

Transgenerational entrepreneurship and survivability in rural economy

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Abstract. Transgenerational entrepreneurship is the new theoretical perspective that introducing the family capability to transfer entrepreneurship for generations. This paper investigates the relationship between family business, entrepreneurship and the rural economy. 18 entrepreneurial families in Langkawi island were selected because this community capability to develop the island to be a tourism destination in Malaysia. Data collected through in-depth interviews and thematic analysis was applied. As a result, transgenerational tourism entrepreneurship dimensions were created which are; survivability mindset, smallness, family cumulative entrepreneurship experience, entrepreneurship molding and goal achievement. The first dimension is the survivability mindset where business life is the family life-line. Smallness is the second dimension that emphasizes the size of the business that expands on the family capability. Following is the family cumulative family entrepreneurship experience from the founder to the young generation. The next dimension, entrepreneurship molding for entrepreneurship nurture and retirement. Lastly, family goals are to achieve resiliency and new generation expansion. Hence, the family prefers long term plan with a low-risk investment to create sustainable economic development. Development planning for the economy should not treat the local community as the second option but empowering them to be sustainable entrepreneurs.

1. Introduction

Nowadays, empowerment rural economy through the tourism business is a common practice, especially in Asia developing countries. The family becomes the majority owner of the tourism business [1, 2]. The family business is well known for the mixture of positive and negative impacts on the entrepreneurship. In this paper, the research wants to highlight the nepotism attitude in the family business that may promote sustainability in the tourism destination. The capability of family entrepreneurship is beyond the business itself because the family may sell the business for profit, capital or even failure [3]. Hence, the transgenerational entrepreneurship theory was introduced to explain this behavior. Traditional family business research focuses on the business entity that will not able to define the entrepreneurship activities between generations. Furthermore, the tourism business is rarely explored by the researcher because tourism research concentrates on tourist research [4]. The objective of the research is to identify the capability of the transgenerational entrepreneurship in the tourism business as the sustainability action in the rural economy.



2. Literature review

2.1. Definition

The origin of the family business can be traced back to a hundred years ago as the main business organization [5]. Chua, Chrisman and Sharma [6] define family business as “*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*”. Unfortunately, the definition was too rigid and focus on business as the main unit of analysis rather than the family itself. Hence, Habbershon, Nordqvist and Zellweger [3] proposed the transgenerational entrepreneurship definition, “*a process through which a family uses and develops entrepreneurial mindsets and family influenced capabilities to create new streams of entrepreneurial, financial and social value across generations*”. Nevertheless, both definition triggered the interest of the research to investigate the sustainability element in the tourism business.

2.2. Family business as the foundation theory

The family business research started by exploring the succession process. This unique feature of the family business better explained by Handler [7]. Provided that, the family business has two generation involve, predecessor and successor. The predecessor firstly, becoming the sole operator and the successor has no role in the business. The involvement successor as helper create a monarchy system in the family business. Majority families never go to the next stage due to the predecessor entrenchment. Besides that, Gersick et al [8] mentioned that family has four stages beginning with young business family, entering the business, working together and passing the baton. The first stage is for the young family starting a new business. Husband and wife helps each other and whenever the child has meet mature age, the family enters the second stage where new generation involve in the business. Afterwards, the third stage where the collaboration both generations and mentor mentee relationships occurred. Finally, the predecessor passes the baton to the new family leader.

