0.044	0.151	0.107	0.037	0.324	0.355
	FWE → FBS	0.083	0.296	0.213	0.014	0.794	0.774
FWC	FIB → FBS	0.158	0.681	0.523	0.116	0.136	0.234
	FIB → FWC	0.123	0.140	0.263	0.029	0.635	0.953
	FRD → FBS	0.079	0.406	0.327	0.266	0.198	0.252
	FRD → FWC	0.069	0.137	0.067	0.955	0.652	0.604
	FWC → FBS	0.355	0.012	0.367	0.986	0.459	0.078

### **6.7.6.7 Proximity to home as the moderator**

To identify whether the proximity to home had any moderating impact on the hypothesised relationships, two groups, home-based and non-home-based, were used in the analysis. Collected data revealed that 83 (34%) were home-based businesses, and 161 (66%) of the sample were not. For this moderator, three tables were prepared. Table 6.35 demonstrates that there are many significant path coefficients when family-to-work enrichment mediates the relationships. However, for home-based businesses, the association between exogenous variables with family-to-work enrichment and the mediator were not substantial, as they did not reach the necessary significant level (95%). For the non-home-based businesses, only the link between family resources and demands and family business success was not significant; all the other related path coefficients were recorded as significant at a minimum of 95% level of significance.

Regarding the mediator of family-to-work conflicts for the same group, reported path coefficients did not reveal strong connections. Additionally, only two connections, family involvement in business with family business success, and family-to-work conflict, were significant. Conversely, for the home-based firms, three paths were significant. Again, Table 6.36 shows the mediation along with the two mediators and two groups. It shows that, for the group of home-based business, the link between family involvement in business and family business success is mediated by family-to-work conflicts, accounting for 36% of variance of the relationship. With reference to the mediator family-to-work enrichment, 30% of partial mediation on the linkage of family resources and demands and family business success, was reported for the businesses that were not home-based. Apart from these two, none of the other links was moderated by any of the moderators sufficiently and significantly.

Nevertheless, Table 6.37 indicates that the two groups were significantly different in their path coefficients, showing significant difference for six relations out of ten. Thus, of the hypotheses of H9a, H9b, H9c, and H9d (Table 6.38) two hypotheses (H9b and H9c) were partially accepted and the other two were rejected.

**Table 6.35: Structural Model Assessment with Proximity to Home Categories**

Group	Relation	Path Coefficient	T value	P value	Bias Corrected 95% confidence interval		Relation	Path Coefficient	T value	P value	Bias Corrected 95% confidence interval	
					2.5%	97.5%					2.5%	97.5%
1	FIB → FBS	0.295	2.971	0.003	0.207	0.586	FIB → FBS	0.208	2.507	0.032	-0.018	0.493
	FIB → FWE	-0.159	1.292	0.197	0.118	0.565	FIB → FWC	0.455	4.636	0.000	0.316	0.625
	FRD → FBS	0.268	2.034	0.042	-0.062	0.452	FRD → FBS	0.309	2.230	0.026	0.091	0.560
	FRD → FWE	0.071	0.282	0.778	-0.491	0.483	FRD → FWC	-0.139	1.229	0.220	-0.325	0.128
	FWE → FBS	0.335	4.233	0.000	0.144	0.455	FWC → FBS	0.257	2.773	0.006	0.130	0.467
2	FIB → FBS	0.398	5.189	0.000	0.273	0.551	FIB → FBS	0.428	5.079	0.000	0.318	0.626
	FIB → FWE	-0.220	2.378	0.018	0.074	0.436	FIB → FWC	0.285	2.811	0.005	0.136	0.457
	FRD → FBS	0.094	2.012	0.032	-0.099	0.254	FRD → FBS	0.146	1.626	0.105	-0.015	0.316
	FRD → FWE	0.264	3.727	0.000	0.144	0.424	FRD → FWC	-0.078	0.718	0.473	-0.253	0.170
	FWE → FBS	0.156	3.747	0.001	0.004	0.335	FWC → FBS	-0.007	0.072	0.943	-0.181	0.174

**Table 6.36: Mediation Analysis with Proximity to Home Categories**

Group		Model2: Family-to-Work Enrichment				Model3: Family-to-Work Conflict			
		Direct effect	Indirect effect	Total effect	VAF	Direct effect	Indirect effect	Total effect	VAF
1	FRD → FBS	0.268**	0.024	0.292	8% (No mediation)	0.309**	-0.036	0.274**	13% (no mediation)
	FIB → FBS	0.295***	0.053	0.349***	15% (no mediation)	0.208**	0.117**	0.326***	36% (Partial mediation)
2	FRD → FBS	0.094**	0.041***	0.136***	30% (Partial mediation)	0.146*	-0.001	0.146*	0% (no mediation)
	FIB → FBS	0.398***	0.034	0.432***	8% (no mediation)	0.428***	0.002	0.426***	0% (no mediation)

**Table 6.37: PLS-MGA with Proximity to Home as the Moderator**

	Path	Path coefficient difference (Age group 1 vs Age group 2)	p-value (Age group 1 vs Age group 2)
<b>FWE</b>	FIB → FBS	0.102	0.982
	FIB → WFE	0.061	0.648
	FRD → FBS	0.173	0.113
	FRD → WFE	0.193	0.976
	WFE → FBS	0.180	0.050
<b>FWC</b>	FIB → FBS	0.219	0.924
	FIB → WFC	0.171	0.988
	FRD → FBS	0.163	0.045
	FRD → WFC	0.061	0.654
	WFC → FBS	0.264	0.027

## 6.9 SUMMARY

The chapter examined, in detail, the structural model developed in this study. The results indicated that family resources and demands, and family involvement in business, were significantly and positively linked with the family business success although the relationships were not very strong. Further, when the mediators of work-family enrichment and work-family conflict appear separately in the model, only work-family enrichment shows a partial mediation on family resources and demands, and family business success and work-family conflicts did not show any significant mediation in the model. Moderated mediation analyses revealed that many of the moderators selected to study were partially moderated in the model, and owner's gender did not show any moderation over the model. Table 6.38 summarises the results of the hypotheses testing for this thesis.

**Table 6.38: The Results of the Hypotheses Testing for this Thesis**

<b>Hypothesis</b>	<b>Hypothesised relationship</b>	<b>Result</b>
H1a	<i>Family resources and demands are positively related to FB success</i>	Accepted
H1b	<i>Family resources and demands are positively related to FB success through the mediation of family-to-work enrichment</i>	Accepted
H1c	<i>Family resources and demands are negatively related to FB success through the mediation of family-to-work conflict</i>	Rejected
H2a	<i>Family involvement in business is positively related to FB success</i>	Accepted
H2b	<i>Family involvement in business is positively related to FB success through the mediation of family-to-work enrichment</i>	Rejected
H2c	<i>Family involvement in business is negatively related to FB success through the mediation of family-to-work conflict</i>	Rejected
H3a	<i>Age of the business owner moderates the relationship between family involvement in business and FB success through the mediation of family-to-work enrichment.</i>	Rejected

H3b	<i>Age of the business owner moderates the relationship between family involvement in business and FB success through the mediation of family-to-work conflicts.</i>	Rejected
H3c	<i>Age of the business owner moderates the relationship between family resources and demands and FB success through the mediation of family-to-work enrichment.</i>	Partially Accepted
H3d	<i>Age of the business owner moderates the relationship between family resources and demands and FB success through the mediation of family-to-work conflicts.</i>	Rejected
H4a	<i>Gender of the business owner moderates the relationship between family involvement in business and FB success through the mediation of family-to-work enrichment.</i>	Rejected
H4b	<i>Gender of the business owner moderates the relationship between family involvement in business and FB success through the mediation of family-to-work conflicts.</i>	Rejected
H4c	<i>Gender of the business owner moderates the relationship between family resources and demands and FB success through the mediation of family-to-work enrichment.</i>	Rejected
H4d	<i>Gender of the business owner moderates the relationship between family resources and demands and FB success through the mediation of family-to-work conflicts.</i>	Rejected
H5a	<i>Education of the business owner moderates the relationship between family involvement of business and FB success through the mediation of family-to-work enrichment.</i>	Rejected
H5b	<i>Education of the business owner moderates the relationship between family involvement of business and FB success through the mediation of family-to-work conflicts.</i>	Rejected
H5c	<i>Education of the business owner moderates the relationship between family resources and demands and FB success through the mediation of family-to-work enrichment.</i>	Accepted

H5d	<i>Education of the business owner moderates the relationship between family resources and demands and FB success through the mediation of family-to-work conflicts.</i>	Rejected
H6a	<i>Business size moderates the relationship between family involvement of business and FB success through the mediation of family-to-work enrichment.</i>	Partially Accepted
H6b	<i>Business size moderates the relationship between family involvement of business and FB success through the mediation of family-to-work conflicts.</i>	Rejected
H6c	<i>Business size moderates the relationship between family resources and demands and FB success through the mediation of family-to-work enrichment.</i>	Accepted
H6d	<i>Business size moderates the relationship between family resources and demands and FB success through the mediation of family-to-work conflicts.</i>	Rejected
H7a	<i>Business age moderates the relationship between family involvement of business and FB success through the mediation of family-to-work enrichment.</i>	Rejected
H7b	<i>Business age moderates the relationship between family involvement of business and FB success through the mediation of family-to-work conflicts.</i>	Rejected
H7c	<i>Business age moderates the relationship between family resources and demands and FB success through the mediation of family-to-work enrichment.</i>	Partially Accepted
H7d	<i>Business age moderates the relationship between family resources and demands and FB success through the mediation of family-to-work conflicts.</i>	Rejected
H8a	<i>Business location moderates the relationship between family involvement of business and FB success through the mediation of family-to-work enrichment.</i>	Rejected

H8b	<i>Business location moderates the relationship between family involvement of business and FB success through the mediation of family-to-work conflicts.</i>	Partially Accepted
H8c	<i>Business location moderates the relationship between family resources and demands and FB success through the mediation of family-to-work enrichment.</i>	Partially Accepted
H8d	<i>Business location moderates the relationship between family resources and demands and FB success through the mediation of family-to-work conflicts.</i>	Rejected
H9a	<i>Proximity to home moderates the relationship between family involvement of business and FB success through the mediation of family-to-work enrichment.</i>	Rejected
H9b	<i>Proximity to home moderates the relationship between family involvement of business and FB success through the mediation of family-to-work conflicts.</i>	Partially Accepted
H9c	<i>Proximity to home moderates the relationship between family resources and demands and FB Success through the mediation of family-to-work enrichment.</i>	Partially Accepted
H9d	<i>Proximity to home moderates the relationship between family resources and demands and FB success through the mediation of family-to-work conflicts.</i>	Rejected

## **CHAPTER SEVEN**

### **QUALITATIVE ANALYSIS**

#### **7.1 INTRODUCTION**

The earlier chapter presented the results of quantitative analysis of this research on family-business success through work-family interface in tourism in Sri Lanka, and explained how work-family conflicts and enrichment mediated the hypothesised relationships and how the owner's and business' characteristics moderated the hypothesised relationships.

In line with the research design outlined in Chapter Five, the primary aim of this chapter is to use the qualitative phase to provide additional insights into the findings of the quantitative phase. Hence, this phase was designed with this objective in mind. This chapter has seven sections, with this section providing an introduction and overview of the chapter. Section 7.2 presents the outline of the procedure used to collect and analyse interview recordings. Section 7.3 provides the profile of the respondents, followed by an overview of interviews. Next section 7.4 overviews the process of data analysis and the subsequent section presents the analysis results along with the research questions stated in Chapter One. Finally, a summary concludes the chapter.

#### **7.2 OUTLINE OF THE PROCEDURE**

In line with the design of the study, convenience sampling was applied and ten respondents were selected from businesses registered with SLTDA. First, prospective respondents were contacted by phone and asked to consent to an interview. Assurances were given relating to personal and organisational anonymity. Only those who gave their initially verbal consent were met and interviewed.

The underlying research questions as well as the environmental setting have been considered as important factors in this inquiry (Miles & Huberman, 1994). From the outset, it was decided to gather the qualitative data by targeting the prospective informants according to the location of their business premises. To collect data, pre-designed interview questions were employed to ensure the core topics were covered in each interview. However, deviations were welcome as these would provide additional insights on the concepts presented during the interviews. The interview plan is appended at the end of the thesis (Annexure II). Basically, the interview plan consisted of three stages: introduction and ice breaking, collecting demographic information, and asking questions relating to the hypotheses. A specific time period for the interview was not pre-determined. However, on average, interviews lasted from forty minutes to one hour, which depended on the availability of the respondents given their daily obligations to the family and the business.

Initially, arrangements were made to conduct ten interviews. Nevertheless, four of them refused to participate at the last minute, giving excuses related to family and organizational matters. Ultimately, six were conducted. Apart from one interview, all the others were audio recorded. The interviewer wrote down the responses from the particular respondent who did not want to have the conversation recorded. However, it was discovered that the female business owner was giving contradictory answers to the interview questions. Later, she revealed that she thought the researcher was from the government taxation department. Therefore, that interview data was also omitted from the analysis because of the possible lack of reliability of the data. Hence, only five were analysed. Participants were also assured that the recordings would not be used for any other purposes outside of the research. Audio-recorded interviews were manually transcribed to discover themes as soon as possible after each interview was completed. All the identified themes were compared, contrasted and reviewed. Finally, the finalised themes were presented.

### 7.3 DESCRIPTION OF THE DATA

The qualitative analysis began with the description of data. As Miles and Huberman (1994) suggested, a fully detailed description of data is necessary for establishing reliability. This is followed by describing the data analysis process and presenting key findings. The following table shows the profiles of the research participants and their businesses. In order to preserve anonymity, only particular information which is relevant and constructive to the analysis at hand is presented.

**Table 7.1: Description of Respondents Who Participated in the Qualitative Analysis**

Interviewee	Age	Gender	Marital Status	Tenure	Education
Ms A	64	Female	Married	12 years	Former school teacher, Graduate
Ms B	43	Female	Married	9 years	Secondary education, passed Advanced level examination
Mr C and Son	58	Male	Married	17 years	Secondary education, retired tour guide
Ms D	46	Female	Married	6 years	Diploma holder, currently work as an executive in a private company
Mr E	48	Male	Married	13 years	Secondary education and experience assisting his uncle restaurant

**Table 7.2: Description of Firms in the Qualitative Analysis**

	<b>Age of the business</b>	<b>Location</b>	<b>Proximity to home</b>	<b>Business type</b>	<b>Size of the business</b>	<b>No. of non-family employees</b>
Ms A	12 years	Major city	Home-based	Home stay	1 employees	1 employees
Ms B	32 years	Suburbs of a major city	Home-based	Guest house	4 employees	2 employees
Mr C and Son	17 years	Suburbs of a major city	Separate Location	Guest house	5 employees	4 employees
Ms D	6 years	Suburbs of a major city	Separate Location	Bungalow	2 employees	2 employees
Mr E	13 years	Suburbs of a major city	Home-based	Hotel	7 employees	6 employees

#### **7.4 THE PROCESS OF DATA ANALYSIS**

Content analysis is a method of analysing written, verbal or visual communication messages, such as the words written in documents and spoken by interview respondents (Silverman, 2004). This method can be used to learn about the data from the bottom up, and also to make valid inferences from the data in terms of their context (Creswell, 2013). Further, the key feature of content analysis is the classification of many words and phrases of the text into fewer categories which share the same meaning. This requires not only simplifying the data, but also interpreting the text in a meaningful way so that it can be grouped under fewer, content-related categories. The purpose of the analysis is to develop

an understanding of the meaning of concepts or categories describing the phenomenon (Hsieh & Shannon, 2005).

The analysis process for the data collected from the personal interviews began with a translation of words into meaningful information by allowing interpretation. Hence, at first, interviews were transcribed from a digital recorder into a written document. Then the data was coded and then grouped under categories. This allowed the identification of themes and their interpretation by the researcher. Further, the analysis process involved the interpretation of key issues, concepts and opinions, and emphasised the context of the respondents' cultural and perceptual world (Hsieh & Shannon, 2005).

Since the interviews were conducted in the Sinhala language of Sri Lanka, it was decided to analyse the Sinhala language transcriptions (however, the quotations presented below have been translated into English). This method helped the researcher to grasp the meanings which are traceable in the interviews. Besides, this method is beneficial as it takes into consideration the original language of expression of interviewees. In that sense too, this method mitigated any issues related to translation problems.

## **7.5 FINDINGS RELATED TO RESEARCH QUESTIONS**

In this section, themes emerging from the data were discussed with respect to the research questions stated in the first chapter. The table at the end of the analysis outlined the key observations of the content analysis. They were also ranked according to the salience of the observed data. In the table above, the key observations were presented along with the research questions.

### **7.5.1 Do Family Dynamics Predict Family Business Success of Small Scale Family Businesses in Tourism Industry in Sri Lanka?**

To determine whether family dynamics predict family business success, several dimensions which were derived from a comprehensive review of relevant literature were used in quantitative analysis. Further, to support the selected dimensions and discover

new themes, respondents were asked how the family could affect their business. The researcher allowed the respondents to express their answer in their own way without revealing what had been used as family dynamics in the quantitative study. Through careful investigation, several themes emerged: spousal support, family harmony, and family structure. All five family business owners agreed that, to maintain the smooth running of the family and business domains, support from a spouse is vital. When the business owners are male, they tend to acknowledge and appreciate what their wives do in relation to family functioning, and getting children involved in the business. The statement below provides an example.

*“I don’t think that I could do this without my wife. She is far more talented than me in managing relationships. She is all-rounder and she can concentrate more than one thing at the same time as.... you know..... kids, house work, and business. To be honest with you we had a fear that our son will not be engaged with our business, because you know he is young, think different, and he doesn't want to limit into one place, and.... many things..... but my wife, she always impresses him to get involve into the business until he finally agreed to work in this. Only mother can do.” (Mr. C and Son)*

When the business owner is a female, she valued her husband’s support in terms of knowledge-sharing with her and helping her to make correct decisions, as shown by the statement below.

