



## THE IMPACT OF FAMILY BUSINESSES ON THE INNOVATIVE PERFORMANCE OF THE TOURISM INDUSTRY IN PAKISTAN

Ali RAZA<sup>1\*</sup>, Abdulmonam Selam A ELMAJDUB<sup>2</sup>, Abdul WAJID<sup>3</sup>, Kamran KHAN<sup>4</sup>

### Abstract

The influence of family businesses on innovation in Pakistan's tourism sector, uncovering crucial factors that foster or impede innovation. The research methodology employed a quantitative approach, utilizing a 300-question survey among Pakistan's tourism sector participants. This study's findings reveal that teamwork, operation, strategy, culture, and innovative performance are crucial for organizational success and sustainability in Pakistan's tourism industry. The findings present that Teamwork, strategy and culture has significant influence on innovative performance in family business of tourism industry in Pakistan ( $p < 0.05$ ). The operation doesn't have any influence on family business in tourism ( $p > 0.05$ ). By examining the cultural, teamwork, operational, and strategic aspects of family businesses, this research provides novel insights into the factors that facilitate or hinder innovation, offering practical recommendations for policymakers and family business owners.

**Keywords:** Family Business, Innovation, Tourism, Pakistan

### Aile İşletmelerinin Pakistan'daki Turizm Endüstrisinin Yenilikçi Performansına Etkisi

#### Özet

Aile işletmelerinin Pakistan'ın turizm sektöründe inovasyon üzerindeki etkisi, inovasyonu teşvik eden veya engelleyen önemli faktörleri ortaya çıkarıyor. Araştırma metodolojisi, Pakistan'ın turizm sektörü katılımcıları arasında 300 soruluk bir anketi kullanan niceliksel bir yaklaşım kullandı. Bu çalışmanın bulguları, Pakistan'ın turizm endüstrisindeki organizasyonel başarı ve sürdürülebilirlik için ekip çalışmasının, operasyonun, stratejinin, kültürün ve yenilikçi performansın çok önemli olduğunu ortaya koymaktadır. Bulgular, Pakistan'daki turizm endüstrisindeki aile işletmelerinde ekip çalışmasının, stratejinin ve kültürün yenilikçi performans üzerinde önemli bir etkiye sahip olduğunu ortaya koymaktadır ( $p < 0.05$ ). Operasyonun turizmde aile işletmesi üzerinde herhangi bir etkisi yoktur ( $p > 0,05$ ). Aile şirketlerinin kültürel, ekip çalışması, operasyonel ve stratejik yönlerini inceleyen bu araştırma, inovasyonu kolaylaştıran veya engelleyen faktörlere ilişkin yeni bilgiler sunarak politika yapıcılara ve aile şirketi sahiplerine pratik öneriler sunuyor.

**Anahtar Kelimeler:** Aile Şirketi, İnovasyon, Turizm, Pakistan.

#### 1. Introduction

Family-run enterprises actively bolster the economic systems of both developed and developing countries, pioneering global commerce and persistently making a positive impact. Family managers dynamically operate approximately 80–90% of businesses globally, constituting around 35% of the total Fortune 500 companies (Wei & Lin, 2024). Family enterprises powerfully contribute to the global economy, generating 70% to 90% of the annual worldwide GDP. In the United States, family businesses

<sup>1</sup> Doktora Öğrencisi, Yakın Doğu Üniversitesi, Bankacılık ve Finans Bölümü, [e-mail. aliraza66688@yahoo.com](mailto:aliraza66688@yahoo.com), ORCID. 0000-0002-3111-2342.

<sup>2</sup> Yüksek Lisans Öğrencisi, İstanbul Okan Üniversitesi, İşletme Bölümü, [e-mail. a.majdub@gmail.com](mailto:a.majdub@gmail.com), ORCID.0009-0004-6824-9272.

<sup>3</sup> Doktora Öğrencisi, Doğu Akdeniz Üniversitesi, Ekonomi Bölümü, [e-mail. abdulwajidmoroojo@outlook.com](mailto:abdulwajidmoroojo@outlook.com), ORCID. 0000-0002-0218-8161.

<sup>4</sup> Yüksek Lisans Öğrencisi, Sindh Üniversitesi, İşletme Bölümü, [e-mail. kamrankhan7860805@gmail.com](mailto:kamrankhan7860805@gmail.com), ORCID. 0009-0000-2133-7786.

\* Sorumlu yazar, Dr. Ali RAZA.