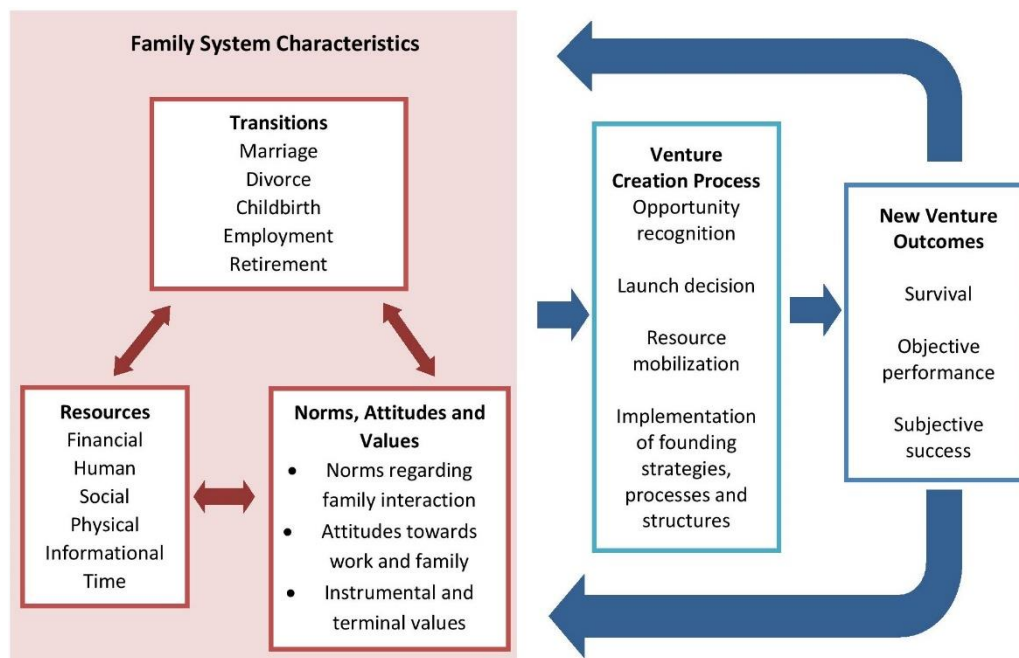


Figure 1. 12S family embeddedness perspective on new venture creation.

Besides that, Stafford et al [9] explained that the family business has the capability to possess a sustainability element. The resource mobilization by the family comes with the restrictions such as the availability of the existing resources. The process involves of resources transactions from one party to another party, for example a family business selling products to client interaction. However, there will

be disruptions such as conflict between family members and family need to have a proper response to mitigate the conflict. Hence, the objective of the business can be achieved and gain sustainability. Stemmed from previous researches, Aldrich and Cliff [5] stressed out the family influence on individual decision to be an entrepreneur as shows in Figure 2. Family characteristics such as the transitions, resources and cultural shape the individual mindset. A person will start the venture creation process and survive as an entrepreneur. As a result, that same person will repeat the process after married and the new family will also influence the young generation. This cycle capable to translate into sustainability characteristic from the entrepreneurship perspective.

Besides, Poza and Dauherty [10] mentioned that the family business has 12S element from four groups such as Figure 2. The first group is the strategy which contains the shared values among family members, enterprise and individual's strategies. Secondly, the succession and social capital consist of the succession process, skills and staff (family and nonfamily members). Next is the shareholders where the wealth management, philanthropy attitude and stewardship in the family. Lastly, the structure of the organization, shareholder and governance. However, the model explained more about the business entity and fail to identify the entrepreneurship between generations.

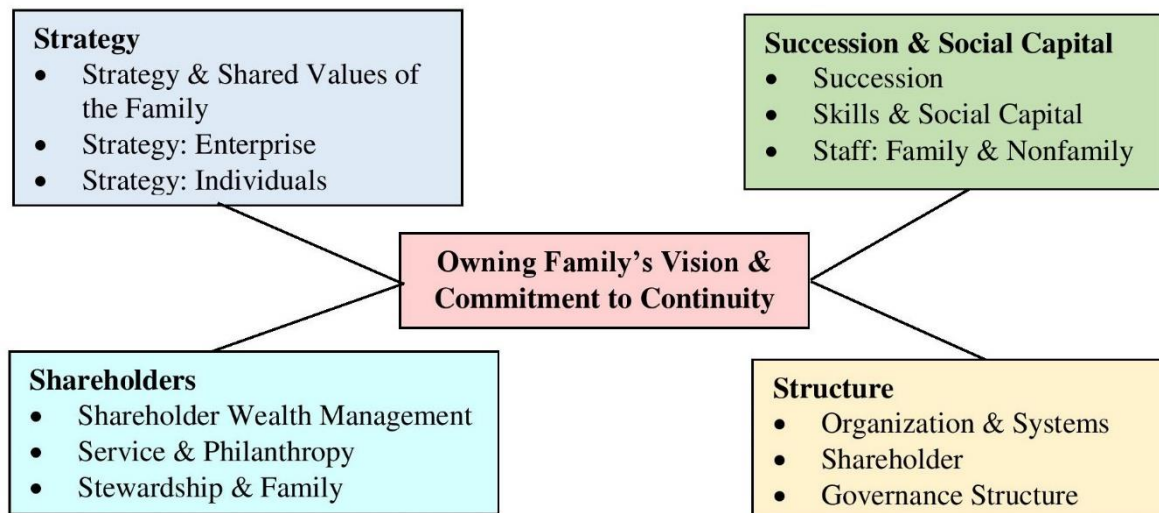


Figure 2. 12S model of the family enterprise.

