

DIGITALIZATION, SOCIAL MEDIA AND THE FAMILY BUSINESS

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Introduction

The majority of tourism enterprises are family businesses, of which many are SMEs (Chrisman et al. 2008; Astrachan & Shanker, 2003; Poutziouris & Chittenden, 1996). Family firms are defined “as one that will be passed on for the family’s next generation to manage and control” (Ward, 2011, p. 273). Despite the fact that family firms have been one of the most investigated topics (Bracci & Vagnoni, 2011; Sharma, 2004), there often remains a “naïve, over-simplistic understanding of the motivation of those in the small business sector” (Culkin & Smith, 2000, p. 145). Small family firms have not been receiving much interest on how they handle digitalization and the new digital age in their businesses.

Based on our findings we generated in project No 45/2016, where we presented our findings from a quantitative survey on digitalization completed by family firms in the Tirol, this prolongation project (EPU 16/2017) aims at presenting the additional results which we generated in Hong Kong using a qualitative approach (guided interviews with family firms).

Both projects in the context of family business and digitalization, had the purpose to explore the use and adoption of digital and social media in family businesses in the Europe and East Asia, and to find out differences and barriers in the usage of tools and technology.

Method of Collaboration

For developing the research design, the project partners used the following methods and tools of collaboration:

- Skype sessions: Project kick-off with project briefing will all related parties: Project schedule was discussed, agreed and minuted; Further skype sessions during the project elaboration
- WhatsApp and Email for text based conversation
- Dropbox for data exchange
- Visits at partner institution: Dr. Schuckert visited MCI (May 1-5, 2018): workshop with faculty, guest lecture, development of interview guideline with Dr. Zehrer and launch of the qualitative study in Hong Kong, project reporting; Dr. Zehrer visited Hong Kong PolyU (October 15-19, 2018): workshop with faculty, guest lecture, discussion of final results of both projects together with Dr. Schuckert, project reporting

Methodology

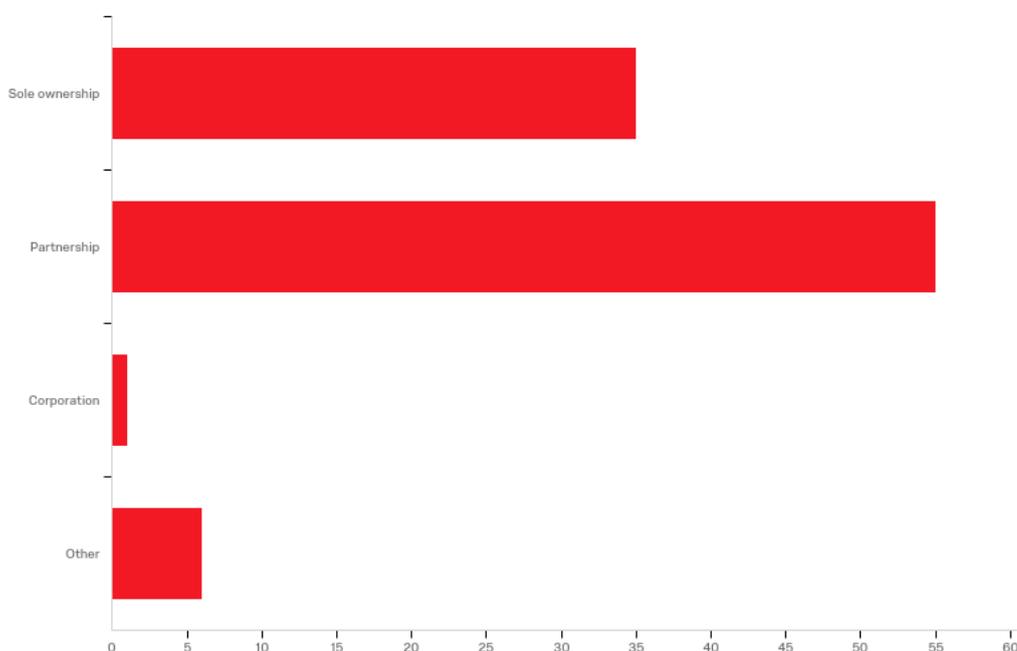
The research methodology is split up into two parts: part A consisted of a systematic literature review as well as data collection via a quantitative research method (questionnaire) in Europe (Austria) and is attributed to project EPU 45/2016. Part B consisted of data collection via a qualitative research method (guided interviews) in East Asia (Hong Kong) and was undertaken in the prolongation project EPU 16/2017.

Findings

Altogether, we interviewed 99 hospitality enterprises in Hong Kong, which responded to our interview request.

1. Ownership

With regard to the ownership structure, we found that most of the enterprises are based on a partnership when it comes down to owning the enterprise. At 2nd, single or solo ownership is important, too. In terms of partnership, this includes core ownership schemes between family members, family and friends, friends or family/friends with business partners in an investment role.