*“My husband’s support with regards to choosing the correct options for the business is invaluable. Sometimes I’m bit hesitate to make decisions spontaneously, maybe I’m new to the field. But my husband is really good at handling customers, suppliers and employees. He knows to do the right thing at the right time. Still I’m learning from him. Regardless how busy he is, he is always there to help me.” (Ms. D)*

The second main theme derived was family harmony. Strong bonds between family members, trust between family members, and the emotional attachment of family members were identified as first-order themes, and they were categorised as family harmony. Most of the interviewees stressed that the relationship between family members such as parents, children, and sometimes grandparents and the other close family

relatives, is very important for the success of a family business due to the advantages of having good, strong relationships. As the advantages, they revealed that having a strong bond between family members ensures trust between family members, which leads to the fulfilment of business goals and achieving success. Further, respondents emphasised that the emotional attachment of family members encourages them to work for a common goal within the family business. Ultimately, this enhances the family business performance in terms of growth and survival of the business. This was revealed by several respondents as follows:

*“This business is not just a business we run to make money. This is our life style. Our lives really closely connect with our business. We have a strong bond with each other and with the business. So, I don't see any difference between our family goals and business goals. Both work towards the same result at the end. That is our happiness. I mean it's really connected with each other.”* (Mr. B)

*“As a family, we are really closed and attached, and I believe, that may be the reason, to work actively, in the business. When we make a decision we feel how will be each other response because we know each other very well and we know how to provide benefits to every family member whether they are involved or not in the business. Because, finally we are a family”* (Ms.A)

*“Sometimes I feel my dad is like a close friend. He understands me and trusts me that I could do this. And I showed that I'm capable and I'm really confident with my work.”* (Mr.C and Son)

The final theme derived for this research question is family structure. Several family business owners disclosed that living in an extended family helps them to achieve business goals effectively, especially when the business owners are middle-aged and have young children. This is because the grandmother can help with housework, and caring for young grandchildren, and the grandfather can attend to school runs and looking after the business when the business owners are not on business premises. This is illustrated by the following comments:

*“I think I’m really lucky to have my parents with me. I couldn’t manage everything without them. Because my mum looks after my kid when they come from school so, I can stay in business for long hours and that’s a good relief to concentrate on business matters.”* (Ms. D)

*“My mum’s sister is not married and lives with us. I feel that she is really does a big favour for us deciding to live with us. She is like a second mum to my children. Frankly speaking, it’s like ... I don’t have to do much, she looks after everything at home. So, I can concentrate on business matters. In seasons, she helps in guest house kitchen too. I don’t have enough words to appreciate her.”* (Ms. B)

The following explains how the business owners are disadvantaged when the extended family does not live with them or lives some distance away.

*“My parents live bit far from our home. So, it’s not that easy to ask their help with my work. But I wish I could make them stay with me. But they don’t like to leave the house since it comes from generation to generation.”* (Mr. E) (In Sinhala, this type of house is known as “Maha Gedara” (ancestral home) which has been passed down by an earlier generation or built by parents and where all the children are raised. Normally, in Sri Lankan culture, this type of dwelling is highly valued.)

In terms of family control of the business, ownership is an obvious factor, since all the interviewees had businesses that were small, not listed, and owned by one family. Apart from ownership, the family’s participation in day-to-day business activities and decision making, and to a lesser extent the non-family member participation in business, were identified through a careful analysis of the transcriptions. Consequently, these first-order themes were coded into a major theme as family domination in business. The following statements support this theme.

*“In my family, I talk with my wife and son about the business and its current situation and where we are heading, my wife is not an active in management but she is really active in decision making”* (Mr. C and Son)

*“If you look at our business from outside you may think I’m the sole decision maker since I’m the only person always in the hotel. But normally, I didn’t take sole decisions. It’s always participative with my wife.” (Mr. E)*

The statements above, made by male respondents, reflect how the family dominates the decision making even though the family is not active in day-to-day business operations. The following statement indicates that all family members of this interviewee are active in decision making and day-to-day operations.

*“We have only one non-family employee. So, as a family, we are really active in not only decision making, planning and that sort of things, but also day to day stuff. During non-seasons and when we have few customers, my family don’t get that much involved but during season my sons visit Sri Lanka and helps me. As you can see, these grill work and other decorations are done by my second son as he has skills on that. My youngest is good at photography and he brings us foreign customers since this is a good place to take photos of many rare birds. If you go to the up stare, you can see some of the pictures my son has taken” (Ms. A)*

Further, the researcher tried to uncover the interviewed business owners’ view regarding non-family members’ participation in management and decision making. However, to date, none of the respondents had given decision-making authority to non-family members. Their attitude to this is evident in the following statements:

*“In our business, only family members are active in decision making but for other business activities we have several non-family employees since our business is growing and we need to employ more. However, I believe that, we are a family business not only being all my family members are involved in this but also, we really closely tied with our employees’ families too. We look after them whenever they need our care and help.....Our employees’ long-term employment is the evidence that they are happy with us.” (Ms. B)*

*“Still I don’t want to give any kind of authority to non-family members to make decisions. If they got a trouble in daily operations, they can call me or my wife or our son to consult.*

*You know they got options..... so they have to consult us and they do that. So far no problems.” (Mr. C and Son)*

When carefully analysing the transcriptions, family culture was also identified as another theme which affects family member involvement in the business. Many respondents stressed that the commitment of family members to the business and identification with the family business is necessary for the continuity of the business. Almost all respondents were happy to identify them with their business and promote their business as a family business. Regardless of gender, they are committed to the success of their family business. Most of them believed that their business could provide satisfaction to them and their family.

*“We really are proud to say that this business is ours and we are the responsible people for this.....And we like to promote our business as a family business.” (Mr. C and Son)*

*“Honestly, we are committed to the business. As responsible members in our business we know our role and what to do and when to do. That’s the main thing for our performance.....If you want to be happy or satisfied with your business definitely you have to be committed. That’s what I learnt through my work so far.” (Mr. E)*

*“I always introduce me with my business like my dad did, he still does that though he is not active in the business further. So, I want to continue our traditions and I trust my son too will continue. Still my children are lucky to have their grandparents’ company, so no worries for me.” (Ms. B)*

*“Even though I have many things to concentrate as a woman, I really committed to our business because, I know if we work wisely, every effort I will take for the sake of our business can help our family to be more content.” (Ms. D)*

Further, the current participation of children in business and plans to get them more involved after their education, were also exhibited by interviewees. Moreover, the

respondents who had inherited the family business from their parents explained the value of advice and consultation received from the previous generation. By considering the importance of involvement of earlier generations and future generations, a final theme termed ‘generational involvement’ was recognised.

The following statements express how the current generation think about the future generation’s involvement.

*“My son is getting involved but still I think he has lots to learn before take the control.”*  
(Mr. C and Son)

*“Our children are still too young to think about the business but we want to pass this to the next generation so we work for that”* (Ms. E)

*“My daughter is interested so I let her to take some managerial responsibilities actually not just managerial she has to learn everything starting from kitchen to reception.”* (Ms. B)

*“We have three children and we like to see the involvement of all of them, so, what our aim is to grow our business so as they all have something to take care in our business.”*  
(Ms. A)

*“My two kids are still young to involve in the business. But in school holidays they visit the bungalow they see how thing going around, they do small small stuff. I like that because that’s an experience for them. One day they will be the forerunners.”* (Ms. D)

The following response from one respondent shows how the current business owner sees the previous generations’ involvement.

*“Even though I got the control of this business from my dad, it doesn’t mean that he is not involving..... Yes, he is not active but he always advises me. And that is really useful for me to achieve our goals. Still our employees like to see him coming to*

*guest house, hanging around and chatting with them. Surely, my dad too enjoys that. And I too love to see that, this business is his.” (Ms. B)*

### **7.5.2 Does Business-Family Interface Mediate the Relationship of Predictive Variables and Family Business Success of Small Scale Family Businesses in the Tourism Industry in Sri Lanka?**

In terms of business-family interface, respondents were asked how they think that the conflicts and facilitation they experience in the family affect the success of the family business. Regarding conflicts, the themes that emerged were: multiple responsibilities and limited time for family. Generally, female respondents complained that they have multiple roles as a daughter, mother, sister and a wife, while having the responsibilities of a business owner. They confirmed that fulfilling these multiple responsibilities becomes complicated when there are young children. The statements below reflect this.

*“I know that I have to play multiple roles. I couldn’t forget that I’m a mother, wife and a daughter while running this business..... My husband is really busy so, I have to look after the business at most of the time. Not always but sometimes I feel exhausted with these responsibilities I have to fulfil..... But I have to” (Ms. B)*

*“I always give priority to my family as having young children.....I raise this business for them. It’s not easy concentrating on the business when your kids are sick or they have exams. On the other hand, my in laws need my care since my husband is the only child and he is quite busy frequently. So..... life is not that easy but if I think too much I couldn’t do anything. I just live my life though not that easy, but I believe one day when I look back surely I can be happy” (Ms. D)*

*“..... and my parents’ health, since they are old and need frequent care of someone..... Of course, my sister devotes her time on them though as the only son I have to have frequent visits. Mmmmm.... when it’s a tourist season many difficulties arise. During school holidays, my wife covers up for me. But you know some confusions occur, guilt feelings, frustration, and stress flying around my head.....*

*Without my parents encourage and help I couldn't be what I am today. I never forget to visit them because I know that how they are happy to see me.” (Mr. E)*

Further, many respondents revealed that, due to the time they have to devote to the business, they miss some functions such as school meetings, prize giving at school etc. This makes their children unhappy and the parents feel guilty. Finally, this could affect business. This sort of problems occurs mainly during the tourist seasons when business owners are busy with more customers than usual. Below is a statement given by one respondent showing how she feels about the time constraint.

*“I bothered sometimes..... being a busy mum.....like when I couldn't participate in a school function because, I need time for business. You know..... to make a better future for my kids I have to spend my time and my energy a lot in the business.” (Ms. D)*

*“Sometimes, I have to spend the most of my day at business, when I go home kids are sleeping, as a mother I feel guilty and I'm so worried. But I make my mind, everything is for them for their better future.” (Ms. B)*

*“Time is the big issue right now I am suffering, simply, I have many to do at my guest house and at my home with three kids and parents at the same time. Time is really limited for me.” (Mr. E)*

Relating to facilitation experienced in terms of family-to-business, flexibility and extended family support were found. The two statements below indicate how respondents feel about the family-to-business facilitation. The two statements express how the interviewees feel about the flexibility when home and business are on the same premises:

*“As you can see my business place is my home. So, I live with my business and my family twenty four hours of the day. That is the greater flexibility I got.” (Mr. E)*

*“I don't need to allocate like..... this part of my day is for the business, that part is for family. Because, I work from home being the business is home based. What I feel..... that's the best thing for me that make easy to work in business.”* (Ms. B)

The statement below shows how one of the respondents enjoys having the flexibility of being able to take her children to her workplace, since the children are young.

*“My kids need a considerable attention on them since they are young. So, I bring them here with me whenever possible. I mean..... if they have no school or after school activities. I don't think that I could enjoy this freedom if I work for someone else.”* (Ms. D)

Apart from flexibility, the support received from the extended family is the other theme identified through the analysis. All five business owners highly appreciated the support they were receiving from the extended family members such as parents, in-laws, and other close relatives such as parents' unmarried sisters, and cousins. The three statements below illustrate the extended family support received by the family business owners.

*“On the other hand, still my father advises me when I fall into a difficult situation. That is a great support and a good relief for me.”* (Ms. B)

*“Family support me, that is the best thing. That support makes me mentally strong person to run the business to achieve our desired goals. As far as you feel that feeling, that you have no many things to concentrate on family responsibilities or if family running smooth then you can perform better in business.”* (Ms. A)

*“I never leave my kids with servants, so I leave them with my parents and they take care of them better than me. If I couldn't get this support, I would not be here today. Especially in mornings It's really stressful sometimes..... But thanks to my parents I'm able manage both house and business.”* (Ms. D) (In Sri Lanka day care facilities for young children are still not very popular and working parents who do not have extended family support had female servants to take care of their children).

### **7.5.3 Do Characteristics of the Family Business Owner Moderate the Predicted Relationships of Small-scale Family Businesses in the Tourism Industry in Sri Lanka?**

To determine whether the owner's characteristics have any impact on the business, respondents were asked how they feel about their own attributes affecting the family and business relations. The experience gained from working with parents in the same business or with any other business were the major point, revealed as the solid individual factor. Parallel to that, female business owners perceive that being female makes it challenging to achieve business goals, especially when trying to balance both family life and work life. In contrast, male business owners stressed that being a male is not an excuse, and managing or balancing duties and responsibilities of the family and business roles is a challenge for males too. Therefore, gender was not chosen as a factor which can moderate the relationship between family dynamics and involvement on business success through the family-to-work interface. The reason was that both gender types stressed that fulfilling their responsibilities towards family and business is equally challenging. However, this was contrast to the traditional roles which preclude women from male dominated roles such as running a business. Both females and males highlighted that having a higher education is beneficial, but the most important factor in the betterment of business is the experience they gained from working in the business. This is akin to on-the-job training they have undergone as successors. Further, they revealed that with the experience, they became confident and quick in decision making. The following interviewee statements indicate their views on the experience of the business owner.

*“After I finished secondary school, I was 19 and I started to work with my uncle as his assistant in a restaurant. I had worked there for almost five years until I got to know everything related to the business. I strongly believe that the lessons I learned during that period make me confident to face the challenges now I got in our business” (Mr. E)*

*“I got this business from my father. My father owned this guesthouse and continued until he had to retire due to his bad health conditions. Three of my siblings opened their own restaurants because it is not that difficult to survive for an accommodation business in this area due to tourist attractions located around here..... Because of being*

*able to grow up in a business environment I think I'm really good at deciding what to do on which conditions prevailing time to time.” (Ms. B)*

*“We used to help our parents after school and during the school holidays in the business. So, our childhood was like on the job training for me and my siblings. Now I feel how that experience we've got has become an invaluable.” (Ms. D)*

Knowing the value of experience, current owners of the business make efforts to pass on that experience to their successors. Related to this, some business owners revealed their plans for preparing their children for the business, emphasizing how they train their children to be confident in the business. This is illustrated in the statement below.

*“When my daughter showed an interest in joining the business, first I let her to take some responsibilities starting from the bottom. So, she has to learn everything starting from room service to reception. Before I retire she should learn everything. After she becomes confident, I hope to offer her some managerial responsibilities.” (Ms. B)*

Further, they disclosed that a strong personality is a major characteristic of a family business owner. Hence, researcher let the respondent to explain it further. What they have exposed is truly noteworthy to include in further analysis. Almost all respondents described when they had to face volatile economic conditions, role conflicts, or time pressures, they survived due to their strong tolerance and perseverance to uncover opportunities, positivity towards new experiences, and the ability to accept changes, challenges and risk. More to the point, they brought up that with Sri Lankan economic and market conditions, it will be very difficult to run an accommodation business conditions if someone reluctant or passive to make decisions under risk or always depend upon others. There are few reasons for that. Few of them are greater number of rivals and changes in government which lead to changes in economy. As interviews were conducted in a time when a general election was taken place in the country, every respondent highlighted how unstable economic conditions affect them and their business. To face the higher instability, a strong desire to undertake risk and openness to the external environment has become vital according to their beliefs. Following statements further clarify this.

*“During the peak seasons, it’s really hard to concentrate on everything, but I believe in myself that I can do this. So that self-confidence helps me to make critical decisions.”*

(Mr. E)

*“I like to take risk and I’m not afraid of it. If I’m reluctant to try new methods to attract customers, you wouldn’t be survived. And that is something comes within ourselves as we are people running business in tourism sector”* (Mr. C and son)

*“Even though I’m the only daughter in family of three sons, my father wanted me to join with his business, I think that was because of my personality. My mum always tells me I’m a business minded..... I like to try new opportunities to grow our business whenever I’ve got a chance to do so.”* (Ms. B)

*“Mainly we cater for foreigners then, marketing is a kind of challenge for us due to instability of political and economic conditions. Still some customers have kind of negative thoughts. So, we should provide our services at our best to make an image not only ourselves but also our country and our hospitality. That’s not easy. You know..... You should have a very tactful mind and a good personality.....”* (Ms. A)

The above statement reflects how the business owner perceived and experienced about current economic conditions in Sri Lanka and how he tried to overcome negative effects. However, this was not analysed here since it is beyond from the research questions and scope.

#### **7.5.4 Do Characteristics of the Family Business Moderate the Predicted Relationships of Small Scale Family Businesses in Tourism Industry in Sri Lanka?**

With regards to the business characteristics that could moderate the relationship between family dynamics and involvement on business success through family-to-business interface, many respondents were able to identify location, financial basis and technology

as the main factors. Since all the interviewees were owners of small-scale businesses, the impact of size could not be determined. However, many respondents uncover that still managing the business is convenient to them because of being small. All most all decisions are made by owner of business with the discussion of the other family members whenever required. Further, all five business were older than five years and all of the respondents believed that if business could survive more than five years it will hardly possible to be failed unless major circumstances occurs. However, to achieve growth and market share, just surviving will not be enough according to the views of the interviewees. Further, they stressed that, to pass the business to the next generation satisfying with the existing quo is not enough and has to find out the ways that the business could grow into. On the other hand, what can be postulated is that very successful businesses have existed for a long time. So, the researcher presumed that the other characteristics they revealed are much more important than the age.

Regarding the location of the business, female respondents were happy with the business being close to or being based at home. The following expresses this.

*“Having young kids ..... it’s really comfort me to work in home since the guest house is located in house premises. I can look after both the business and home at the same time.”* (Mr. B)

*“I wish I could reside close to our holiday bungalow to save my time of commuting since bungalow is somewhat far away from home. If it would so, I could more commit to the betterment of my business with the saved time.”* (Ms. D)

However, male business owners saw that as a limitation to future business growth. Below is the statement reflecting this view.