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drive economic growth, constituting half of the country's GDP, employing 60% of the private sector workforce, and creating 80% of the new jobs during the 1980s and 1990s (Altın et al., 2021). Family-owned businesses energize local economies globally, playing a key role as primary contributors to the tourism sector and emphasizing the importance of studying and implementing strategies in this field. Family enterprises actively demonstrate proficiency in "globalization," adapting to fulfil the growing local requirements of a worldwide customer base. Despite the historical dominance of global corporate firms in the international business arena (Buckley, 2009; Buckley, 2021). Family businesses like Hilton Hotels, initially founded as a family business, have successfully adopted strategies like sub-branding, creating various identities to accommodate the evolving needs of diverse market segments. To achieve success in the contemporary global tourism landscape, businesses must take a tailored approach to address the specific demands of a localized global clientele (Molokáč et al., 2023). As new customers increasingly prefer local culture and experiences, family businesses actively respond to changing demand patterns among visitors, as highlighted by Chen (2024), and drive the trend of localization in national, international, and global tourism enterprises. Inspired by the influence of the localization trend, numerous owners of local and family businesses venture into innovative sectors like boutique hotels, theme parks, eco-tours, and unique dining experiences (Hagemans et al., 2023). Successful family-operated tourism enterprises not only promote regional growth but also actively contribute to local sustainability, create fresh job prospects, and enhance the quality of life for residents in proportion to their economic impact (Hussain et al., 2024). Family enterprises, constituting 85% of all businesses in the region, drive prosperity and economic advancement as a crucial catalyst. Family-owned businesses in the tourism sector play a pivotal role in economic development, as a substantial portion of these enterprises are owned and managed by families. Despite their prevalence in the tourism sector, as highlighted by Obolentseva et al. (2024), researchers have neglected to specifically investigate family-owned hotel businesses, resulting in a significant research gap. Business research actively prioritizes the success, profitability, institutionalization, managerial approaches, and business management models of family enterprises. However, the concept of the family company in tourism is often overlooked, and family businesses' roles in various tourism-related subsectors require more consideration. To address this research gap, this study aims to actively scrutinize the literature pertaining to tourism, focusing on comprehensive summaries and identifying pertinent research gaps.

Family businesses actively drive Pakistan's tourism industry, but their limited innovative performance hinders global competitiveness and sustainability. Traditional management, limited resources, and a lack of strategic planning may actively constrain innovation, contributing to this innovation gap. Despite this, researchers have understudied the significant influence of family businesses on tourism innovation in Pakistan. This research actively investigates this relationship, identifying key factors that either facilitate or hinder innovation in family-owned tourism businesses.

Researchers have neglected to adequately study family businesses in Pakistan's tourism industry, resulting in a scarcity of empirical studies, a limited focus on innovation, and a lack of

Pakistan-specific context. The industry's unique challenges demand a specific focus, and researchers must actively explore enabling factors, employ mixed methods approaches, conduct longitudinal studies, and undertake comparative studies to provide valuable insights. Additionally, researchers must actively provide practical recommendations for policymakers and family business owners to address the research gaps and enhance innovative performance. Research objectives are as follows:

- To evaluate team effectiveness and well-being in family businesses in the tourism industry.
- To identify the key performance indicators (KPIs) that contribute to innovative performance, teamwork, operation, strategy, and culture.
- To examine the relationships between teamwork aspects and their impact on innovative performance and organizational success.
- Through these factors, the effectiveness of operations, strategic positioning, organizational culture, and innovative capability on organizational success and sustainability will be assessed.
- To use the case to illustrate how family businesses can effectively use succession planning to sustain the business in the long run.

## **2. Literature Review**

Ethnicity plays a significant role in deciding succession strategies for next generation in family business in tourism industry as it helps the business to remain sustainable and uphold the originality and principles of the family motto (Bayram et al., 2024). Introducing this concept consists of several aspects implemented actively in family businesses; that's, succession management of the generations, safeguarding of family history, outlining of the family's management and decision-making processes, communication and conflict policy, family member's preparation for leadership and ownership, family's merging and planning between tradition and strategic advance, continuation of family business's culture and value, involvement in the community, and addressing societal responsibility (Abdullah et al.

The very nature of this concept can also be proactively researched through research questions such as; The moderating factors of intergenerational succession and continuity of family business in the tourism sector: How these entrepreneurial ventures sustain the traditions of the ancestors while embracing the inevitable innovation for long-term sustainability of the business, how family business governance and decision-making processes help in sustaining intergenerational continuity in the family business in the tourism sector (Ali et al., 2022). Moreover, the identification of the key drivers of success in the family businesses' operation and their ability to transmit the family values and the business to the future generation can be actively studied by the researchers. By integrating themselves in these research questions and other aspects relative to sustaining the continuity of families throughout generations, the researchers can gain enhanced perspectives on this significant matter particular to family businesses within the tourism business. Family businesses are enterprises where family members actively play a