2. Establishment of the business and stage of the owner

Regarding our research questions, we have been asking about the age of the participant, when they started their business. This is an important question related to experience, perspective of the industry and the related question of digitalization. The following table gives an idea about the age distribution and establishment of the business.

#	Answer	%	Count
1	18-25	46.88%	45
2	26-33	28.13%	27
3	34-40	15.63%	15
4	41-50	8.33%	8
5	Over 50	1.04%	1
	Total	100%	96

It is obvious that most of the owners are of younger age and then the number of owners, who started the business in a later stage of their life, is decreasing. Reasons are the access to full-time employed jobs, the interest in driving an own business, limited access and/or funding for tertiary education, and the dynamic situation of the economy in Hong Kong. Regarding digitalization it becomes clear that the younger generation of owners has a better excess and understanding of technology compared to the elder generation of owners. Integrating modern technology into their business is within the DNA of generation Y or the Millennials, while digitalization of generation X and baby boomers comes with higher entry burden.

3. Gender distribution

The gender distribution among the business owners tends towards male with 73.2%. Females count for 26.8% in this sample.

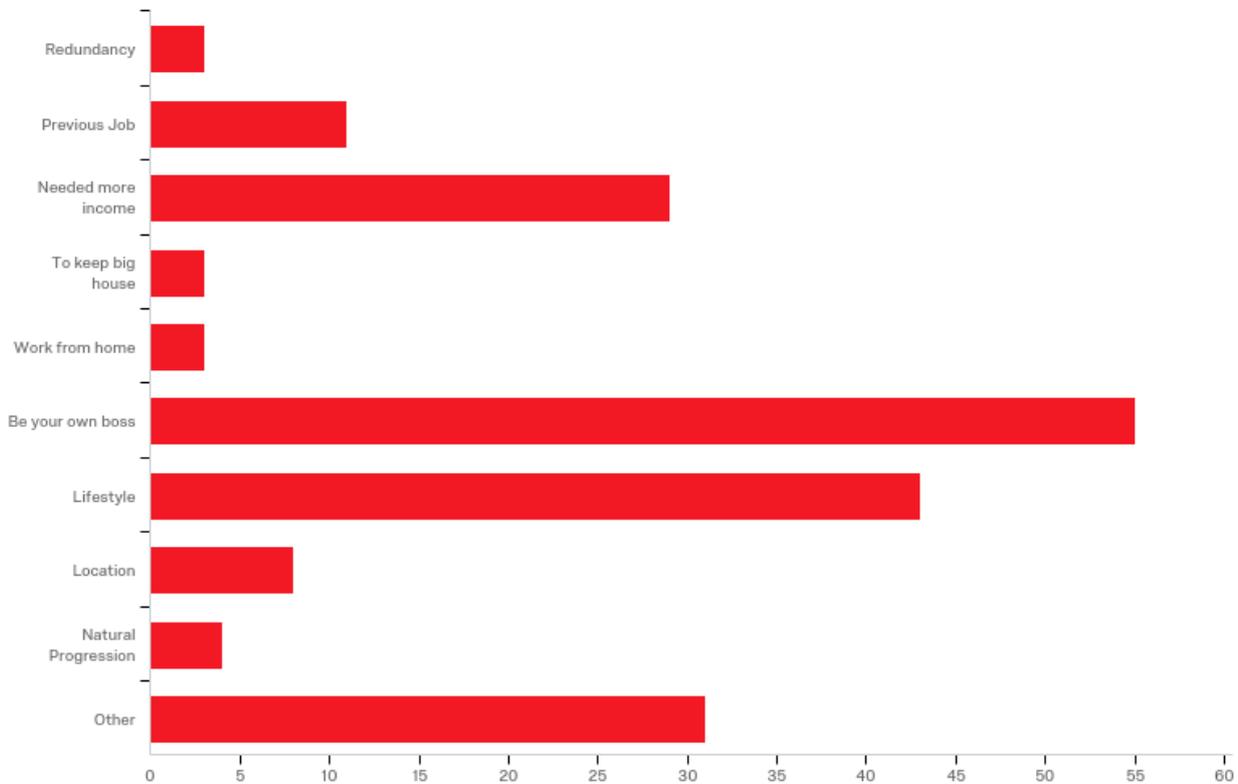
4. Prior Experience or knowledge

We have been interested in how much work experience did the owners have prior to their startup activities, because this relates very much to the success of SMEs as well as the long-term growth development of a company. It confirms as well the entrepreneurial theory with regard to reasons to be motivated to become an entrepreneur. The level of experience shows a bell-shape in terms of a normal distribution, the share of very experienced entrepreneurs and entrepreneurs with almost no prior experience are the minority, the absolute majority has an intermediate experience before starting up a company. A similar share has somewhat more experience and a comparable share has less experience in terms of starting a business. In our preliminary analysis it shows, that all these startup entrepreneurs gaining some experience in the industry and then decide to spin of their 6 business. Only a few are the rookies with zero experience compared to the very experienced late starters to establish a firm. Table 2 shows the distribution with two answers missing.