*“However, the place where business is located should be freely accessed and comfortable without disturbances. Still my business is located with my residence place. I see that as a constraint to grow in future. So now we are constructing a new house bit close to the city and to use this entire area for the business purpose.”* (Ms. B)

Conversely, one respondent focused on the geographical orientation of the business. He disclosed that the closer the business is to a tourist attraction, the greater is the number of customers and the profits. So, it is important to have a business location close to a popular tourist area. The following is his statement.

*“As you can see our business is located in coastal area, very popular among tourists especially for surfing. We really benefit from that. In peak seasons, demand is more than what we can supply. And our hotel and our home are in the same land..... I wish to expand this further and add few rooms..... So, we feel hotel is also part of our life like being in home. ....Yes, I think that’s really good for me and for my family. The best is my kids are growing up with my business.”* (Mr. E)

The next significant factor which was discovered was the financial strength of the business. Several interviewees believed that having a strong financial base helped them to run the business during low-demand, off-seasons, to face volatile economic conditions (interest rate and tax changes of the economy), and undertake risks to seize new opportunities. This was explained by respondents as follows:

*“I always try to keep my business financially strong. I don’t know what will happen in future, and whatever, we have to be ready. Therefore, I feel if our business is financially strong to a good extent, to that extent we shouldn’t worry on accepting risk, I mean trying new things, because it’s a must to achieve our goals.”* (Ms. A)

*“First, I want to make our business stable, and then only I think about further development opportunities. To be stable you need to be thorough with resources, especially financially.”* (Ms. D)

*Depending on overdrafts..... I mean bank is not a wise thing to depend always, but sometimes..... it’s okay not always ... Otherwise the business will be ended like opening a soda bottle.”* (Mr. E)

*“We can’t depend on external money providers always, because no one gives you money for free unless they don’t have any advantage. (In Sri Lanka, some people used to take loans from individuals who provided loans at an interest rate that was usually higher than that charged by the banks. But people who run small businesses used to go to them because it involved less documentation. However, this is being changed with the introduction of micro finance initiatives by government, although it still occurs) If you want to apply for bank loan you have to show that you have some at least, So I deeply think that if you want pass this to next generations, first you have to achieve the profit goal and be strong financially then think about how to grow your business.” (Mr. C and Son)*

The final theme identified from the transcription was the technology being used in business. Being in the tourism field, business owners need modern technology to promote their business. Accommodation businesses which are only for foreign tourists highly depend on technology in terms of marketing and the international promotion of the business. For instance, maintaining a good, attractive updated web page at a reasonable cost is a challenge for small-scale family businesses as shown by the following statement.

*“I do not like to employ a separate person to maintain our web page because, I don’t think that’s a wise decision from the point of cost. Instead, I used a freelance employee time to time. But sometimes I feel it’s as a burden ..... you know I have very little knowledge of that, but I need it to promote our business nowadays..... So, I hope to send one of my kids for an IT course. That’s the best thing for a small business.” (Mr. E)*

*“I’m not an IT guy and I don’t feel comfortable with IT, but I know it’s a must these days. So, employing someone for that is not enough as a small business owner, I should know everything happening in the business less or more. Luckily, my son is good at this and he looks after that. He created Facebook page, maintain emails and put some advertisements.....And he says that he needs to study further about this.” (Mr. C and Son)*

*“My three sons do the promotion for our home stay. Since they were raised in a foreign country, they are smart with advancing technologies, so, they do all IT related stuff. They market our business among their foreign friends using their contacts. I think it’s an added advantage for our business success. They maintain emails, social media, and that sorted stuff.” (Ms. A)*

Mainly, other than one male and one female respondent, the others are not comfortable with modern technology and they see their lack of knowledge as a barrier since technology is used in many activities in the day-to-day lives of people. However, younger generations of Sri Lanka do not suffer with this problem since this field is evolving.

All the themes that emerged are categorised in the following table.

**Table 7.3: Emerged Themes through Content Analysis**

<b>Research Question</b>	<b>First order Themes</b>	<b>Second Order Themes</b>
1(Family Dynamics and Family Involvement)	Spouse Helps to maintain good relationship with family and business Spouse Helps to make correct decisions Spouse shares the business knowledge Spouse Helps to get the children involved in business	Spouse Support
	Strong bond between family members Trust between family members Emotional attachment of family members	Family harmony
	Stay with parents Stay with parents-in-laws Having a relative to stay with the business family Immediate family only	Family structure
	Commitment of family members to the business	Family Culture

	Identification with the family business	
	Family ownership Family in performing day to day business activities Family in decision making Lesser extent of Non-family member participation in business	Family domination
	Children participation in business activities Consulting parents regarding business decision making Future planning to get involved children in business	Generational Involvement
2 (Family-to-Business Interface)	Freedom to bring young children into the business premises Being based in home or close proximity to home	Flexibility
	Help gain from parents or in-laws Help obtained from close family relatives	Extended family support
	Taking care of the children Taking care of dependent parents or parents-in-law	Multiple responsibilities
	Managing time between home and business Long hours spent in business	Limited time
3 (Owner attributes)	Having worked with parents in the same business Having worked in other related businesses	Experience
	Openness Positive to new experience Perseverance Risk and change acceptance	Personality

4 (Business Attributes)	Convenient to access	Location
	Close proximity to home	
	Close proximity to tourist attractions	
	Being financially strong	Financial Base
	Not depending greatly on banks or individual loan providers	
	Maintaining an attractive website	Technology in Business
Promoting the business internationally through social media		
Maintaining e-communication system		

## 7.6 SUMMARY

This chapter presented the results of the qualitative analysis with the identification of themes and sub-themes that emerged from the content analysis of interview transcripts. These findings are further discussed and elaborated with the integration of quantitative findings in the next chapter.

## **CHAPTER EIGHT**

### **DISCUSSION OF THE RESULTS**

#### **8.1 INTRODUCTION**

The primary purposes of this chapter are to explain the quantitative and qualitative results outlined in Chapters Six and Seven, and to present the identifying synergies apparent from the mixed-methods approach. One of the core reasons for adopting a mixed-methods approach in this study was to provide a fuller and more detailed picture of the interrelatedness of family, owner/CEO, and business, and how the work-family interface mediates family and business relationships in small-scale, family-owned tourist accommodation businesses in Sri Lanka. To address the original aims of the research, results from both approaches are combined to create a holistic picture. The chapter presents each research question, and shows how the analysis of the results obtained through both methods can answer the research questions. The chapter concludes with the summary.

#### **8.2 DISCUSSION OF THE RESEARCH FINDINGS**

This investigation represents one of the first efforts to formally develop and test an integrative model that considers the business-family conflicts and business-family enrichments as well as family dynamics, and its involvement in, and business success of small-scale family business owners/CEOs. Many empirical studies have tried to determine how family dynamics and family member involvement influence family business success or performance. However, to date as Chrisman et al. (2012) pointed out, the findings of these studies are inconclusive. They suggested that the relationships in a family business context are complex and are very likely moderated or mediated by factors not included in previous analyses. Hence, this study aimed to understand the mediating impact of family -to-work conflict and family-to-work enrichment and the moderating impact of owner's and business' attributes on basically two relationships through both

qualitative and quantitative data. They are (a) family resources and demands, and FB success, (b) family involvement in business and FB success of small-scale, family-owned accommodation businesses in Sri Lanka.

### **8.2.1 Integration of Qualitative and Quantitative Findings**

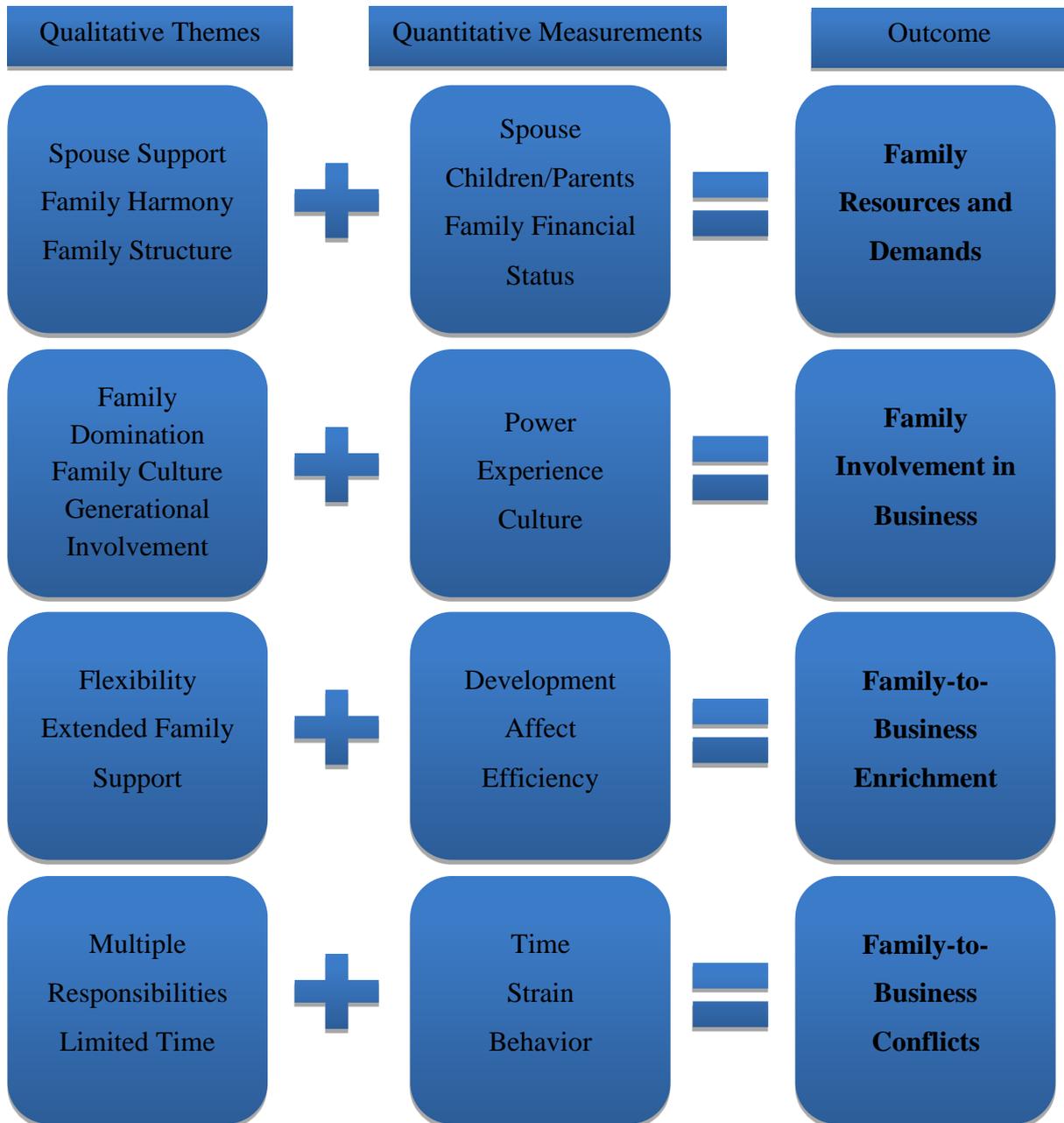
Figure 8.1 below shows how qualitative findings have been integrated with quantitative findings in order to address research questions one and two. Research question one concerned two aspects of family dynamics: family resources and demands, and family members' involvement in business.

Regarding the family resources and demands, the qualitative themes were somewhat similar to the content of the variables selected for the quantitative analysis. However, the theme, family harmony, as an interesting factor of family resources and demands was revealed solely through the qualitative analysis. Further, under the family resources and demands, the qualitative theme, family structure, acts as an umbrella for both the child and parent components which were considered separately from the family resources and demands in quantitative analysis.

The next aspect of family dynamics was family involvement in business. Qualitative analysis of family involvement in business is fairly similar to the components considered in quantitative analysis. Instead of the term 'power' used in the quantitative approach to denote the family ownership of the business, the qualitative theme 'family domination of the business' is more appropriate. This is because it recognizes not only those family members who are actively and explicitly involved the business, but also those who are not actively involved with business but are implicitly involved in decision making. For instance, a mother's role as a liaison person and as an influential member of an informal family council can be indicated. The other two elements of family involvement in business are quite similar in both analyses.

The family-to-business interface was recognised as mainly family-to-work enrichment and family-to-work conflict with the aim of providing answers to the second research question. Family-to-work enrichment as a positive aspect and family-to-work conflicts as

a negative aspect were taken into consideration to explore the mediating influence of the work-family interface. In the quantitative analysis, family-to-work enrichment was conceptualised in line with Carlson et al. (2006) as development (personal development), affect (mood and attitude gains), and efficiency (resource gains of time and efficiency).

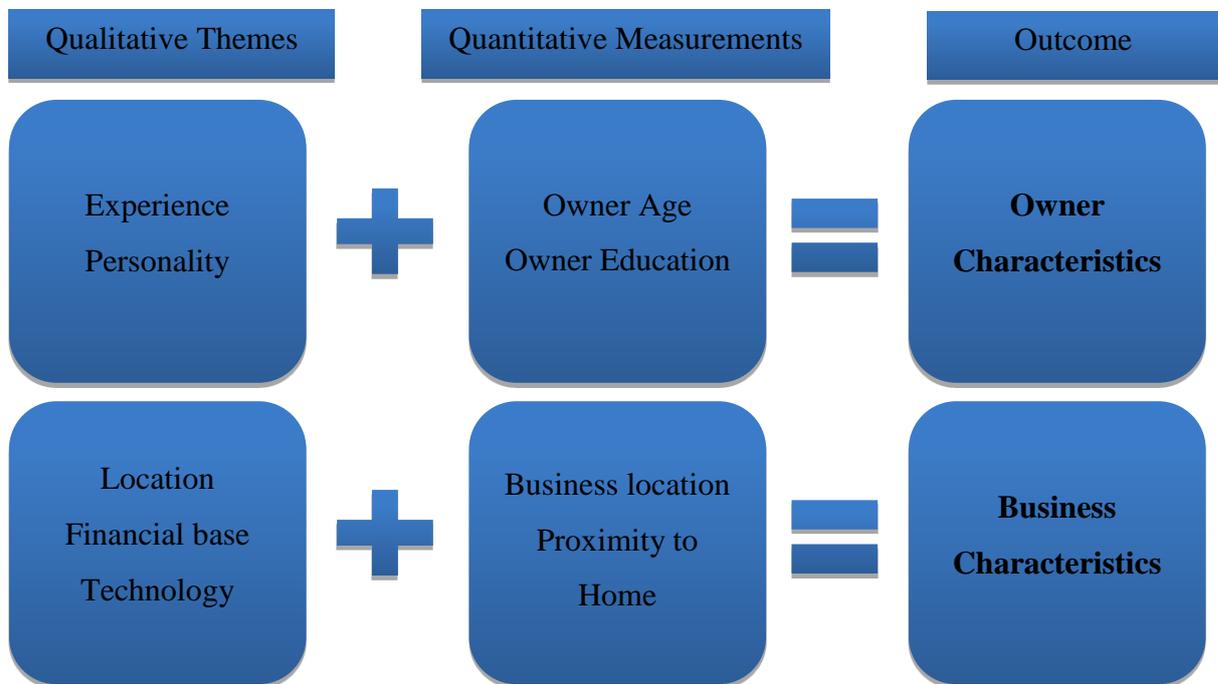


**Figure 8.1: Integration of Qualitative Findings and Quantitative Findings for the First Two Research Questions**

In terms of family-to-work enrichment, in the qualitative analysis, mainly, flexibility and extended family support could create the mediating impact of family-to-business enrichment on the family and business relationships. Therefore, flexibility and extended family support could work to create development, affect, and efficiency and these influence the family and business relationships of a family business.

Family-to-business conflicts could not be identified as an influential mediating factor quantitatively on family and business links of Sri Lankan tourism-related accommodation family businesses. Conversely, multiple responsibilities and limited time were identified qualitatively, as the key factors that create family-to-business conflicts which alter the family and business linkages among family business owners.

Finally, through the moderating analysis of owner’s and business’ characteristics, new attributes were revealed at the interviews. Figure 8.2 reflects the differences and similarities of owners’ and businesses’ characteristics obtained through qualitative and quantitative analyses.



**Figure 8.2: Integration of Qualitative Findings and Quantitative Findings for the 3<sup>rd</sup> and 4<sup>th</sup> Research Questions**

Moreover, the results of this study mirror the previous body of literature relating to family business and work-family interface studies by providing a mix of positive, negative, and significant, and non-significant results. This further expands the existing fusion of literature as Sciascia and Mazzola (2008) claimed, that research on the performance of family firms is growing, but results are mixed, especially for non-listed companies. The following section discusses the results along with research questions (see the first chapter) respectively.

### **8.2.3 Do Family Dynamics Predict Family Business Success of Small Scale Family Businesses in Tourism Industry in Sri Lanka?**

The first research question investigated how family dynamics impact on family business success of accommodation business in the tourism industry in Sri Lanka. Two aspects of family dynamics utilised were family resources and demands, and family involvement in business. The quantitative analysis explored two relationships: (a) family resources and demands and family business success, and (b) family involvement in business and family business success and identified both as significantly positive relationships.

Turning to the qualitative analysis addressing this research question, common themes that emerged from the interviews were: spouse support, family harmony, family structure, family culture, family domination in business, and generational involvement. The first three were compatible with dimensions of the measure of the variable family resources and demands, and the next three were matched with the variable of family involvement in business in quantitative analysis. Hence, the measures developed to capture important family characteristics were compatible with real family domain issues experienced by family business owners and further, strengthened the reliability of the measures.

Before discussing the “family element” of family business, it is worth knowing about “family” in Sri Lanka. The family is one of the most important socio – cultural institutions of Sri Lanka (Nanayakkara, 1999). In a typical Sri Lankan family, husband and wife live with their children in a particular house until the children marry. Sometimes, young married children also live with their parents until they build their own house or they remain with their parents at the request of the family. Accordingly, ‘the house’ in which

children stayed before marriage is known as a “Mahagedara” (ancestral home). Many families still live as extended families in the mahagedara in many parts of Sri Lanka due to the inherited Sri Lankan culture and benefits of living as extended families for the purpose of child care. Typically, the breadwinner of the family is the father and he acts as the main decision maker of the family. However, the mother plays a major role as household manager and influences the father’s decisions. This was also revealed through the interviews as the mother plays a “Chief emotional officer” role in families and the family business. Mainly, she is the liaison figure through whom many conflicts can be resolved. Hence, in future, it will be worthwhile to investigate the mother’s role in family business to fully appreciate the total picture of small family businesses.