2.3. Transgenerational entrepreneurship theory emergence

The foundation of entrepreneurship beginning with Schumpeter [11] discussing it in the business research. Entrepreneurship and business a different matter, but has a strong relationship. An entrepreneur never fails because business will be the resources for either new venture creations or change the business field. This activity supported by the innovation by the new venture creations or an entrepreneur to provide better services, products or cheaper solution. Hence, entrepreneurship may destroy an older business to make a way for the new one. Align with the previous research, Lumpkin and Dess [12] proposed a measurement by introducing entrepreneurship orientation. There are five orientations, autonomy, innovativeness, risk taking, proactiveness and competitive aggressiveness. Firstly, autonomy refers to the absolute power of an entrepreneur to control the business decisions. Innovativeness is the second orientation, which focuses on the innovative practice by an entrepreneur to improve the business for gaining more profit. Next, all the entrepreneurs will always take risks in every business decision either huge or small in size. Afterwards, the entrepreneur never waits for opportunity, but become the proactive to the surrounding situation. Lastly, every business owner will compete in the market and this attitude can be aggressive for the business survival. These measurements help research to identify clearly entrepreneurship level in an individual or an organization like family.

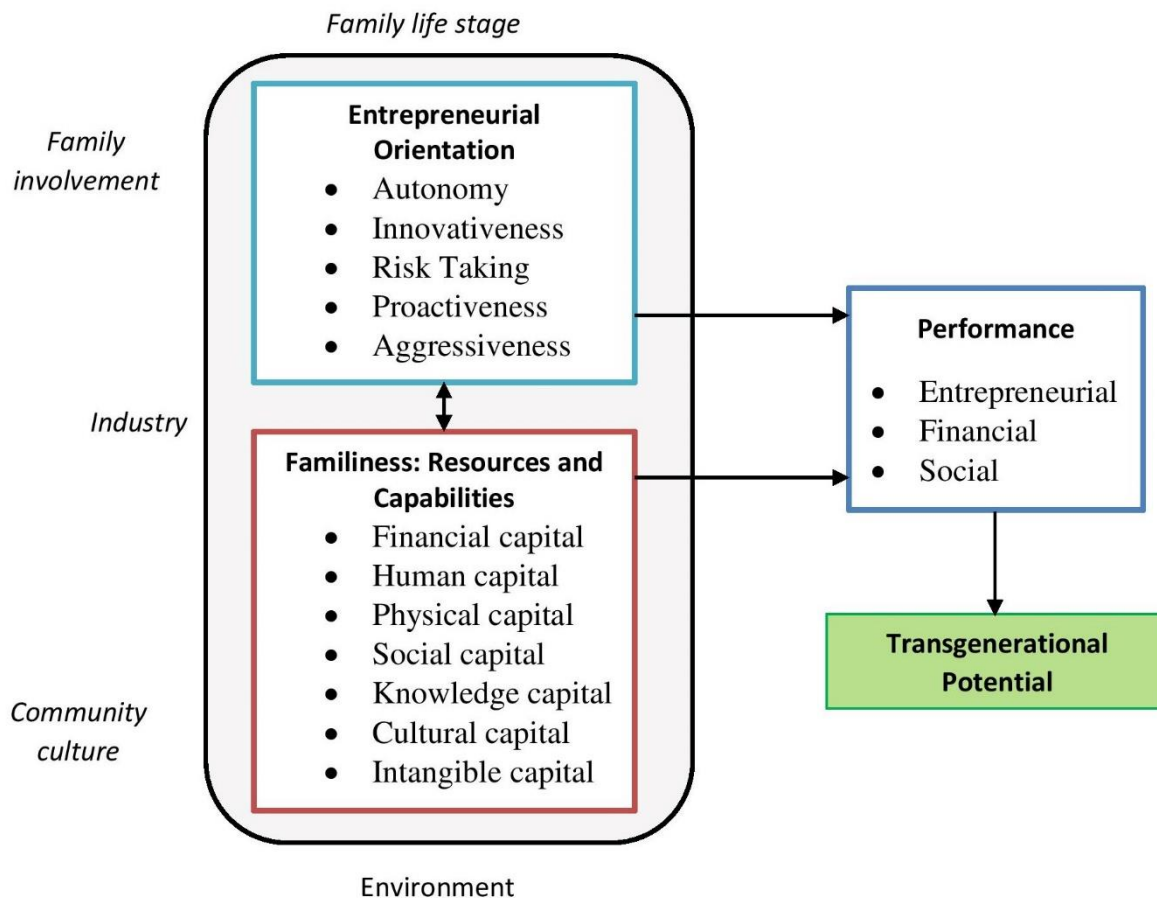


Figure 3. Successful transgenerational entrepreneurship practices framework.