#	Answer	%	Count
1	A great deal	12.37%	12
2	A lot	25.77%	25
3	A moderate amount	27.84%	27
4	A little	26.80%	26
5	None at all	7.22%	7
	Total	100%	97

5. Institutional support

Asking for the support by government, nonprofit organization or other institutions 11 out of 97 entrepreneurs received or reached out for institutional help or aid. The vast majority of 86 entrepreneurs managed to start up themselves.



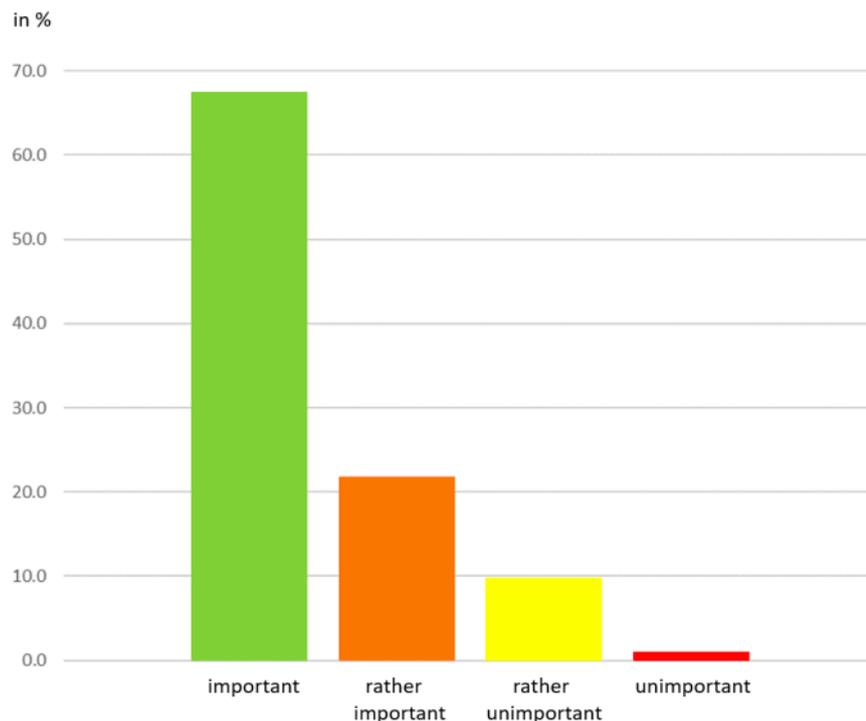
6. Start-up reasons

The reasons for starting an own business are elaborated well in academic literature. For the case of Hong Kong for small and medium-sized enterprises in hospitality business, the distribution is somewhat different and somewhat coherent with earlier studies.

Strong motivators are: becoming independent and the own boss (pull factor), change of lifestyle (pull factor; in case of Hong Kong flexible working hours and flexible workplace), increase of income (push factor), as well as other reasons like lack of options for corporate position or access to Hong Kong via related visa schemes.

7. Digitalization

Digitalization and social media is regarded important in more than two thirds of the respondents (67.5%), while 21.8% regard it as being important. Only a small proportion of the respondents find digitalization and social media rather unimportant (9.8%) or unimportant (1.0%). In the case of Hong Kong, digitalization is fourfold: social media for advertising, chat applications for communication, online payment and mobile payment solutions for locals and tourists, processing of tax via online application.



Furthermore, we have been asking for examples of digital applications:

Facebook and OpenRice to promote the local business. These platforms allow to promote the own business and receive feedback from customers. A badge system helps to increase awareness and recognition (replication).

Whatsapp and Wechat: both applications have underlying principle of one-to-one and one-to-many communication. These applications are rather used on mobile devices than on desktop solutions. Since in Hong Kong the Western and the Chinese social media paradigm are blending into each other, customers are using one or both applications. In terms of Western users, Wechat is a rather new experience and not widely used, what absolutely dominant in China.

Octopus, ApplePay or Alipay. In contrast to Europe, mobile payment is strongly on the rise in Asia. Especially Hong Kong and China show a high degree of growth in terms of the acceptance of mobile payment. This has been started in Hong Kong with an RFID value card system (Octopus), a system known in Europe e.g. London, UK, to transfer small payments in public transportation or convenient shops. Recently, ApplePay (Alibaba) is on the rise in Hong Kong as well as the Chinese based WechatPay or Alipay. The latter two are extremely important for Chinese tourists visiting the city, since China has currency restrictions in place, the axis II credit cards are still limited, and the handling of cash for most of people bothersome. Those in other reasons need to abide the acceptance of mobile payment solutions even for micro business in China. Based on this habit by the customers, Hong Kong businesses are forced into the acceptance on mobile payment solutions.