Sri Lankans give their attention to attaining personal self-esteem and respect from the family. As people who believe in collectivism, they do not have individual plans to reach personal goals, but rather they have group targets (Buddhadasa, 1999). There is a strong belief in collectivism due to the religious and social background of the society with the tendency to live in an extended family. They have a high level of kinship bonds. With that background, individuals are prepared to share with and support other family members, relatives and friends. This shows a very strong socialization towards shared norms in achieving their expectations (Gamage, Cameron, & Woods, 2003). Due to this child rearing pattern and value transmission pattern, children are highly dependent on their family throughout their lives (Nanayakkara, 1999). The Sri Lankan family value system develops social intimacy among individuals, and this pattern of behaviour can be seen with successful entrepreneurs as a mode of motivation as well as a measure of business success. In addition, this helps to strengthen the culture within families and businesses.

Another main discovery of this research is the prominence of the family dimension in the small-scale, family-owned business. In that sense, small-scale family businesses are the dominant enterprise with family ownership and management style in tourist accommodation sub-sector of the tourism industry in Sri Lanka. Moreover, this study confirmed that family matters do play an important role in the businesses. Put simply, this can be termed as family orientation towards the business. Furthermore, through interviews, it was clear that some accommodation businesses would probably not have

survived without the extensive support, help and back-up from family members. Thus, the family element is central in terms of the continuity and sustainability of the business. Furthermore, the future of this type of business depends on the family's participation because of their unwillingness to extend the ownership to non-family members according to the statements made by some of the interviewees.

This was evident in the literature as the family's influence on the firm creates specific family objectives at the firm level (Zellweger, Nason, Nordqvist, & Brush, 2013), and family firm continuity is also dependent on achieving these objectives (Basco, 2013). Hence, among small-sized tourism businesses, the family dimension is clearly an element that needs to be taken seriously both in research and in the development of public and private policies, support instruments and guidelines. This is further discussed below where family influence is considered in terms of family resources and demands, and family involvement in business.

### **8.2.3.1 Family resources and demands**

In the quantitative analysis, family resources and demands were measured by spousal support, parents, children and available family funds. Through qualitative analysis, family harmony and family structure were revealed as elements which could affect family business success apart from the dimensions used for the quantitative analysis.

Interestingly, qualitative analysis led to understanding spousal support from two perspectives. Spousal support becomes spousal social capital when mostly men become the owner'/CEO' of businesses due to their wives' support shown through commitment, cooperation and understanding. On the other hand, it turns to spousal human capital when women become the owners/CEOs since husbands provide support through their abilities and skills that benefit the business. Further, this can be explained as the family's informal and personal relationships dominate family's formal and explicit relationships when trust, loyalty, and family bonds are central to and capable of advancing the business (H. S. James, 1999). Along with spousal support, the other significant support comes from parents who are in good health and therefore able to help with business and home. This

is a major reason for many Sri Lankan families to live as extended families apart from the cultural and religious bonds. Further, if parents need special care, it would be difficult to give the required time and energy to the business.

It is similar with children. If families involved in business have younger children, the need for childcare arises and many families seek parents' or other relatives' assistance in this case. However, family business owners said that working in their own business makes them more available for child care rather than working for someone else. In particular, this was easier when the business and home location was the same or the business was located close to home. These findings are compatible with previous literature (e.g. Avery et al., 2000). Notably, if business-owning families have grown-up children, many of them tend to work with their parents with or without a pay and this was very common in the studied businesses. More than half of the business surveyed employed family members and more than 50% of them employed their children in the business. Active participation in decision making by family members could significantly affect the harmony of the families. A supportive family atmosphere enhanced family members' willingness to make considerable efforts in favour of the business and remain as members of the family firm.

The current status of Sri Lankan family business identified through this study is somewhat compatible with stewardship theory. According to stewardship theory, the conditions that are expected to be associated with family firms include high levels of identification with and commitment to the firm by the family (Zahra et al., 2008). These were reflected by the families investigated in the study. Hence, family harmony is a significant factor among the investigated Sri Lankan family businesses, and one that will lead the business to its success.

Through qualitative analysis, this study revealed that family structure had effects on family business success. Mainly, Sri Lankan families are either nuclear or extended families. Unlike the extended family, the nuclear family consists only of parents and children. Generally, Sri Lankan families are male-dominated institutions that are father-oriented. However, due to the extended nature of the families, respect for elderly parents or in-laws is typical. Although the father is the dominant figure, the mother plays a critical role with regard to solving conflicts and helping the father to make decisions. Hence,

decisions made by these families are participative rather than authoritative. This nature of the family structure in Sri Lankan families greatly affects the business process and contributes to creating formal or informal family councils to make crucial decisions. The results obtained through this study supported those of earlier studies (e.g. Mani & Lakhal, 2015; Van Auken & Werbel, 2006).

### **8.2.3.2 Family involvement**

The second relationship investigated under family dynamics was family involvement in business and family business success. To determine family involvement, three sub-variables were chosen quantitatively corresponding to the F-PEC scale. They are: power, experience and culture. Family ownership and management were regarded as power, and to measure experience, several questions were asked relating to generational involvement. Culture was targeted to ascertain the compatibility of family values and business values, and the commitment of family members. Even though family business culture could have related to macro aspects such as community and national culture that was not considered here since the scope of the study limited to study the family effects only on business.

Quantitative results revealed that culture is the main factor among the three factors considered to measure family involvement in the business. Ownership or experience was not strong enough to explain family involvement in accommodation businesses in Sri Lanka. The reason could be the small size of the business and businesses in the sample having a short-term life. Other than that, almost all the businesses are 100% owned by the family and there were no non-family owners. Therefore, culture was identified as the major component of the family influence in small family business in the Sri Lankan tourism industry. Typically, culture, which is a form of social capital, acts as an integrating mechanism between family and business; i.e. the higher the compatibility, the higher is the integration which leads to the business' success. Thus, there is a need to investigate the culture of Sri Lankan family businesses in more depth to obtain a comprehensive picture of family involvement in business.

Qualitative findings explained that family domination in the business, generational involvement, and the culture, have a great impact on business survivability and its success. All interviewed business owners expressed that they are not ready to allow non-family members to control the business and they wanted to train their children for that. No any family business owner allows a non-family employee to participate in decision making. This was strictly limited to the owner and the family. Further, the percentages of family ownership in these businesses are more than 90%, with a single-owning family. Hence, it would be better to term what is called as power in the F-PEC Scale as ‘family domination in the businesses of small-scale family business. Particularly in small-scale family businesses, family domination is maintained through family councils although they are not formalized in many small businesses. Hence, ownership concentration is strongly evident in small family businesses in Sri Lanka.

Another interesting finding that is worth discussing is the absence of a formal director’s board in the small family business in the tourism industry in Sri Lanka. Not surprisingly, this is due to the size of the business and not having any mandatory regulation for that regard. The decision to establish a board of directors in a family business relates closely to the company's stage in the firm's life cycle and common characteristics shaping the board's composition and role, depending on family generation and the company’s stage of maturity (Brenes, Madrigal, & Requena, 2011). Likewise, many of the studied family firms are operated by the first generation and are no more than ten years old; plus, in most cases, the owners manage the business directly. Hence, they did not have any desire to have a formal supporting body to make decisions other than informal family councils.

The interviews with the family business owners revealed that when critical situations or conflicts arise, they seek help to make decisions from other family members, mainly from their spouse, and that process is very informal. Even though many family businesses have not formalised the family council, it was identified that many of them were practising family councils and have the advantage of using family councils to make decisions. The family council serves as a two-way communication channel between family and business. The family council can consist of the spouse of the family business owner, their children, and other relatives. This study revealed that family business owners obtain help from family councils even though they are not aware of the formal function of a family council.

This is because of their small scale and unwillingness to become formal, or unawareness of formalisation procedures. On the other hand, formal family governance seems more relevant for larger families that have many members.

In terms of culture, the interviewees' responses highlighted how crucial it is to have similar values, beliefs and commitment in order to achieve common goal/s. Many interviewees expressed that they would continue espousing a particular value established by previous generations. Further, they rated trust among family members as most important. Moreover, findings of this study assist us to understand the collectivistic culture of Sri Lanka. In a collectivist culture, each individual belongs to a certain group, values the presence of others, and expect group members to support and sustain each other. They prefer to identify themselves as a group rather than individuals. Consequently, they work towards a common goal with a shared vision. That may be one reason for having a strong culture within Sri Lankan family businesses. Moreover, the strength to create a strong culture within the firms, grows from strong family ties due to the nature or trend of many Sri Lankan families to live as extended families rather than as nuclear families. This situation is more typical in suburbs and rural areas than in cities in Sri Lanka.

However, a culture based on strong family ties can give rise to nepotism (Bertrand & Schoar, 2006). If talented, qualified family members are encouraged to enter the family business, business can achieve its success through a devoted, inspired work force that is more committed to the business than other employees. Instead, family businesses often employed unqualified, uninterested workers with poor work ethics, yet feeling secure because of their family status. Hence, nepotism may lead to business failure. Hence in the long term, these small-scale family businesses could suffer as a result of nepotism because professionals are not being hired, and the family members in question lack managerial skills.

The next research question led to the exploration of the mediating influence of the work-family interface on the relationship discussed under the first research question since family management involvement could have an indirect effect on family firm performance through a third variable (Basco, 2013). The findings on the introduction of

the third variable, i.e. the work-family interface, were discussed in relation to the following research question.

#### **8.2.4 Does Business-Family Interface Mediate the Relationship of Predictive Variables and Family Business Success of Small Scale Family Businesses in Tourism Industry in Sri Lanka?**

The second research question focused on the mediating impacts of family-to-business interface. Family-to-business conflicts and family-to-business enrichments were recognised as mediators of the predicted relationships. Supporting the use of the family-to-business interface as mediating factors, family and business relationships are mixed in daily life and have significant influence on the identity construction of each family member (e.g.de Almeida, Goulart, & Ituassu, 2016) and specially on the family business/owner manager. More recently, a published study on identifying the impact of work-family interface including both family-to-business conflicts and family-to-business enrichment of family business owner could not be found. Hence, it is worthwhile discovering the impact of the business-family interface on the family, owner, and business.

According to quantitative results, only the relationship between family resources and demands and family business success was mediated by family-to-business enrichment. Family-to-business conflict was not a significant mediator for either relationship. Furthermore, no mediators had a significant effect on the link between family involvement in business and family business success. Explaining further, many of the family business owners have several roles in the business and the family such as employee, employer, sibling, parent, and children, so their work and family domains are somewhat blurred (e.g.Kwan et al., 2011; Sundaramurthy & Kreiner, 2008), causing conflicts, and this indistinct nature provides the business and the family with several benefits as well.

However, qualitative results suggested that flexibility due to blurred borders between home and business and extended family support will enable a good association between

family and family member involvement, thereby promoting business success. Moreover, this is congruent with family-to-business enrichment shown through the qualitative analysis, although respondents highlighted that multiple responsibilities and limited time could negatively affect their ability to engage family members in the business, creating some impact on the business success.

Primarily with two mediators on two relationships, four mediation impacts were identified. The first is mediation of family-to-business enrichment on the relationships of (a) family resources and demands and family business success and (b) family involvement in business and family business success. The second is mediation of family-to-business conflicts on the links of (a) family resources and demands and family business success and (b) family involvement in business and family business success. These associations are discussed below.

#### **8.2.4.1 Family-to-business enrichment as the mediator**

Family-to-business enrichment was hypothesized as it would mediate the relationship between family dynamics and business success, such that they would be more positive for the business' success. Consequently, the quantitative approach found that family-to-business enrichment was able to mediate only the relationship between family resources and demands and family business success of small tourist accommodation family businesses. However, the relationship between family involvement in business and family business success could not be mediated by family-to-business enrichment. The mediation was lower than 20% of the variance accounted for, and it was decided that there was no mediation.

The reason for not finding a strong or full mediation of family-to-business enrichment on (a) the relationship between family resources and demands and family business success and, any mediation on (b) the relationship between family involvement in business and family business success could be that family-to-business enrichment is strongly related to non-work related variables (e.g. family satisfaction or family success) rather than work-related variables (e.g. business success) considered in this study. Further, in support of

this study's results, the claim of Nicklin and McNall (2013) that enrichment may be partially responsible for the relationship between important resources (i.e., social support) and outcomes (i.e., satisfaction), can be utilised.

Adding further supportive arguments, Wayne, Musisca, and Fleeson (2004) found that the role from which the work–family enhancement/enrichment originated, has a stronger buffering effect for various well-being outcomes than the role from which the enhancement was received. However, what Greenhaus and Powell (2006) revealed was that the positive transfer of resources from one domain to the other is likely to result in satisfaction in the receiving domain because enrichment, the receiving domain, experiences an increased level of quality.

Turning to qualitative findings, flexibility and extended family support were found to be the major themes under the family to business enrichment. Furthermore, spouse support, identified as a sub-theme of family resources and demands, may strengthen the family-to-business enrichment of family business owners in the Sri Lankan tourism industry. Explaining further, spousal support is a family factor that can play a critical role in one's work-family experiences. Since spousal support was discussed earlier, only the other two themes are discussed below.

### **Flexibility**

Flexible arrangements within business and family are significant for a family business owner. In terms of family-to-business enrichment, flexibility creates benefits for the family in terms of time, location, and childcare arrangements and so on, allowing family business owners to engage freely with business. According to the qualitative results, this becomes easier when there is closer proximity between home and the business location. Female family business owners revealed that they have greater flexibility when home and business are located in the same place.

In particular, what needs to be stressed is that the perception of or the attitude towards flexibility makes business owners comfortable or stress free, and this situation leads to favourable results in the business. Family structure and family culture affect the flexibility of family business owners. For instance, if the family was structured as an extended

family with a strong family culture, values, and shared responsibilities, and helping each other to achieve personal and family goals, the flexibility is greater for the business owners of that family. Furthermore, the ability to work from home, or having the business home-based, enhanced flexibility. Especially during tourism seasons, with their high demands, it could be difficult to meet the demands of business and family life due to having less flexibility when business has to be conducted from a separate location. However, in a flexible business environment, owners can work longer hours.

Previous literature indicates that flexibility plays a key role in increasing work-family enrichment (Carlson, Grzywacz, & Michele Kacmar, 2010; Greenhaus & Powell, 2006; Nicklin & McNall, 2013). Complementing that, this research confirmed previous research that flexibility is a critical component leading to developmental, affect and efficiency dimensions of family-to-business enrichment.

### **Extended family support**

Support from a person other than a spouse is essential for a family business owner to balance business and family when working toward business success. Qualitative analysis results indicated that extended family support can be provided by a parent, or parent in-laws or any other relatives of a family business owner or spouse. In particular, the extended family support in terms of childcare was valued highly by the respondents. Moreover, the present survey revealed that more than 50% of family businesses surveyed employed family members and out of that 26% were parents or any other relatives of the owning family.

Similar to these findings, Powell and Eddleston (2013) and Powell and Eddleston (2016) revealed that instrumental support at home was positively associated with both the firm's performance, an economic measure, and with the entrepreneur's satisfaction with his or her business success.

Interestingly, previous literature argued that work-family enhancement may buffer the negative effects of work-family conflict on small business owners' well-being (Nguyen & Sawang, 2016). The situation was also the same for this study. The following section explains this in more detail.

#### **8.2.4.2 Family-to-business conflicts as a mediator**

Family business owners have several roles to perform such as owner, employee, sibling, spouse, parent, and children; as a result, their work and family spheres are somewhat blurred, resulting in inter-role conflicts. Therefore, it was hypothesized that the amount of family-to-work conflict that family business owners experienced would mediate the relationship between family dynamics and business success, such that they would be more negative towards the business success. Consequently, the study found that family-to-business conflict was not able to mediate any of the predicted relationships that are between family resources and demands, and family business success, and family involvement in business and family business success. The variance for (VAF) showed that the mediation is always lower than 20% and not significant. In contrast, almost all of the previous literature supported to the notion that family-to-business conflict could create negative impact on the dealings within family business (e.g.Helmle et al., 2014; Karofsky et al., 2001; Smyrniotis et al., 2003).

Accordingly, the present study revealed that family-to-business conflict is not a stressor for family business owners. This may be due to Sri Lankan cultural values and the extended nature of their family structure. For Sri Lankans, family is the foundation of their lives. Typical Sri Lankan families value the unity, solidarity, and harmony of family members. Further, if an issue arises within the family, family members attempt to resolve it themselves rather than seeking external help, believing that it is shameful to make family issues public. In this case, the mother's role as "chief emotional officer" in scaled small family business is highly important. Moreover, each family member looks after the other family members and is ready to sacrifice their interest for the other family members. As a consequence, significant impact of family-to-business conflicts on family and business linkages cannot be seen since family members are willing to sacrifice their personal interests for the business success.

Furthermore, Sri Lankan family business owners see family involvement in the business as a positive. Therefore, family business conflicts are well managed so that they do not interfere with business performance. Hence, small-scale family business owners in Sri

Lanka are able to keep the family issues in perspective and do not allow these issues to disrupt their business objectives.

Alternatively, if the founder could reach to the facilitation derived from home to business, the adverse effects of home-to-family business could be minimised. That would be the reason to have insignificant path coefficients for the relationship between family-to-business conflict and business success and insignificant moderating impact of family-to-business conflict on predicted family and business linkages. The presence of greater family-to-business enrichment may mitigate the family-to-business conflict effects. Hence, positive experiences in the family domain of the Sri Lankan family business owner would help him/her to lessen the negative experience or emotion and as a result it may be difficult to ascertain any mediation of family-to-business conflicts on the predicted relationships. Seen in this light, spending time together, communication and commitment may be the basic factors that help business owners to overcome or optimistically face conflicts and maintain the integrity and progress of the business. On the other hand, being small businesses, the buffering effects of location and human capital can also be taken as reasons for family-to-work conflict not being a significant mediator of the predicted relationships.