Furthermore, entrepreneurship could be transmitted between different generations. Laspita *et al.* [13] explained that the grandfather generation entrepreneurship transfer clearly to father generation than to the grandchildren generation. This element is the key to understand the transgenerational entrepreneurship. Moreover, the influence of the predecessor to the new generation entrepreneurial intentions, especially if successors raise in a business environment. Under circumstances that family is the unit of analysis, Habbershon, Nordqvist and Zellweger [3] stressed that the five components to justify the perspective shift from business into the family. Components started with the family able to widen the research horizon beyond the individual and organization level. Secondly, the research can investigate the entrepreneurial mindset in the family business. Next, the family is the one that controls the business resources. Afterward, there are contextual factors that affect family entrepreneurship such as industry, community, culture, family life stage and family involvement. Finally, the entrepreneurial orientation measurement in the transgenerational entrepreneurship practices.

Moreover, the family is the paramount actor in every business stage; the start-up, expansion, transition and revival [14]. Early-stage, family members are in the learning process where the founder explores entrepreneurship and gains life experience where successors observe the founder's actions. In time, the family becomes more embrace the entrepreneurship and starting to balancing between the family benefit and business objective. This phase becomes the critical stage where conflict of interest arises and families always win, but with considerable business loss. Next, the transition stage happens with the power being transferred to the successor and could lead to success or destruction of the business. Hence, the last stage becomes the revival process and this is the idiosyncratic characteristic of transgenerational entrepreneurship, which his family still the entrepreneur for generations. However, the second generation considers having the highest degree of entrepreneurship because the struggle to

expand the business aggressively until the business stable and the third and later generation leverage the resources for their own benefit [15].

Besides, the entrepreneurship transmission between generation capability to become the family entrepreneurial legacy [16]. The family develops, enhances and retains entrepreneurship even with several attempts to failure history, and this is the contribution to the shift of the type of business or creates a better new venture. The entrepreneurial legacy affected by the family size, cohesion and young generation involvement in the business. These factors influence the family strategy to create a competitive entrepreneur within young family members that still preserve families and always grab any business opportunities. However, each young family member has a different entrepreneurship interpretation despite being taught by the same person, predecessor [17]. The phenomenon occurs because each person holds a personal life experience and preferable entrepreneurship method.

Hence, the Successful Transgenerational Entrepreneurship Practices (STEP) framework [18] can be the starting point to explore the transgenerational entrepreneurship as depicted in Figure 3. The framework concentrates on two different resources, entrepreneurial orientation, and families. Entrepreneurial orientation is the family attitude and mindset in the business. All the resources are in the families because of the influence of the family and the way families mobilize the resources to have an emotional attachment. For example, financially provided the family to create new ventures or expansions, the human capital will be mostly family members and property inheritance in the physical capital. Moreover, the business connections and family reputation become the social capital, knowledge transfer, cultural practices by the family and other intangible capital. As a result, family businesses can perform in entrepreneurial, financial and social which elevate the family business to have transgenerational potential.

2.4. Transgenerational entrepreneurship in tourism business

Tourism has the amalgam attribute [19] which related to many fields and one of them is entrepreneurship. It is important to understand the supplier perspective as tourism research tends to concentrate more on tourist behaviour [4]. The development of tourism depends on area resources such as beach, island and historical building. Tourism is beginning an interesting spark about family business recently and pioneered by Getz, Carlsen and Morrison [2]. Moreover, the family business is involved in the tourism business based on three modifiers. The setting is the first modifier consist of geographical preference such as rural, low level of economic development that attracts investors and idiosyncratic culture as the resources. Next, the family has three core, business ownership, family as an entrepreneur and business activities. The last is the tourism industry modifier like nature of the service, host-guest relations, cyclical demand, destination life and unique business opportunities.

Furthermore, the entrepreneurship in tourism looks different from the business perspective. An entrepreneur wants to create a tourism business because of the low entry barriers which mostly less skill required. Moreover, the entrepreneur chases the desired lifestyle and tourism offers a niche opportunity. Besides, the organization retains the 'smallness' characteristics which are not only by the size of the business but the capability of the family to handle the business. This depends on organizational resources and behavior. The family lifecycle affects the business decision and depends on the family priorities on the current situation. As a result, family business in tourism offers a sustainable socioeconomic solution. In addition, the family business attracts investment, especially in the rural or peripheral area and local community value enhancement.