From the qualitative results, the researcher realized that the multiple responsibilities of the family business owner and the time constraint to fulfil all the roles demanded by business and home, were the major components of family-to-business conflicts. Accordingly, two sub-themes, multiple responsibilities and limited time, are discussed below. The interviewees revealed that sometimes they were unable to fulfil all their responsibilities. Even though they are not able to meet all the responsibilities, due to the family's resources such as extended family help, they are able to balance and meet their daily obligations. Therefore, family-to-business enrichment has helped to lessen the impact of family-to-business conflicts as discussed above.

The other sub-theme of family-to-business conflict was limited time. It was revealed that when the family business owner is male, the adverse effects of this constraint can be lessening by sharing family responsibilities with the spouse. For a female family business owner, it becomes more difficult to manage her limited time since she is generally bound

by home-related responsibilities. However, in this case extended family members also help to manage the limited time of female business owners. Further, the proximity to home always mitigates this constraint since commuting time is less or none if both business and family are close or located in the same place.

Hence, it is clear that the predicted relationships and mediating impact of family business interface could differ when family business owner's and business characteristics are involved. Hence, the following research questions were intended to investigate the moderating effects of the business owner's and business' characteristics on the predicted direct and mediating relationships.

### **8.2.5 Do Characteristics of the Family Business Owner Moderate the Predicted Relationships of Small Scale Family Businesses in Tourism Industry in Sri Lanka?**

To find the moderating impact, basically two aspects were identified: the owner of the family business and business characteristics itself. The reason for selecting the family business owner's characteristics as moderating variables is that many family businesses in tourism in Sri Lanka are small and owner-operated; they mainly depend solely on the business owner for decision making; and these owners remain in their position for long periods. Therefore, the researcher assumed that investigating the impacts of owners' dynamics on the predicted relationships is reasonable and worthwhile. Hence, it was decided to find the moderating impacts of family business owners'/CEO's characteristics. Consequently, family business owners' characteristics were the key element in the third research questions. Gender, age, and education of the family business owner were taken as the key moderating variables. The results are discussed separately below.

#### **8.2.5.1 Age of the family business owner**

To explain the moderating effects of age, the study explored three age categories - below 40 as the young age group, between 40 and 49 as the middle-age group, and 50 and over

as the older-age group. These groups accounted for 31%, 34%, and 35% of the sample respectively.

Based on the quantitative analysis results, only the below 40 age group moderated the relationship between family resources and demands and family business success through the mediation of family-to-business enrichment with 41% VAF indicating a partial mediation. For all the other relationships, family business owners' age was not a significant moderator.

Turning to qualitative analysis, age was not found to be a substantial factor to moderate the perceived relationships. One interviewee revealed that, no matter how old he is, if he is in good health he will continue to work in the business. Further, he expressed that after he hands the business over to his children, he expects to participate in business activities since he believes that his experience will be beneficial to the future of the business.

It is interesting to find out the reason for the ability of the young age group to moderate the mediation of family-to-business enrichment on the link between family resources and demands and family business success. This category comprised family business owners who were under 40 years of age. Therefore, many of them might have young children who require childcare. Moreover, they might live with parents or in-laws who could assist them with childcare and daily chores if they are in good health. That can be the reason for the moderation effect of the young age group on the association between family resources and demands and family business success. This situation could differ in the other age groups with grown children. The reason may be that the older the business owners become, the more they become set in their own ways of running the business while dealing with strengths and weaknesses that arise in the family-business interface over time. They become comfortable with the way things are run in the business, and they do things in their usual way. This is a reasonable circumstance when the business owners have had years of experience, and have learned the business practices that work best for them and their businesses through trial and error. Moreover, this may explain the interviewees' responses that experience and personality matter more than the owners' age. However, it is difficult to find any published work that focuses particularly on how

the family business owner's age moderates or affects family and business relationships. Hence, this could be the foundation for further investigation.

### **8.2.5.2 Gender of the family business owner**

Generally, most of the studies in the family business field, give no information about the gender, but tend to focus only or primarily on men, and the women are invisible in the studies. Hence, it is noteworthy to find out the impact of gender on family dynamics in terms of family business success. Thus, this study investigated whether the gender of family business owners moderates the relationship between family dynamics and family business success with the mediating impact of the business-family interface.

Quantitatively, it was found that gender did not moderate any of the predicted variables. Likewise, qualitatively, it was found that gender is not a significant factor that could moderate the predicted variables since both gender groups stressed that fulfilling their responsibilities to family and business is equally challenging. The results are compatible with those of Rutherford, Muse, and Oswald (2006) finding that gender was not statistically significant with sales or firm's growth. It should be noted however, that the lack of significant findings for some of the interaction tests may be due in part to the skewness of the sample rather than an underlying lack of relationship. For example, data gathered through survey questionnaires is not normally distributed and for family business owners, three quarters of the total number of business owners were male. Consequently, it may not be significant to say that there is no moderation based on only quantitative findings. However, the qualitative results also supported the notion that there is no difference based on gender between the predicted relationships.

Even though Danes et al. (2007) find that gender has both a direct and moderating influence on business revenues, neither the quantitative nor the qualitative results of this study supported their claim. PLS multi-group analysis (See Table 6.22) showed evidence demonstrating non-significant p values for the probability differences between two counterparts. The most probable reason for this would be that the number of female participants was just under one quarter of the total sample. However, in the case of the

qualitative interviews almost all female interviewees emphasised that they enjoy the freedom of having their own business in terms of balancing family and work responsibilities.

### **8.2.5.3 Education of the family business owner**

The education level of the family business owner was categorised under primary, secondary, and tertiary education. Fifteen percent of the sample had had primary education only. Half (53%) of the sample had secondary education and the remaining 32% had a tertiary education. Since the second group is larger than the other two groups, this may cause problems of validating the results of PLS multi-group analysis (See Table 6.25). However, the group with primary education showed a significant and substantially positive relationship between family resources and demands and family business success, and it was fully mediated by work-family enrichment becoming the only full moderated mediation of family business owners' education. Meanwhile, the secondary education category showed a significant partial mediation of family-to-business enrichment on the same relationship, i.e. family resources and demands and family business success.

In the literature, it is often argued that the better the education of the business owner, the higher is the firm performance (e.g. Barringer, Jones, & Neubaum, 2005; Rutherford, McMullen, & Oswald, 2001; Rutherford et al., 2006). Contrary to the literature, in this study, the tertiary education category did not show significant impact on any relationship. Hence, it is concluded that education moderated the predicted relationship partially.

Qualitative results indicated that experience and the personality of the business owner would matter more if he or she were in good health. Further, they agreed that the personality and the experience of the business owner could make a significant impact on both linkages between family dynamics and family involvement in business towards family business success and family-business interface.

Since experience and personality are imperative to the family business owners' family-business interface to have positive mediation on family business success, both concepts were discussed further.

#### **8.2.5.4 Experience of the family business owner**

Interview respondents disclosed that experience acquired from working with parents in the same business or in any other business was a significant factor which could affect how the family-business interface mediated the association of the family element and business success. Further, they highlighted that having a higher education is beneficial but most importantly, the experience they had acquired over time working in the business enhanced how the family business owner handled family-to-business enrichments and conflicts so that there was a positive impact on the family-to-business relationships. Examples of the family business experience are having a self-employed father, job training received as successors, and prior self-employment in the same industry. Their experience enabled them to make confident and quick decisions. Respondents believed that experience cannot be acquired through formal education undergone at an educational institution, but can only be acquired by engaging in business activity. Hence, these family business owners deemed that not only should the business stay in the family, but the children should start training in business at an early age and should be educated about the business needs since experienced owners are able to make better choices.

#### **8.2.5.5 Personality of the family business owner**

Another main fact uncovered through qualitative analysis is that the personality of the business owner has a major effect on how s/he balances the family-business interface so as to achieve better results for the family business. Many respondents explained that they had to face volatile economic conditions which affect business leverage and family financial strength, role conflicts, or time pressures due to the responsibilities of both domains. Nevertheless, they survived due to their strong tolerance and perseverance to discover opportunities, positive attitude to new experiences, and the ability to accept changes, challenges and risk.

Therefore, it will be more beneficial to investigate personality of the family business owner to determine how to strengthen positive spill overs and weaken negative spill overs of family-to-business interface towards the relationships between family and business. Generally, personality is a crucial factor for any kind of business as indicated by the interviewees' views that if someone is reluctant or passive about making decisions when there is risk, it would be very difficult to operate an accommodation business particularly in Sri Lankan economic and market conditions due to the instability of the political and economic situations.

#### **8.2.6. Do Characteristics of the Family Business Moderate the Predicted Relationships of Small Scale Family Businesses in Tourism Industry in Sri Lanka?**

The final research question related to how the business characteristics could influence the mediating effects of the work-family interface on the family and its involvement towards business success. Through the quantitative techniques, it was revealed that few relationships were moderated by business size, business age, business location and proximity to home.

Regarding qualitative results, similar to the qualitative analysis, the location of the business was recognised as a significant moderator. Apart from that, technology used in business and the financial strength of the business were acknowledged as substantial factors that could affect the association between family and its involvement in the business and its success. Hence, it can be affirmed that the business characteristics themselves could play a moderating role on the chosen variables due to their specific attributes which are important to the business success. The results of the analysis are discussed below.

### **8.2.6.1 Business size**

To measure the size of the business, two categories were identified: very small family firms and small family firms. The entire sample was divided into two by taking ten employees as the criterion to generate two samples with equal or almost equal number of employees. The reason for this was the need to create two categories which could be feasibly compared with each other and ensuring the validity of the results. The group comprised of very small family businesses consisted of firms having ten or fewer employees. The second group comprised firms of more than ten employees. However, apart from two firms with thirty-five employees, all the others had fewer than thirty employees.

The study investigated moderation impact of these two groups on the mediation of the family-to-business interface on family and business relationships. The results showed that the group with more than ten employees moderated the mediation of the family-to-business enrichment for the links between family resources and demands with business success and family involvement in business and business success. The group with ten or fewer employees was able to moderate the family-to-business enrichment only for the link between family resources and demands and family business success. Neither group was able to moderate the mediation of family-to-business conflicts for any hypothesised relationship. Hence, it was concluded that business size moderates the relationship between family resources and demands, and family business success, through the mediation of work-family enrichment, and partially moderates the relationship between family involvement of business and family business success through the mediation of work family enrichment.

It seems reasonable to say that the non-significance of family-to-business conflict influences on the model have affected the moderation model too. Further, the strong bond of the business family through family culture and structure can explain this. In support of why firm size moderated the mediation of family-to-business enrichment, it is possible to assume that when a business increases its number of employees, it may complicate the management of the business. Therefore, the extent of spousal and other family members' support, and family financial support, would vary along with the size. However, interview

participants revealed that they are willing to expand their business in terms of size if it were beneficial to both the business and the family.

In particular, in the Sri Lankan tourist accommodation industry, firm size was found to have a partial moderation effect on the mediation of the family-to-business interface leading to business success. It is concluded that when business becomes bigger in terms of number of employees, there is more avenue to generate moderation effects. However, this conclusion is subject to the family business owners' willingness to expand, and their lifestyle intentions.

#### **8.2.6.2 Business age**

This study analysed two groups - developing businesses and mature businesses - to measure the impact of business age on family and business relationships. Firms that had been operating for ten years or less were identified as developing family businesses, and the firms with more than ten years of operation were categorised as mature businesses. However, moderation analysis showed that business age was not a significant factor moderating family-to-business interactions.

The mediation of family-to-business enrichment on the association of family resources and demands and family business success was moderated by developing firms. No other mediation was moderated by business age. Hence, business age was considered as a non-significant moderator on the mediation of family-to-business interface on family and business linkages. A reason explaining why business age does not strongly affect the family-to-business interface might be that the strong bonds within a family, or family culture and family structure are stronger to face difficulties arise due to the size of the business and or to utilise positives generate due to the size of the business. Hence, it could be difficult to see any substantial impact of business size on family-to-business relationships. More to the point, another reason may be the less experience due to less number of years in operations to generate an influence on family-to-business enrichment.

Further, when it comes to family involvement in business as a factor in family business success, business age would not be a significant matter due to the strong cultural bond

that is used to measure the effect of family involvement in business. Hence, through the qualitative analysis, even family firm age was not identified as a significant moderator. Respondents believed that if business could survive for more than five years, it is hardly likely to fail unless it faces exceptional adverse circumstances. On the other hand, it can be argued that if a Sri Lankan family business can survive for ten years or nearly ten years in the market, it can possibly survive indefinitely in the tourism industry since it has been strong enough to face the volatile market conditions of Sri Lanka. Elaborating further, the tourism market in Sri Lanka will vary according to changes in political and economic situations. Thus, a family business in the tourism industry should be strong enough to face these volatilities in order to survive in the market. Hence, age may not be a significant matter for them to stay in business longer.

Generally, the finding shows that there is limited support for the conclusion of firm age interaction with business family interface. Supporting the results of this study, that age was not an important measure of business development in family business, are the findings of several studies including (Rutherford et al., 2006) and Rutherford, Buller, and McMullen (2003). Conversely, age of the business with a positive and statistically significant contribution was discovered by (Danes et al., 1999) and B. S. Anderson and Eshima (2013).

### **8.2.6.3 Business location**

The three locations selected for the investigation were major cities, suburbs of a major city, and rural. Although the size of each group was significantly different from the others, it was decided not to merge any of them due to the nature of each group. The largest group was the suburbs of a major city which included 58% of the entire sample. Thirty percent of the sample was located in major cities and the remaining 12% were located in rural areas.

Turning to moderation analysis, only 'the suburbs of a major city' group shows moderation impact. It partially moderated (1) the mediation of work family enrichment on the relationship between family resources and demands and family business success

and (2) the mediation of work family conflicts on the relationship between family involvement of business and family business success.

Many popular schools and quality health service providers are found in major cities or suburbs rather than in rural in Sri Lanka. For family business, this might be a reason to locate in major cities or suburbs of a major city. However, expenses are substantially higher in major cities compared to the other two locations. Rural regions obviously have fewer facilities. Hence, there is a tendency for businesses to migrate to suburbs, leading to a higher concentration of businesses in these areas. Nonetheless, qualitative results revealed that the geographical location of the business should be closer to tourist attractions and convenient to access by the tourists in order to attract more customers and higher profits.

The conclusion derived from this study could be difficult to generalise due to the incomparability of group sizes. Excluding that limitation, in the context of family business in the Sri Lankan tourism-related accommodation industry, location in suburbs of a major city has a higher possibility of moderating the family-to-business interface effects on family and business relationships. This is likely due to the flexibility to access other services needed by a family and by a business, including health care, education, transport, and banking facilities.

#### **8.2.6.4 Home-based or not**

This study has yielded conflicting results. One third of the sample was home-based and two thirds were non-home-based businesses. The current study discovered that home-based business moderates the mediation of family-to-business conflict on the link between family involvements of business and family business success and non-home-based business moderates the mediation of work family enrichment on the link between family resources and demands and family business success.

The positive relationship between family-to-business conflicts and family business success of home-based businesses exposed that family-to-business conflicts do not

always create negative impacts on business success. Further, the rationale behind the moderation of home-based business on mediation of family-to-business conflict on the link between family involvement of business and family business success could be the positive aspects that minimise conflicts by locating the business in home. For instance, when the business and the home are in the same place, it would be convenient to look after children and attend to their needs while working on business. Likewise, home-based business could moderate the adverse impact of family-to-business conflicts in terms of time, distance, and flexibility.

Turning to the moderation impact of non-home-based business on mediation of family-to-business enrichment, a partial moderated mediation was recorded for the link between family resources and demands and family business success. The rationale behind this would be that although the business is based in a separate location, spouse and extended family support could indicate a positive intervention on the link between family resources and demands and family business success. Complementing these findings, family-to-work enrichment may mitigate the negative outcomes ordinarily linked to family-to-work conflict (Gareis et al., 2009). The implication is that a home-based business creates a permeable boundary that allows the work and home spheres to benefit from each other.

However, qualitative analysis revealed that women business owners preferred the business to be home based, while male business owners perceived this to be a limitation to future business expansion. This situation is compatible with the clarification provided by Walker, Wang, and Redmond (2008) that the attraction of home-based business ownership is driven predominantly by the flexibility afforded to lifestyle and the ability to balance work and family.

A careful analysis of the interview transcriptions revealed that not only do business size, age, location and being home-based or not have moderating impacts on the predicted mediations, but also the financial strength of the business and technology used in business could moderate these predicted relationships as explained below.

Findings with regards to business attributes that could moderate the influence of family-to-business interface, some interviewees perceived that running a financially strong

business could lead business success through the mediation of the family-to-business interface. However, this could connect with business-to-family interface rather family-to-business interface. Further, interviewees revealed that technological advances in business could create positive circumstances to family-to-business conflicts and enrichment. As the reason, they claimed that advances in electronic communication in particular enables them to connect with the family whenever they want regardless of distance and time. In this respect, one respondent revealed that modern technology makes it possible to conduct business activities regardless of the physical location. For instance, having a company web page makes it easy to promote their business and conduct other marketing-related activities while staying at home with the family.

### **8.3 SUMMARY**

This chapter discussed both quantitative and qualitative findings in order to obtain a clear understanding of how family variables could affect family business performance when the family-to-business interface mediated the predicted relationships, and how family business owner's or family CEO's characteristics and business attributes moderated these relationships. Summarising the entire discussion, the conclusion is that owners of family businesses in the Sri Lankan tourist accommodation industry are able to manage the family issues and do not allow these issues to affect their business success; in this case, family business owners' characteristics and business features can partially moderate the mediation of family-to-business interface effects on family and business relationships. The conclusion and implications are discussed in the next chapter.

## **CHAPTER NINE**

### **CONCLUSION OF THE STUDY**

#### **9.1 INTRODUCTION**

This is the only study that empirically investigated the effect of both family-to-business conflicts and family-to-business enrichments on family and business relationships, as well as the moderating effects of family business owner and business characteristics on the mediation of family-to-business interface. Furthermore, this research addressed the gap in the literature focusing on (1) the family system in family businesses and (2) family-to-business interface, bringing together both positive and negative aspects i.e. family-to-business enrichment and family-to-business conflicts towards family business success. The preceding chapter discussed the results obtained from the analysis of the data obtained through the mixed-methods approach to address the research questions relating to the family element of small-scale family businesses in the accommodation sub-sector of the tourism industry in Sri Lanka. This chapter provides the conclusions derived from the careful review of literature and the study results. Further theoretical, methodological contribution and managerial implications are illustrated. The responses to the potential methodological weaknesses of the research and suggestions for the focus of future family business research, that take into consideration the family-business interface, are also outlined. The chapter concludes with a summary.

#### **9.2 THE SUMMARY OF THE RESEARCH**

The current global economic sector recognizes family business as a crucial drive accelerating the economies of both developing and developed nations (J. H. Astrachan & Shanker, 2003; Feltham et al., 2005; Zahra & Sharma, 2004). Hence, in recent decades, the debate surrounding how family contributes to family business performance has received significant attention (Basco, 2013) since family businesses enjoy competitive

advantage relative to the non-family businesses (Hoffman, Hoelscher, & Sorenson, 2006) due to the family element of family business. However, in the literature, specific research on this family element is still inadequate (Dyer, 2006), although there are some exceptions (e.g. Habbershon et al., 2003; Habbershon & Williams, 1999). More specifically, research contributing to family and business interface of family business owners and members are rare in the field. This research contributes to our understanding of the family business field as it responded to the calls from Gomez-Mejia et al. (2011) and Gedajlovic, Carney, Chrisman, and Kellermanns (2012) to investigate family dynamics that affect family firm performance. In particular, although it is widely assumed that the business-family interface could have negative or positive effects on business owners' consequences, to date, studies linking business-family interface and business success or examining boundary conditions of these effects, are inadequate. Thus, with the aim of addressing this research gap, the present study focused on the family element of family business, paying attention to the direct influence of family resources, and demands and members on the family business, and the indirect influences of family and business interface.

Furthermore, the impacts of owners' and business' attributes on the assumed relationships were also investigated since the definition used and contextual factors (Amit & Villalonga, 2013; Stewart & Hitt, 2012) could affect the hypothesised relationships as claimed by Sharma and Chua (2013). They hold that family business researchers should pay more attention to the context of their research. In particular, this study focused on small-scale family businesses operating in the accommodation sub-sector of the Sri Lankan tourism industry. The rationale behind this selection was the great importance of the tourism industry to the economic development of the country since two major coastal areas were opened for tourists after thirty years of civil war. Explaining further, since Sri Lanka is surrounded by water scenic beaches were gifted by nature making great potential for tourism industry developments. However, the civil war continued more than thirty years did not let to utilise this natural resource fully to enhance the country economy. With the end of the civil war two major coastal areas were opened for tourism business. The best business type to accelerate economic progress in this sector is small-scale businesses as they are easier for individuals or families to start as they are subject to few legal and other requirements. Many families started tourism related businesses with the

easy entry into the market and worked to earn a living as families. The most of these businesses are accommodation businesses making the accommodation sector is the largest sub-sector. Hence, studying about families in family business in this sector is greatly significant to contribute to the economic and social development of the country.

The methodology undertaken to conduct the research was the mixed-methods approach since its advantages are greater than the advantages of using either quantitative or qualitative methods. Moreover, from the critical realist standpoint, as the researcher's intention was to develop a more comprehensive explanation and understanding of family businesses, this study should be complemented by a research approach that is appropriate for capturing the specific complexity and dynamics unique to family businesses. Hence, the mixed-methods approach was chosen. Analysis methods were PLS-SEM for quantitative data and content analysis for qualitative data. The conclusions derived through these analyses are presented below.

### **9.2.1 Major Observations**

The research was conducted to address four major research questions. The conclusions derived from the study were aligned with the research questions as follows.

#### **i. Do family dynamics predict family business success of small scale family businesses in tourism industry in Sri Lanka?**

The answer to this question is twofold. First, the association of family resources and demands was found to have a significant positive relationship with family business success. Second, family involvement in business recorded a significant positive association with family business success. However, neither is strong ( $0 < 0.5$ ) from a quantitative standpoint. Qualitatively, spouse support, family harmony, family structure for the family resources and demands, and family culture, family domination in business and generational involvement for the family involvement in business, were derived as major themes which predict family business success. Both methods yielded compatible answers for the research question. Thus, it is concluded that family dynamics do predict

family business success of small-scale family businesses in the tourism industry in Sri Lanka.

**ii. Does business-family interface mediate the relationship of predictive variables and family business success of small scale family businesses in tourism industry in Sri Lanka?**

To explore the mediation of the business-family interface, the two aspects investigated were family-to-business enrichment and family-to-business conflicts. Family-to-business enrichment relates to the positive aspects of the business-family interface, and family-to-business conflicts relate to the negative aspects of the business-family interface. Quantitatively, family-to-business enrichment partially mediated the relationship between family resources and demands and family business success significantly. However, family-to-business enrichment was not able to mediate the link between family involvement in business and family business success.

On the other hand, family-to-business conflict was not successful as a mediator in the research model considered without moderators. Neither relationship was mediated by family-to-business conflicts in this research model. Hence, it can be concluded that family-to-business enrichment partially mediated the relationship between family resources and demands and family business success of small-scale family businesses in the tourism industry in Sri Lanka. No relationships were mediated by family-to-business conflicts.

**iii. Do characteristics of the family business owner/CEO moderate the predicted relationships of small scale family businesses in the tourism industry in Sri Lanka?**

Three main characteristics - family business owner/CEO's gender, family business owner/CEO's age, and family business owner/CEO's education - were taken into consideration to identify the moderating impact of the family business owner/CEO on the mediation of business-family interface. Both quantitatively and qualitatively, it was found that the gender of family business owners/CEO gender was not a significant moderator for any predicted association. Furthermore, qualitative findings revealed that both gender

groups stressed that fulfilling their responsibilities towards family and business is equally challenging.

To test the moderating impact of family business owner/CEO's age, three categories were utilised. Only the young age group partially moderated the relationship between family resources and demands and family business success through the mediation of family-to-business enrichment. For all the other relationships, the age of family business owners/CEOs was not a significant moderator.

Finally, family business owners'/CEO's education categorised into three groups was investigated to capture the moderation. Family business owners/CEO with primary education moderated the mediation of family-to-business enrichment on the relationship between family resources and demands and family business success, and that is the only full moderated mediation of family business owners'/CEOs' education. Next was the moderation of secondary education category, leading to a significant partial mediation of family-to-business enrichment on the same relationship.

More importantly, interview transcriptions indicated that family business owners/CEOs perceived that experience and personality matter more than their age or formal education. Seen in this light, experience and the personality are imperative for the family business owners'/CEOs' family-business interface to make a positive mediation towards family business success.

#### **iv. Do characteristics of the family business moderate the predicted relationships of small scale family businesses in tourism industry in Sri Lanka?**

Business size, business age, business location, and proximity to home were examined in order to determine the moderation impact of business attributes. The group with more than ten employees moderated the mediation of family-to-business enrichment for the both links between family and business of small scale family businesses in tourism industry in Sri Lanka. The group with ten or less employees could moderate family-to-business enrichment for only one link i.e. family resources and demands and family business success. However, no relationship mediated by family-to-business conflict, was

moderated by either category. Nevertheless, interview participants disclosed that they would be willing to expand their business in terms of size if this were beneficial to both the business and the family.

Business age partially moderated the mediation of family-to-business enrichment on family resources and demands towards family business success since providing a mediation of family-to-business enrichment on the link of family resources and demands and family business success by developing firms' group. Further, the responses from interview respondents supported the conclusion that family firm age was not a significant moderator on the mediation of the business-family interface of small scale family businesses in the tourism industry in Sri Lanka.

Among the categories of business location, only 'the suburbs of a major city' group showed a moderation impact as it moderated the mediation of family-to-business enrichment on the relationship between family resources and demands and family business success, and the mediation of family-to-business conflicts on the relationship between family involvement of business and family business success. Nonetheless, qualitative results indicated that the geographical orientation of the business should be closer to a tourist attraction and easily accessible by the tourists in order to increase the number of customers and the profits.

The last moderator, the proximity to home moderated the mediation of family-to-business conflict on the link between family involvements of business and family business success. This positive relationship between family-to-business conflicts and family business success of home-based businesses indicated that family-to-business conflicts do not always have negative impacts on the business success of small-scale family businesses in the tourism industry in Sri Lanka. Non-home-based business moderated the mediation of family-to-business enrichment on the link between family resources and demands and family business success. However, qualitative analysis revealed that women business owners preferred the business to be home-based, whereas male business owners perceived that this would limit the future expansion of the business.

### **9.3 THEORETICAL CONTRIBUTION OF THE STUDY**

Studies regarding family business are advancing at a greater rate in Western contexts than in Eastern contexts (De Massis et al., 2012). Even though there is a growing trend to conduct family business research in the South Eastern Asian context (e.g.Kwan et al., 2011), Few attempts have been made to explore the South Asian region. According to family business literature, past studies in Eastern contexts mainly have come from mainland China (e.g.Deng, Hofman, & Newman, 2013; Su & Carney, 2013), South Korea (e.g.Miller, Lee, Chang, & Le Breton-Miller, 2009), Hong Kong (e.g.Au, Chiang, Birtch, & Ding, 2013), Thailand (e.g.Bertrand et al., 2008), and Japan (e.g.Mehrotra, Morck, Shim, & Wiwattanakantang, 2011), and few from India (e.g.Saxena, 2013). Yet, studies within the Asian region need to be expanded (Sharma & Chua, 2013) and, in a country like Sri Lanka with its unique characteristics (e.g. extended families, and collectivistic culture) knowledge of the family business is rare. Hence, this study was among the first to explore family business in Sri Lanka, and it provides new insights on family business and business-family interface research in a non-Western context.

The findings from the studies on family behaviour in family business using Western data should not simply be generalised for other parts of the world, particularly in the South Asian region because countries like Sri Lanka and India have unique social (e.g. caste system), cultural (e.g. extended family structure) and religious (e.g. influences of religions like Buddhism) contexts. Hence, conducting research in the South Asian region is worthwhile as it will contribute to both family business literature and work-family interface literature.

From another perspective, by integrating the family element, family businesses, and family-to-business interface, this study extends the family embeddedness perspective by providing a new outlook to reduce the problem of “theoretical indefiniteness” (Krippner & Alvarez, 2007) as explained by Cruz et al. (2012). Recent studies argued that this deficiency can be addressed by paying attention to the nature of family embeddedness, as determined by the contingencies of each family system (Cruz et al., 2012). Accordingly, family resources and demands, family involvement, family-to-business enrichment, and family-to-business conflicts were identified to explain the influence of family

contingencies on the interplay between family and family business. Hence, our findings contribute to the corpus of literature on how the family element in family business affects family business success directly, when mediators of business family interface are present, and when owner and business attributes moderate the impact of these mediators in the accommodation sub-sector of the Sri Lankan tourism industry.

In response to the call from Stafford and Tews (2009) for further research and understanding of work-family balance in family firms, this research presents a preliminary view of how family business owners'/CEOs' family-to-business interface can influence family business family and business relationships. This research provided partial support for the use of family-to-business enrichment to mediate the relationship among family resources, demands and involvement with business success. At the same time, this research indicated the inability of family-to-business conflict to create a significant mediation impact on family and business relationships. The reason may be that the presence of family-to-business enrichment could mitigate the adverse effects of family-to-business conflict. This can be justified further, in that the collectivist Sri Lankan culture and the extended nature of family structure create more family-to-business enrichment and lessen family-to-business conflicts. Hence, the results contribute to the understanding of the underlying processes linking the business and family domains, specifically through parallel mechanisms occurring in the business and family interface. Seen in this light, the present study complements previous studies that have contributed to the knowledge of business family interface and family business, such as Eddleston and Powell (2012), Gudmunson et al. (2009), Helmle et al. (2014), Kwan et al. (2011), Rothausen (2009). Together with these studies, this research also helps to create an initial nomological network to understand work-life issues in the context of family firms (Helmle et al., 2014).

Moreover, along with the resources-based view, family business researchers emphasize the importance of distinctive resources and capabilities arising from interactions between the family, its individual members, and the business (Habbershon & Williams, 1999; Sirmon & Hitt, 2003; Zellweger et al., 2010). This distinctive resources and capabilities generated by the family involvement and interactions is known as "familiness" which has been identified as a source of competitive advantage (Habbershon et al., 2003). The

present studies shed a light on this view, by proposing that this familiness could lessen the family-to-business conflicts and enhance family-to-business enrichment. Consequently, due to the impact of familiness, this model showed non-significant results of family-to-business conflicts. Hence, this is a critical theoretical implication of the study worth further investigation.

In addition, this study provides some evidence for the moderated mediation of family-to-business enrichment when certain family business owners/CEOs and business moderators exist. Accordingly, when moderators of family business owner/CEO and business attributes are present, the modifications on the mediations were also recognised, confirming Sharma and Chua (2013)'s conclusions that highlighted the importance of incorporating contextual factors into family business research as contextual factors could affect insignificant results (Amit & Villalonga, 2013; Stewart & Hitt, 2012). Even though family-to-business conflict did not show any significant mediation throughout the entire quantitative analysis, the presence of the moderators of business location and whether the business is home-based or not indicated that family-to-business conflict does mediate some family and business relations.

More importantly, the growing realization that family firms are heterogeneous (Melin & Nordqvist, 2007) makes defining family business more complex. Interestingly, the quantitative results of this study implied that the culture of the family business matters more than the ownership of the family firm. However, qualitative analysis indicated that business owners have no intention of delegating the power of the business to anyone outside the family, and they strongly preferred to keep ownership and control within the family. On the other hand, not only small-scale but also large, listed family businesses try to limit going public to their subsidiaries, without letting the mother company become public. Hence, when defining family business in Sri Lanka, culture should also be taken into consideration together with ownership and control.

Notably, a vast number of studies on large-scale or listed family business are clearly evident in the global family business literature mainly due to the availability of accurate data. Even though the contribution of small-scale family businesses to the economic development of a country is acknowledged in the literature, the number of studies of

small, private and non-listed family businesses is still inadequate. On the other hand, the Sri Lankan economy is highly dependent on small industries and after thirty years of civil war, a new coastal area was opened up for business. However, family business has not yet been identified as a separate cluster in the Sri Lankan economy. Therefore, studying small-sized family businesses in Sri Lanka would be very worthwhile, in particular for local literature and generally for global. This research focused on small-sized family businesses in the accommodation sub-sector of the Sri Lankan tourism industry.

The findings in this study have advanced theory with respect to family business success, family-to-business interface, and the ability of business owners'/CEOs' and business' characteristics to moderate the family and business relationships. Hence, this study has provided a new avenue for research by incorporating work-family variables with family business research and conducting the research in a less investigated type of business (small size) and context (South Asian).

#### **9.4 METHODOLOGICAL CONTRIBUTION OF THE STUDY**

Firstly, this study applied a mixed-methods approach, whereby quantitative results have been supported with qualitative data from semi-structured interviews. This has provided a new approach to studies on family business since applying a mixed method approach to family business study extends the fringe of current knowledge. The rationale behind this is to produce generalizability and reflectivity at the same time by strengthening the positive aspects and weakening the negatives aspects of quantitative and qualitative methods. Unlike other studies on family business in Eastern countries, (e.g. Deng et al., 2013; Kwan et al., 2011; Miller et al., 2009) this study strengthens its quantitative findings with a qualitative investigation. Although qualitative investigations are difficult to achieve for a sensitive topic like family-to-business conflicts and enrichment, carefully planned semi structured interviews supported the researchers to obtain a better understanding of how family business owners feel and think about a certain situation.

Another significant methodological implication involves the choice of statistical analysis. This research is among a very few family business studies (e.g. C. B. Astrachan, Patel, &

Wanzenried, 2014; Sarstedt, Ringle, Smith, Reams, & Hair, 2014) and work-family interface (e.g.Köffer, Junglas, Chiperi, & Niehaves, 2014; Krisor, Diebig, & Rowold, 2015) research that utilised structural equation modelling with partial least squares.(SEM-PLS). By applying PLS, this research was able to demonstrate the joint impact of antecedent variables and the outcomes of family-related variables. In addition, this research used PLS multi-group analysis to discover the moderation effect. This testing of the moderating effect using SmartPLS provided a new frontier in analysing strategies.

The development and testing of a conceptual model specific to the family element – one that includes family-to-business interface influences on family and business relationships – extends the research from a single discipline study to a multi-disciplinary system of research over several decades of business and family development. The conceptual model of the mediation interaction of family business owners' business and family interface with family and business variable can be used to guide future research into family business on a number of levels and in various contexts.

Since the aim was to determine the family business owner's family-to-business interface affect, the unit of research family business owner was selected. In order to collect first-hand data from the sample, the technique used in this study is really interesting for methodology in terms of its implication for gathering accurate data. Twelve undergraduates were hired for the purpose of data collection and trained through a workshop on the nature of the research, questionnaire and survey method. After obtaining the consent of the sample participants over the phone, undergraduates were sent to the sample respondents to explain the aim of the research and help them to complete the questionnaire if needed. After the data had been collected, several respondents were contacted by phone to ensure that they had met with the undergraduates and that the encounter had been conducted appropriately. This process generated accurate and more reliable data.