Nevertheless, there is an attempt to measure entrepreneurship in tourism businesses. Peters and Kallmuenzer [20] analyzed that family's innovation is improving over time by different generations, quick response to the business opportunities, have a low-risk investment to ensure family survivability, family control the family and create a business networking with competitors. The outcome may differ from the typical business organization as families influence the business decisions, family attitude and mindset. Therefore, Jaskiewicz, Combs and Rau [16] explore further by implementing the transgenerational entrepreneurship in the tourism business research. They introduced the entrepreneurial legacy as the outcome of the repeated process of transgenerational entrepreneurship in the family. Different generations working together and the bridging of entrepreneurship by transferring knowledge, skills and attitude. Hence, the entrepreneurial legacy promotes entrepreneurship to the new generations

and the same or improved method applied for the future generation. Sustainability occurred as the business survive and become stronger for the new generation.

3. Transgenerational tourism entrepreneurship theory

The foundation of entrepreneurship should be from the Schumpeter [11] perspective which is the innovation. Table 1 indicates the transgenerational tourism entrepreneurship framework. Measurement of the entrepreneurship from the Lumpkin and Dess [12] with five dimensions. Hence, the combination of both theories assists the foundation from the entrepreneurship view. Family needs to be the unit of analysis because the family does not consider the same as an individual or organization, family controls the business not the other way around, family influence the entrepreneurship decision and performance [21]. The other resources for the theory are the families that have three categories; human, organizational and process. Families can be considered as the intangible resources in the transgenerational entrepreneurship which, affect directly and indirectly to the family entrepreneurship. The first category is the human consist of a family reputation as the business brand and family members' entrepreneurial experience. Following is the organization which has a decision-making style in the family line and family entrepreneurial learning methods. Lastly, the process contains family members' relationships between each other and the business networks created by the family with personal feeling embedded.

Table 1. Transgenerational tourism entrepreneurship framework

Family Life Stage	Founder (Nuclear Family)	Incumbent Generation (Siblings)	Young Generation (Cousins)
Motivation	Financially independent Unique business opportunity: Tourism Low entry barriers	Wealth pursuit Business expansion opportunity Stewardship attitude	Leisure lifestyle
Resources	Individual experience Individual skills Self-reliance Honesty Trust Network creation	Observation predecessor action Business reputation Loyalty Altruism Networks expand	Cumulative family experience Formal education Family reputation Family networks Family bank Innovation ideas
Entrepreneurial Orientation	Founder autonomy High-risk decision	Working together Calculated risk	Predecessor mentoring Low risk

Interestingly, these resources including the family's perspective are able to be transferred to the next generation [22]. The theory of transgenerational tourism entrepreneurship derived from the literature reviews and this theory further explore new frontier with the collaboration of entrepreneurship, families and tourism. Therefore, the theory of transgenerational tourism entrepreneurship should be as Table 1. The family has three levels and each has a different generation involvement. Founder as the first, siblings become the incumbents and cousins are the younger generations. The first factors in the theory are motivation, following with resources and entrepreneurial orientation. Motivation in the three generations is different depending on the business needs as the founder needs to be financially independent to provide necessities for the family while the incumbent generation concentrates on wealth pursuit to assure that every family member gain profit from the business. The young generation's motivation is to retain the leisure lifestyle that's been embedded in their life as much as possible. Besides that, resource mobilization by the founder depends highly on individual experience and skills as the first family member to explore entrepreneurship while incumbent generation observed predecessor and become the family stewardship in order to protect the family interest in the business. Hence, the young generation gains benefit by utilizing the cumulative family experience, education, family networks and financial to

either create a new venture or expand the business. Ultimately, the entrepreneurial orientation in the founder involves high-risk decisions with total autonomy by himself. Siblings tend to work together and calculated risk is acceptable to protect every sibling's interest in the business. The young generation emphasizes the knowledge from the predecessor and always wants the lower risk decision to assure that the business always gains profit.