## **9.5 MANAGERIAL IMPLICATIONS OF THE STUDY**

Many family businesses employ family members for the management and operational functions. The important feature of Sri Lankan family business is that almost all formal decisions are made by the family business owner with the aid of his/her family. Plus, families maintain control over the business. Further, the family business is the source of jobs and incomes for families, with more emotions guiding decision-making process and preferring family members. Hence, there is little chance for non-family employees to participate in the decision making in a small-sized family business. Accompanying that, due to the informal or more familial decision-making pattern and low educational level of family business owners, there is often a lack of knowledge about family businesses' governance and management, such as the use of a formal family council. However, in practice, they use family council without recognising this formal use. Therefore, there is a need to provide education and training on these specific issues pertaining to family business. Hence, the establishment of a formal body would be one means by which the Sri Lankan government could offer support to small-scale family businesses involved in tourism and to small businesses in all industries in general.

Since Sri Lanka is an emerging economy, small-scale family businesses are important to the national economy since such businesses can provide income for the family at a micro level and create a sustainable economic environment at the macro level. The Sri Lankan tourism industry is also vital for the Sri Lankan economy since new coastal areas were opened at the end of war to enhance its economic growth. Given these considerations, providing a more complete understanding of family and business, and the mediation effects of the business-family interface and the moderation effects of owners'/CEOs' and business' attributes, could be beneficial in terms of providing assistance and implementing organizational policies and procedures for the benefit of families who are engaged in family businesses. Therefore, this study would raise the awareness of government authorities and non-government organisations regarding the importance of identifying family business as a significant factor for economic development. Family business has not been identified as a separate sector in the Sri Lankan national economy. For this reason, family business contributions to the gross domestic production (GDP) and economic growth could not be calculated. Therefore, to generate government and

other financial and non-financial supports, family businesses have to be identified as a separate cluster.

Unsurprisingly nepotism plays a big role in many family businesses in Sri Lanka. This may not bring benefits to the firm in the long run. However, this situation is not visible due to the small size and few employees in the businesses. Another weakness found was that many firms allowed emotions to guide business decisions. In terms of survival in the long term, this would not be beneficial for the businesses. Hence, control of emotions, recruiting competent employees, and providing required education and training to family members in the FB sector, would help to overcome those weaknesses. Further, it is not clear that owners delegate important roles and responsibilities to the appropriate people. If they do not, it would create issues such as pressures on time and unnecessary tension for the owner. Accordingly, roles and the responsibilities must be allocated appropriately by the owner of the business. Hence, to educate business-owning families about these matters, a formal body would be very productive.

Further, the practical implication of this research may be valuable for consultants, existing authorities including the Sri Lanka Tourism Development Authority, Association of Small and Medium Enterprises in Tourism in Sri Lanka, and at international level, the World Bank and Non-Government Organizations (NGO) in terms of policy formulations, and providing support services to promote family businesses. Moreover, this research will help teachers and scholars in the family business field to understand the possible ways family members and families can balance their family and business demands within the business-family interface in order to ensure the success of the family business. For example, the findings of this study would encourage family business owners and other family members involved in the business to improve their performance for the success of the business while minimising the negative aspects of family and business relationships. Furthermore, such knowledge helps both the family and the business to perform even better.

At national level, there is no regulatory body responsible for policy actions focusing on supporting and promoting family businesses in Sri Lanka. However, general measures and different actors for supporting and promoting SMEs and other business organizations

are available such as the Department of Small Industries. There are also the Ceylon Chamber of Commerce and National Chamber of Commerce of Sri Lanka which act as service providers at the national level, and there are also many small local or regional services providers. But in the majority of cases, these bodies do not differentiate family businesses as a special group within SMEs. On the other hand, through the qualitative analysis it was revealed that many firms are the primary source of income for the owner's household, and the main and only employer of household members. For this reason, the balance between family and business is vital for the survival of the business. Hence, it is necessary that they have strategies to sustain the business and reduce conflicts. On the other hand, a large proportion of the respondents had only primary level education; therefore, it would be productive to introduce family business consultation to Sri Lanka through a formal body. However, first of all, the Sri Lankan economy should take steps to identify family businesses as a separate cluster to find out their economic contribution to the Sri Lankan economy as stated previously.

The formation of a national body with the specific responsibility for promoting family business could initially establish a definition of a family business since there is no official or common definition of family businesses in Sri Lanka. Further, by considering family business heterogeneity, this formalised body could provide various levels of policies, regulations, and financial and managerial support for different family businesses that vary in terms of ownership, generation, size, industry, etc. Moreover, this authority could organise training programs to disseminate knowledge specific to different types of family business, incorporating relevant skills development activities. Additionally, through such a formal body specific to family business development, a network of family businesses could be established. This would provide social capital for family businesses and in turn this could generate new business due to information about entrepreneurial opportunities.

## **9.6 LIMITATIONS OF THE STUDY**

This study is not without limitations. First, the majority of the sample was male. This is not unexpected, as men traditionally make up a larger proportion of business owners/CEOs due to inherited cultural aspects of Sri Lanka. Nonetheless, men and

women could differ in terms of the types of resources used to balance work and family responsibilities and subsequent outcomes. Even though a moderation analysis was conducted to find out any moderation impact of gender, it did not yield significant results.

Secondly, researchers are aware of the threat of common method bias. Study variables were measured at the same time from all sources; therefore, common method variance was not found for this study. On the other hand, Siemsen, Roth, and Oliveira (2010) stated that common method bias does not explain the interactive associations between Independent and dependent variables, to reduce single-source bias. Spector (2006) maintained that the presence of a common method for collecting data does not necessarily mean that results are biased. Despite these claims, the respondents were assured that there were no right or wrong answers to the measures in the survey. Additionally, many of the survey instruments utilised for this research have been systematically tested and utilised over many years, providing some guarantee of the quality and face validity of our measures (Cruz et al., 2012; Trochim & Donnelly, 2001). Furthermore, confirmatory factor analyses supported the intended distinction between all measures in the study, suggesting their appropriateness for the purposes of hypothesis testing (Powell & Eddleston, 2016).

Thirdly, only one direction (family-to-work) of work-family conflicts and work-family enrichment was taken into consideration since the researcher main interest is the family-related influences on the business. However, literature suggests that to fully understand the work-family interface, both directions should be considered (Carlson et al., 2000). Hence, studies which consider both aspects of these two variables are needed to better explain these relationships. To obtain a broader perspective of FBs, future research could explore the experiences of other family members, in particular, the business-family experiences of spouses and children.

Fourthly, employing cross-sectional data in this study may give rise to the significant issue of causality. While the data provided the attractive feature of statistical power, it certainly would not be considered as rich as a smaller sample of longitudinal data (Rutherford et al., 2008). Interviews conducted for qualitative analysis overcame this

limitation to a certain extent. However, it is better to increase the number of interviews to obtain more accurate verdicts.

Fifth, the data collected for this study relied on a single respondent, the owner/founder, from each family business. Also, only the family business owner was interviewed; other family members involved in the business were excluded. Even though a carefully designed data collection method was employed, only half of the distributed questionnaires were able to be collected. Hence, responses from multiple respondents within each firm would add richness to our findings. Qualitative analysis was done based on a sample collected conveniently. Further, having a small sample for qualitative analysis may have limitations on the implication of the findings. Convenient sampling is lack with robustness. This may lead to opposing and unanticipated insights due to heterogeneity.

Sixth, as in Hofstede (2001), collecting data exclusively in Sri Lanka imposes a cultural constraint on findings. Moreover, family business heterogeneity in terms of size, definition, ownership, and geographical context (Sharma & Chua, 2013) largely affects the research findings and its generalization. In terms of definition, a general definition of family business in Sri Lanka was utilised in this study, though there were various definitions for family business that linked ownership and Sri Lankan culture.

Seventh, is that accommodation businesses are not all alike. Taking several types of accommodation businesses into consideration, it should be noted that their investment type and size, growth-oriented goals, and so on could differ between one accommodation type and another. For instance, a guest house owner might want to expand the business by adding more rooms to attract more customers, while a home stay owner tries to keep the business' status quo as a lifestyle preference.

## **9.7 DIRECTIONS FOR FUTURE RESEARCH**

The results of this study can serve as a springboard for several future research directions. The study findings make a significant contribution regarding the attributes of the business-family interface for family firms, and point to several avenues for future

research. This result suggests that the interaction between business and family is considerably more positive than negative. This explains that the family-to-work enrichment acts as a buffer that mitigates the adverse effects of family-to-work conflicts. Further, these findings revealed that the balance between business and family could vary in different contexts and according to different definitions of family business. However, these results are new to the family business field. Thus, as this study is the first to examine both family to work conflict and family to work enrichment in the same model, more research should be conducted to replicate the findings of this study with samples consisting of the other sub-sectors of the tourism industry to establish an overall picture of family businesses in the tourism industry. Extending further, this model could be applied to family businesses in other industries as this would give an overall picture of family businesses in Sri Lanka. Moreover, this model could be tested in another country in the South Asian region or in another context in order to verify the generalizability of the findings.

In order to obtain a complete picture, it would be very worthwhile to model both directions of the family-business interface rather than only one direction. Hence, the other directions i.e. business-to-family conflicts and business-to-family enrichment should be added to the existing model to explain the business-family interface. This will provide information on how business owners' business-family interface functions and how it influences the family business. Furthermore, it would expand the model by testing not only the family business owners' business-family interface, but also the business-family interface of the other family members involved in the business. This would provide a more comprehensive overall picture of how the business-family interface influences the success of a family business.

As explained in the theoretical contribution, 'familiness' as a competitive advantage that is non-existent in non-family businesses, could have an influence on the conceptual model of the study in terms of generating greater family-to-business enrichment and affecting family-to-business conflicts. However, the current model was not designed to determine the impact of this distinctive notion of 'familiness' on the business-family interface. Hence, future studies from this perspective may produce a better understanding of family business and family dynamics, and family involvement in business.

This research was designed as a cross-sectional study. However, to investigate variables such as business and family interaction in an industry which is subject to seasonal influences, further research can be done with longitudinal designs. Moreover, this study can be extended by conducting a comparison of industries or cultures or geographical contexts.

This study found that the family elements considered by this research made a positive impact, although this was not strong. The question is why the proposed model explains so little of the variance in business success. This deserves further investigation. There could be other family factors and non-family factors that affect the success of family businesses. Hence, further research should be undertaken to identify those family and non-family factors which could affect family business success.

This study investigated small-scale family businesses. The same model, with the proposed relationships employed here, could be utilised to investigate other private family firms, listed family firms or large-scale family firms, and compare the results.

The model tested in this study considered only the family relationships with family business success and the mediation effect of the business-family interface on those linkages. However, by adding a new dependent variable (e.g. family success), the same model could be used to identify how these elements could impact also on family success. Hence, it is worthwhile to include in this model the family system outcomes as another endogenous variable that merits further investigation.

To identify the moderation impact of the various characteristics of family business owners/CEOs and businesses, both were used for this study. Through quantitative analysis, many were found to be non-significant moderators in the proposed model. However, through qualitative analysis, several attributes were discovered which had not emerged through quantitative analysis. These attributes were the experience and personality of the family business owner, and the technology used for the business. Further, national cultural impact on shaping family culture could be considered in future

research. Hence, it would be worthwhile to utilise those attributes to determine whether they have any further moderation impact on the proposed model.

Since family business has not been identified as a separate economic sector, there is no definite sampling frame for family business in Sri Lanka. Due to this limitation, the sample considered here may not be representative of the total business population. Therefore, future research can explore a larger number of small-scale family businesses, details of which can be obtained from other government or professional institutions with which the businesses are registered.

Finally, as suggested in the literature, more research is still needed in order to obtain an accurate and precise definition of family business together with adequate measures (Chrisman et al., 2012). Future research should examine the definition of family business from the perspective of Sri Lankan business owners.

## **9.8 SUMMARY**

This chapter discussed the conclusions drawn from the study including its implications for theory and practice. It has been concluded that this study has contributed to the understanding of family business in relation to the business-family interface. Basically, this study is a very early exploratory investigation employing a mixed-methods methodology to link the family-business and business-family interface. All the results are preliminary, and the need for more in-depth analysis of the business-family and family-business interface was recognised.. Further, the challenges and constraints that were confronted during the course of the research were explained.

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## APPENDIX 1

### Questionnaire

Your answers will remain strictly confidential. Results will be presented in statistical aggregate form only. No reference will be made to individual firms. Thank you, in advance, for helping me to complete my research!

### Section I – Owner, Family and Business

#### Part I

1	Owner/ Chairman/Managing Director/CEO's age	Between 20 and 29	<input type="checkbox"/>
		Between 30 and 39	<input type="checkbox"/>
		Between 40 and 49	<input type="checkbox"/>
		Between 50 and 59	<input type="checkbox"/>
		Between 60 and 69	<input type="checkbox"/>
2	Gender of the Owner/ Chairman/Managing Director/CEO	Male	<input type="checkbox"/>
		Female	<input type="checkbox"/>
3	Education of the Owner/ Chairman/Managing Director/CEO	Primary Education (up to O/L)	<input type="checkbox"/>
		Secondary education	<input type="checkbox"/>
		Graduate	<input type="checkbox"/>
		Postgraduate (with diploma)	<input type="checkbox"/>
		Postgraduate (with masters)	<input type="checkbox"/>
		Postgraduate (with Ph.D)	<input type="checkbox"/>
4	Marital status Education of the Owner/ Chairman/Managing Director/CEO	Single	<input type="checkbox"/>
		Married	<input type="checkbox"/>
		Divorced	<input type="checkbox"/>
		Widowed	<input type="checkbox"/>
5	Do you have children?	Yes	<input type="checkbox"/>
		No	<input type="checkbox"/>
6	If yes, number of children	Less than 2 children	<input type="checkbox"/>
		Between 3-5 children	<input type="checkbox"/>
		More than 5 children	<input type="checkbox"/>
7	Whether they are	Under 5 years old	<input type="checkbox"/>
		Between 6-19	<input type="checkbox"/>
		Over 19 years old	<input type="checkbox"/>
8	Do your/ your spouse parents or any other adult(s) live with you?	Yes	<input type="checkbox"/>
		No	<input type="checkbox"/>
9	If yes, are they?	My parents	<input type="checkbox"/>
		Spouse parents	<input type="checkbox"/>
		Other	<input type="checkbox"/>

10	Are family members employed in your business?	Yes	<input type="checkbox"/>
		No	<input type="checkbox"/>
11	If yes, how many?	Less than 2	<input type="checkbox"/>
		Between 2 and 5	<input type="checkbox"/>
		Between 6 and 10	<input type="checkbox"/>
		More than 10	<input type="checkbox"/>
12	Are they paid?	Yes	<input type="checkbox"/>
		No	<input type="checkbox"/>
13	And whether they are	Spouse	<input type="checkbox"/>
		Children	<input type="checkbox"/>
		Parents	<input type="checkbox"/>
		Spouse parents	<input type="checkbox"/>
		Other relatives	<input type="checkbox"/>
		All of above	<input type="checkbox"/>
14	Age of the business	Less than 5 year	<input type="checkbox"/>
		Between 6 and 10 years	<input type="checkbox"/>
		Between 11 and 15 years	<input type="checkbox"/>
		Between 16 and 25 years	<input type="checkbox"/>
		Between 26 and 35 years	<input type="checkbox"/>
		More than 35 years	<input type="checkbox"/>
15	Business type	Accommodation	<input type="checkbox"/>
		Food and Beverage	<input type="checkbox"/>
		Travel	<input type="checkbox"/>
		Entertainment	<input type="checkbox"/>
		Other	<input type="checkbox"/>
16	Structure of the business	Sole proprietorship	<input type="checkbox"/>
		Limited liability Company	<input type="checkbox"/>
		Partnership	<input type="checkbox"/>
		Other	<input type="checkbox"/>
17	Location of the business	Major city	<input type="checkbox"/>
		Suburbs of a major city	<input type="checkbox"/>
		Rural	<input type="checkbox"/>
18	Is your business home-based?	Yes	<input type="checkbox"/>
		No	<input type="checkbox"/>
19	Size of the business in terms of number of employees	Less than 5	<input type="checkbox"/>
		Between 6 and 15 employees	<input type="checkbox"/>
		Between 16 and 25 employees	<input type="checkbox"/>
		Between 26 and 35 employees	<input type="checkbox"/>
		Between 36 and 50 employees	<input type="checkbox"/>

20	Do you employ Non-family members in your business?	Yes	<input type="checkbox"/>
		No	<input type="checkbox"/>
21	If yes, how many?	Less than 5	<input type="checkbox"/>
		Between 6 and 15 employees	<input type="checkbox"/>
		Between 16 and 25 employees	<input type="checkbox"/>
		Between 26 and 35 employees	<input type="checkbox"/>
		Between 36 and 50 employees	<input type="checkbox"/>

**Part II**

Please rate the extent to which you agree with the following statements.

		Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
1	My spouse provides me with a great deal of emotional support for our business.	<input type="checkbox"/>				
2	Degree of physical support of spouse is very high to meet demands of day today life.	<input type="checkbox"/>				
3	Our children work in the business.	<input type="checkbox"/>				
4	In facts, our children have understood and care about their parents' busy lives.	<input type="checkbox"/>				
5	My parents and in-laws help us either by doing home or business work.	<input type="checkbox"/>				
6	I spent time attending my parents since they need physical help for their daily lives.	<input type="checkbox"/>				
7	Our family financially supports the business in occasion.	<input type="checkbox"/>				
8	I have to move money from business-to-family to meet family needs in addition to salaries.	<input type="checkbox"/>				

**Section III Family Involvement in Business**

**Part 1: The Power Subscale**

1	Please indicate the proportion of share ownership held by family and nonfamily members	Family	.....%
		Nonfamily	.....%
2	Are shares held in a holding company or similar entity (e.g., trust)?	Yes	<input type="checkbox"/>
		No	<input type="checkbox"/>
If YES, please indicate the proportion of ownership:			
	(a) Main company owned by:	Direct family ownership	.....%
		Direct non-family ownership	.....%

		Holding company	.....%
	(b) Holding company owned by	Family ownership	.....%
		Nonfamily ownership	.....%
		2nd holding company	.....%
	(c) 2nd holding company owned by	Family ownership	.....%
3	Does the business have a director board?	Yes	<input type="checkbox"/>
		No	<input type="checkbox"/>
If YES			
	(a) How many board members does it comprise?	.....members	
	(b) How many board members are family?	.....family members	
	(c) How many nonfamily (external) members nominated by the family are on the board?	..... nonfamily members	
4	Does the business have a management board?	Yes	<input type="checkbox"/>
		No	<input type="checkbox"/>
If YES			
	(a) How many persons does it comprise?	.....members	
	(b) How many management board members are family?	.....family members	
	(c) How many nonfamily board members are chosen through them?	..... nonfamily members	

**Part 2: The Experience Subscale**

1	How many generations of your family have actively been involved in the business?	..... generation
2	What generation(s) manage(s) the company?	..... generation
3	What generation is active on the director board?	..... generation
4	Which generation are you belonging to?	..... generation
5	How many family members do not participate actively in the business but are interested to participate in future?	..... members
6	How many family members are not (yet) interested at all?	.....members

### Part 3: The Culture Subscale

Please rate the extent to which you agree with the following statements.

		Not at all		Neutral		To a large extent
		1	2	3	4	5
1	Your family has influence on your business.	<input type="checkbox"/>				
2	Your family members share similar values.	<input type="checkbox"/>				
3	Your family and business share similar values.	<input type="checkbox"/>				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
4	Our family members are willing to put in a great deal of effort beyond that normally expected in order to help the family business be successful.	<input type="checkbox"/>				
5	We promote the family business in discussions with friends, employees, and other family members.	<input type="checkbox"/>				
6	We feel loyalty to the family business.	<input type="checkbox"/>				
7	Our family values are compatible with those of the business.	<input type="checkbox"/>				
8	We are proud to tell others that we are part of the family business.	<input type="checkbox"/>				
9	There is so much to be gained by participating with the family business on a long-term basis.	<input type="checkbox"/>				
10	We agree with the family business goals, plans and policies.	<input type="checkbox"/>				
11	We really care about the fate of the family business.	<input type="checkbox"/>				
12	Deciding to be involved with the family business has a positive influence on my life.	<input type="checkbox"/>				
13	I understand and support my family's decisions regarding the future of the family business.	<input type="checkbox"/>				

## Section IV

### Part 1 Work-family Conflict

Please rate the extent to which you agree with the following statements

		Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
10	The time I spend on family responsibilities often interferes with my business responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	The time I spend with my family often causes me not to spend time on business activities that could be helpful to business development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	I have to miss business activities due to the amount of time I must spend on family responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Due to stress at home, I am often preoccupied with family matters when engaged in business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Because I am often stressed from family responsibilities, I have a hard time concentrating on my business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Tension and anxiety from my family life often weaken my ability to do my business activities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	The behaviors that work for me at home do not seem to be effective in business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	Behavior that is effective and necessary for me at home would be counterproductive in business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	The problem-solving behavior that works for me at home does not seem to be as useful in business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Part 2 Work-family Enrichments

Please rate the extent to which you agree with the following statements

	My involvement in my family	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
10	Helps me to gain knowledge and this helps me be a better businessman/woman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Helps me acquire skills and this helps me be a better businessman/woman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12	Helps me expand my knowledge of new things and this helps me be a better businessman/woman	<input type="checkbox"/>				
13	Puts me in a good mood and this helps me be a better businessman/woman	<input type="checkbox"/>				
14	Makes me feel happy and this helps me be a better businessman/woman	<input type="checkbox"/>				
15	Makes me cheerful and this helps me be a better businessman/woman	<input type="checkbox"/>				
16	Requires me to avoid wasting time at work and this helps me be a better businessman/woman	<input type="checkbox"/>				
17	Encourages me to use my work time in a focused manner and this helps me be a better businessman/woman	<input type="checkbox"/>				
18	Causes me to be more focused at work and this helps me be a better businessman/woman	<input type="checkbox"/>				

## Section V Family Business Success

### Part 1

Please rate the extent to which you agree with the following statements

	How satisfied are you with the performance of your business in	Very unsatisfied 1	Unsatisfie d 2	Neither satisfied or unsatisfied 3	Satisfied 4	Very satisfied 5
1	Sales Turnover	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Market share growth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Cash flow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Employee Turnover	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Employee grievances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Customer complaints	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5
7	The family firm name is recognized in the community.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	In our advertisement, we mention that we	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	are a family business.					
9	Most of our customers know that we are a family business.	<input type="checkbox"/>				
10	Employees are given authority and responsibility to act alone if they think it to be in the best interests of the business	<input type="checkbox"/>				
11	We have been able to expand our existing customer base this year	<input type="checkbox"/>				
12	We have succeeded in sustaining our customer base and achieving repeat orders	<input type="checkbox"/>				

Thank you.

## **APPENDIX 2**

### **Interview Plan**

#### **1. Ice breaking with the owner/family member.**

\* Greetings

\* Information about the objectives of the study - to determine how work-family conflicts and enrichments can have impacts on family business success.

#### **2. Interviewee to sign consent form.**

\* Information sheet (Appendix 1) & consent form (Appendix 2) are included.

#### **3. Owner-related Questions**

##### **A. Individual & family background**

- Demographic information of family business owner (age, education, experience)
- What is your current position in the business? How long have you been involved? How long have you been employed in the company? How and when did you come into the family business?
- The nature of your work background and your education/training? What are the key skills you bring to the firm?
- Information about family members, whether they are employed in the business?
- Details of family members who are engaged with the business (relationship, age, qualifications, experience, their marital status)

##### **B. Family business**

- Characteristics of family business such as type of business, number of workers, capital, sales turnover, change in involvement of the family member, change in ownership structure.
- Who set up the family business? When? What generations of the family is/are now involved?
- What is the governance structure of the business? When was this developed? Is this suitable in your view? How might it be improved?

### **C. Family Business Success**

- What were your personal goals in the family business?
- What is your attitude regarding the success of your business? Has it achieved success or not? Why?
- Do you think all family members contribute to achieve them?
- How were the decisions actually made in the family business?
- What was your involvement in decision making?
- What do you want to see happen in your business, including your involvement in the business?
- What prospects do you see for the future?
- What are the company's key performances measures (financial indicators / non-financial indicators)?
- Do you want the business remain in the family?

### **D. Work-Family Conflicts**

- How do you handle emotional issues/problems in the business?
- Are there a lot of disagreements and conflicts within the family?
- How and where do you handle possible conflicts?
- How is the communication within the family?
- What are the advantages and disadvantages of conflicts?
- Are there old conflicts which have not been discussed and resolved?
- How does this affect the communication and the atmosphere in the family?
- How does this affect the relation with the board of directors and the management team?
- Do you discuss sensitive (emotional) issues/problems openly or do you try to avoid them?
- How do you prevent conflicts (small issues) from becoming bigger problems?
- Do you have a code of conduct where it is explained how one should behave as family member, owner and employee? (Appreciate, accept, respect each others etc.)

- What are the most difficult aspects of your role?

### **E. Work-Family Enrichments**

- Are the bonds within the family strong?
- What are the most rewarding aspects of your role?
- What interactions do you share with members of your family (immediate and extended)?
- Whom do you seek out to discuss a business matter/a personal matter?
- How do you explain the support of your spouse and children for managing both home and business?
- Could you give me an example of some aspects of family which contribute to the business positively?
- Could you give me an example of some aspects of business which contribute to the family positively?

### **F. Family Involvement in Business**

- How do you make decisions? (Consensus, compromise, vote, etc.)
- Do you differentiate the different roles as family member, owner and employee?  
If yes: How? And why is that important?
- Is it easy to differentiate the different roles? If no: Why not?

## **APPENDIX 3**

### **The request to participate in the study of “Family-Business Success through Work-Family Interface in Tourism in Sri Lanka”**

My name is Amali Nisansala Ediriweera. Currently I am conducting a study for a Doctor of Philosophy attaching to Victoria University, Melbourne, Victoria. I am writing to invite you to participate in my research project that explores the effects of business-family interface constructs on family involvement in business leading to business success in tourism industry in Sri Lanka. As with any research, there are a number of important issues I would like to bring your attention to. If after having read through this letter you would like clarification, I and my supervisors, listed at the end of the letter would be happy to provide further information.

#### **Purpose of Research**

The purpose of the research is to explore the mediation and moderation impact of work-family interface family involvement in business leading to family business success in rural tourism in Sri Lanka. This will be achieved by examining how work-family conflicts and work-family enrichments affect the involvement in business and how would this lead to the success of the business? The aim of the interview is to access detailed information about how conflicts and enrichment could affect the involvement of family members.

#### **Confidentiality**

Before carrying out the research project, I had to submit my proposal to the University Human Research Ethic Committee. This submission deals specifically with the issue of confidentiality of informational provided by respondents. Therefore, the information that I gather from the survey will be treated confidentially and only used for academic purposes. This means that data will be aggregated so that individual responses cannot be recognized.

#### **Your role in the study**

I am interested in finding out how conflicts and enrichment could affect the involvement of family members and how could you achieve success with this background. I will request you to fill the attached questionnaire about owner, family and business characteristics; the involvement of family members and the influences of family and business conflicts and enhancements. This will take few minutes from your valuable time. Thus I could reach a notable finding which in turn may provide benefits to your business.

## Confidentiality

The information you provide will be kept separate from your personal details, and only my supervisor will have access to this. The filled questionnaires will not have your name or any other identifying information on it and, in adherence to university policy, those will be kept in a locked cabinet for five years before being destroyed.

## Further Information

The research study has been reviewed and given approval by Victoria University Human Research Ethics Committee (Approval No. ....). If you would like further information about the study, please feel free to contact:

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## APPENDIX 4

Ethics Approval from

# Quest Ethics Notification - Application Process Finalised - Application Approved

quest.noreply@vu.edu.au

Mon 5/18/2015 4:02 PM

To: anona.armstrong@vu.edu.au <anona.armstrong@vu.edu.au>;

Cc: Amali Ediriweera <amali.ediriweera@lve.vu.edu.au>; Kumi Heenetigala@vu.edu.au <Kumi.Heenetigala@vu.edu.au>;

Dear PROF ANONA ARMSTRONG,

Your ethics application has been formally reviewed and finalised.

- » Application ID: HRE15-060
- » Chief Investigator: PROF ANONA ARMSTRONG
- » Other Investigators: DR KUMI HEENETIGALA, MS Amali Nisansala Ediriweera
- » Application Title: Family-Business Success through Work-Family Interface in Tourism in Sri Lanka
- » Form Version: 13-07

The application has been accepted and deemed to meet the requirements of the National Health and Medical Research Council (NHMRC) 'National Statement on Ethical Conduct in Human Research (2007)' by the Victoria University Human Research Ethics Committee. Approval has been granted for two (2) years from the approval date; 18/05/2015.

Continued approval of this research project by the Victoria University Human Research Ethics Committee (VUHREC) is conditional upon the provision of a report within 12 months of the above approval date or upon the completion of the project (if earlier). A report proforma may be downloaded from the Office for Research website at: <http://research.vu.edu.au/hrec.php>.

Please note that the Human Research Ethics Committee must be informed of the following: any changes to the approved research protocol, project timelines, any serious events or adverse and/or unforeseen events that may affect continued ethical acceptability of the project. In these unlikely events, researchers must immediately cease all data collection until the Committee has approved the changes. Researchers are also reminded of the need to notify the approving HREC of changes to personnel in research projects via a request for a minor amendment. It should also be noted that it is the Chief Investigators' responsibility to ensure the research project is conducted in line with the recommendations outlined in the National Health and Medical Research Council (NHMRC) 'National Statement on Ethical Conduct in Human Research (2007).'

On behalf of the Committee, I wish you all the best for the conduct of the project.

Secretary, Human Research Ethics Committee  
Phone: 9919 4781 or 9919 4461  
Email: [researchethics@vu.edu.au](mailto:researchethics@vu.edu.au)

## APPENDIX 5

**Table of Normality of the Indicators**

	Mean	Median	Mode	Skewness	Kurtosis	Minimum	Maximum
Gender of the Owner/ Chairman/Managing Director/CEO	1.24	1.00	1	1.240	-.466	1	2
Age of the Owner/ Chairman/Managing Director/CEO	2.1393	2.0000	2.00	.120	.254	1.00	3.00
Education of the Owner/ Chairman/Managing Director/CEO	2.17	2.00	2	-.205	-.750	1	3
Age of the business	1.6803	2.0000	2.00	.130	-.631	1.00	3.00
Size of the business	1.4549	1.0000	1.00	.182	-1.983	1.00	2.00
Is your business home-based?	1.66	2.00	2	-.679	-1.552	1	2
Business type	4.23	5.00	5	-1.367	.466	1	5
Structure of the business	1.24	1.00	1	2.332	3.974	1	3
Location of the business	1.81	2.00	2	.147	-.517	1	3
My spouse provides me with a great deal of emotional support for our business.	3.76	4.00	4	-1.255	.918	1	5
Degree of physical support of spouse is very high to meet demands of day-to-day life.	3.77	4.00	4	-1.202	.706	1	5
Our children work in the business.	2.67	2.50	1	.226	-1.461	1	5
In fact, our children have understood and care about their parents' busy lives.	3.31	4.00	4	-.668	-.587	1	5
My parents and in-laws help us either by doing home or business work.	2.93	3.00	3	-.035	-1.023	1	5
I spent time attending to my parents since they need physical help in their daily lives.	3.90	4.00	4	-.700	.791	1	5

Our family financially supports the business on occasion.	3.20	3.00	4	-.439	-.690	1	5
I have to move money from business-to-family to meet family needs in addition to salaries.	3.29	4.00	4	-.864	.177	1	5
Q1EA	3.81	4.00	4	-.331	1.076	1	5
Q2EA	3.84	4.00	4	-.922	2.286	1	5
Q3EA	3.77	4.00	4	-.639	1.695	1	5
Q4EA	3.75	4.00	4	-.400	1.058	1	5
Q5EA	3.83	4.00	4	-.104	-.063	2	5
Q6EA	3.94	4.00	4	-.296	-.132	2	5
Q7EA	3.79	4.00	4	-.343	.050	2	5
Q8EA	3.91	4.00	4	-.033	-.741	2	5
Q9EA	3.91	4.00	4	-.676	1.108	1	5
FIBQ1aP	96.91	100.00	100	-4.269	18.064	20	100
PP1	96.31	100.00	100	-3.558	11.647	33	100
PP2	89.73	100.00	100	-1.946	2.403	14	100
FIBQ1E	1.32	1.00	1	1.838	3.955	1	4
FIBA2E	1.32	1.00	1	1.548	3.172	0	4
FIBQ3E	.18	0.00	0	2.796	6.719	0	2
FIBQ4E	1.19	1.00	1	1.347	2.819	0	3
FIBQ5E	1.10	1.00	0	.451	-.873	0	4
FIBQ6E	.54	0.00	0	1.954	4.606	0	5
FIBQ1C	3.46	4.00	4	-.881	.193	1	5
FIBQ2C	3.34	3.00	3	-.412	.016	1	5
FIBQ3C	3.50	3.00	3	-.179	.222	1	5
FIBQ4C	3.71	4.00	4	-1.079	1.890	1	5
FIBQ5C	3.45	4.00	4	-.761	.376	1	5
FIBQ6C	4.06	4.00	4	-1.049	2.846	1	5
FIBQ7C	3.78	4.00	4	-.649	.820	1	5
FIBQ8C	4.04	4.00	4	-.950	2.891	1	5
FIBQ9C	3.96	4.00	4	-.167	-.325	2	5
FIBQ10C	4.06	4.00	4	-.394	.249	2	5
FIBQ11C	4.12	4.00	4	-.395	.052	2	5
FIBQ12C	4.16	4.00	4	-.442	-.087	2	5
FIBQ13C	4.07	4.00	4	-.418	.408	2	5
WFCQ10FW	2.65	3.00	2	.257	-.625	1	5
WFCQ11FW	2.67	3.00	2	.225	-.832	1	5
WFCQ12FW	2.65	2.00	2	.277	-.790	1	5

WFCQ13FW	2.67	3.00	2	.060	-.931	1	5
WFCQ14FW	2.61	2.00	2	.311	-.769	1	5
WFCQ15FW	2.44	2.00	2	.231	-1.012	1	5
WFCQ16FW	2.58	2.00	2	.326	-.759	1	5
WFCQ17FW	2.70	3.00	2	.299	-.647	1	5
WFCQ18FW	2.72	3.00	3	.030	-.713	1	5
WFEQ10FW	4.08	4.00	4	-.120	.684	2	5
WFEQ11FW	4.05	4.00	4	-.122	.754	2	5
WFEQ12FW	4.02	4.00	4	-.002	-.036	3	5
WFEQ13FW	4.07	4.00	4	.005	.036	3	5
WFEQ14FW	4.08	4.00	4	-.038	-.291	3	5
WFEQ15FW	4.08	4.00	4	-.082	-.620	3	5
WFEQ16FW	4.15	4.00	4	-.208	-.001	2	5
WFEQ17FW	4.09	4.00	4	-.024	-.168	3	5
WFEQ18FW	3.98	4.00	4	.008	.070	3	5
FBSQ1F	3.81	4.00	4	-.924	1.438	1	5
FBSQ2F	3.74	4.00	4	-1.052	1.789	1	5
FBSQ3F	3.86	4.00	4	-.543	.893	1	5
FBSQ4F	3.80	4.00	4	-1.254	1.995	1	6
FBSQ5F	3.66	4.00	4	-.955	.516	1	5
FBSQ6F	3.80	4.00	4	-1.164	1.346	1	5
FBSQ7NF	3.52	4.00	4	-.790	-.348	1	5
FBSQ8NF	3.08	3.00	4	-.170	-1.288	1	5
FBSQ9NF	3.40	4.00	4	-.359	-.375	1	7
FBSQ10NF	3.75	4.00	4	-.341	.306	1	5
FBSQ11NF	3.94	4.00	4	-.655	1.573	1	5
FBSQ12NF	4.27	4.00	4	-1.395	4.900	1	5