4. Methodology

A qualitative methodology applied to explore the unknown traits of transgenerational entrepreneurship in the tourism business. Indeed, previous researches already concentrate on the transgenerational entrepreneurship, but never clearly explained the situation of the entrepreneurship activities between generations in the tourism business. 18 families in the Langkawi were selected to be respondents. It is difficult to identify the family business based on the company profile. Consequently, the snowball technique was applied. The informer is needed as local knowledge can help to trace these families. Afterward, the respondent will show the next respondent until the repetitive pattern occurred and stopped. These families acknowledged each other and represent Langkawi tourism development. Since 1987, Langkawi declared as a duty-free island, Langkawi was once known as peripheral and rural area become a major tourist destination in Malaysia. These families are the earliest entrepreneurs. Nowadays, these families become the major player in the business and play a vital role in Langkawi tourism development.

5. Findings & discussion

The findings show in Table 2 indicates that every characteristic not necessary to be in the same generation and business level. The development of the business from start-up consider as newcomer and expansion are the highest levels achievable by the family business. However, the generation involvement has opposite direction from the business level. Founder has the highest level of knowledge and experience while the successor is the beginner in the family.

Table 2. Transgenerational Tourism Entrepreneurship Characteristics.

<i>Start-Up</i>	<i>Development</i>	<i>Expansion</i>
<i>Founder</i>	<i>Incumbent</i>	<i>Successor</i>
Survivability Mindset		
Business survivability is family survivability		
Profit continuity		
Smallness		
Start in small size		
Expand based on capability		
Debt phobia		
Family members as prime workforce resource		
Family Cumulative Entrepreneurship Experience		
Family entrepreneurship incubator		
Life experience entrepreneurship education		
Entrepreneurship knowledge outside family sphere		
Entrepreneurship Moulding		
		Nurture entrepreneurship
Entrepreneurship responsibility		
Retirement age entrepreneurship		
Goal Achievement		
New generation expand the business		
Business future plan		

The first group is the survivability mindset which contains two characteristics. Family priorities business survivability because business is the family life-line. Previous researches provide some insight

of this finding but never fully detail it. The business survives because of the long term profit orientation. Additionally, family adjustable the price tag and ensure that every product was sold rather than create an expensive with low return expectation. All generation applied this even the business can be considered success in gaining millions ringgit profit.

Next, the 'smallness' attributes in the family business consists small size during early business, expand on family capability, debt phobia and family member become the human resources. Family start by small scale, even for the new venture creation using the establish existing business resources as capital especially founder and incumbent generation. This is also further affecting the expansion capability because the family wants to manage by themselves without any interruption from the outside. Hence, the founder generation may have debt phobia and do not interested with bank loan schemes. This is also the reason why family member become the paramount human workforce in the family business.

Afterward, the family has the cumulative entrepreneurship experience start from the founder generation accumulates until a successor generation. The family becomes the entrepreneurship incubator that trains every generation about entrepreneurial skills. The mentor and mentee relationships appear in the family. They use life experience as the main source of knowledge and skills. However, family members are also trying to gain new knowledge outside of the family to increase the family's knowledge pool.

After that, the family also practicing entrepreneurship molding. The young generation entrepreneurship has been nurtured to ensure that new generations will continue the entrepreneurship activities in the future. Hence, every generation understands their entrepreneurship responsibility in the business. The founder will guide the incumbent to manage the business while the successor generation learns from the predecessor and will continue the legacy. In addition, founder probability has the highest rate to retire from the daily management in the business compare to the incumbent generation and create a path for the new family leader.

Lastly, the family has idiosyncratic goals to achieve, such as expanding the business by the new generation and the future plan. Expansion is not necessarily done by the founder and incumbent, but this will be the hope of the predecessor to the young generation. Hence, the business future plan is constructed. The plan will include the business future impression, the succession process for new leader selection and business management by the successor generation. This indicates that the family always prepares a long term plan for any conflict that may occur as a contingency.

6. Conclusion

Every generation in the family required different motivation, resources and entrepreneurship skills as the business continues to expand or survive. Furthermore, the cumulative experience gains by the family for generations is the key to the transgenerational tourism entrepreneurship. As a result, the business' ability to react according to the current trends thanks to the innovation by the young generation in the family. Hence, economic development should concentrate on strengthening the local community and encourage them to engage in entrepreneurship especially in tourism businesses in the peripheral or rural areas. Low barriers and exploitation of family heirloom such as property and cultural can be invaluable assets for tourism which also differentiate from the mass tourism business model. Nevertheless, future research needs to include the cultural aspects because every region even in the same country cultural practices are different for each community. As a conclusion, the transgenerational entrepreneurship could be a sustainable economic model for rural tourism development. This can be implemented for future rural community empowerment through the self-dependent economy. Furthermore, tourism development must be local cultural oriented to ensure that uniqueness and attractive element to compete on the global stage.

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