significant role in ownership, management, and operations. Family members may own and manage these ventures individually or collectively (Kement et al., 2024). Researchers define family businesses in various ways, ranging from a single dimension (e.g., management or ownership) to multiple dimensions (e.g., management and ownership) to an integrative approach (e.g., ownership, management, and control) (Ge & Campopiano, 2022). Family businesses are also actively referred to as family companies, family firms, family-owned companies, family-owned businesses, family-managed companies, and family-controlled companies. Kayid et al., (2022) actively argue that family businesses are often established to fulfil the needs and preferences of the owners and their families, prioritizing personal lifestyles over strategic business planning. They are also actively finding that once family firms in rural tourism secure financial stability, they focus on ecological and social responsibility, prioritizing sustainability over business expansion or operational growth. These findings actively align with and support the earlier arguments made by (Ge & Campopiano, 2022). As businesses actively grow and evolve, personal and family-focused choices become less of a priority, and companies undergo a continuous transformation process (Valeri, 2021).

Family businesses, ranging from large global corporations to small enterprises, leverage their size to capitalize on unique advantages and disadvantages. Despite their size, all family businesses actively cultivate their strengths and confront their weaknesses. According to Baggio & Valeri (2022) family businesses actively possess five key virtues that drive their success, including loyalty and commitment, clear focus and direction, financial stability and resources, effective plan implementation, and quick decision-making and action. However, family businesses must also actively address five potential vices that can hinder their progress, such as unquestioning loyalty, even when harmful, impulsive decisions without careful thought, shortsightedness and a lack of long-term planning, prioritizing short-term gains over long-term success, and failing to adapt and innovate. By actively acknowledging and addressing these weaknesses, family businesses can maximize their strengths and achieve long-term prosperity. Furthermore, Bayram et al., (2023) Stated that there is some overlap between family business and SMEs in the written word. Family firms actively display unique traits when compared to SMEs. By deliberately differing in control and leadership, family-run companies are able to capitalize on their individual advantages and competencies, in contrast to many SMEs that are not family bodies. Small family businesses have a lot of room to grow in the tourism industry because of the many positive outcomes that can result from the tight relationships that form between hosts, guests, and the social environment as a whole. These outcomes include satisfied customers, dedicated mark alongside goal advocates, enthusiastic news of oral tradition, greater civic engagement, legal compliance, and a strong sense of engagement with the community (Valeri & Valeri, 2021). In this context, Chou & Lu (2022) actively demonstrate that social connections and relationship commitment play a crucial role in creating value for customers in the tourism and hospitality industries. By actively engaging with guests, hosts can foster a strong commitment, encouraging guests to be more actively involved in the value creation process, highlighting the importance of host-guest interactions. Emotions

also actively play a significant role in both family businesses and the tourism industry, shaping customer experiences through emotional connections. Participation from consumers and feelings "Just drive progression" in the tourist business's & the notion of client behavior's academic advancement and growth, according to recent tourist research (Samar, 2021).

"Unique and intimate connections to consumers and vacationers form some of the more essential service-related parts," according to Salvato et al. (2020), which improves client satisfaction. Continuous growth, equilibrium, the declaration of independence, adaptability, and targeted advertising potential are all strengths of family enterprises in the tourist industry (Arcese et al., 2021). Famous marketing strategies, like social media, are also used by family businesses to expand their consumer bases and raise brand recognition (Bayram et al., 2024). Focusing on economic variables including employment possibilities and revenue-generating benefits, study on tourism-related entrepreneurship primarily examines small firms (Rovelli et al., 2022). Due to their link with small business management and entrepreneurship challenges, family enterprises in the tourism industry actively take advantage of prospects for profit, financial rewards, and growth potential (Salvato et al., 2020). Family companies play an important role in rural development, local economic gains, and the entrepreneurship activities of minority groups (Chou & Lu, 2022). As a result of the ever-shifting nature of the tourism industry, family businesses are stepping up to fill specific niches, like the wine tourism market. Since "the tourism industry is dominated by small and medium-sized family enterprises" (Valeri & Valeri, 2021), the sector enthusiastically backs family business applications and maximizes its advantages. Taking this into account, the literature strongly suggests that small and medium-sized enterprise (SME) owners in developing tourist locations cultivate or adopt crucial entrepreneurial traits including inherent innovation and market proactivity. According to Cano-Rubio et al. (2021), family businesses can successfully traverse the intricate and ever-changing web of tourism firms by proactively cultivating entrepreneurial behaviors.

Family businesses actively engage in networking, a necessity for SMEs aiming to grow, and cultivate cooperative relationships with other SMEs to survive in competitive environments (Valeri, 2021). Family enterprises in the tourism industry are driven by various factors, including the desire for autonomy and being one's own boss, which motivates many to start their own tourism businesses, particularly among new generations in developed and developing countries. Specific types of tourism, such as farm tourism and eco-tourism, actively encourage investment in family businesses. Moreover, family businesses actively contribute to destination competitiveness, serving as economic engines and cultural ambassadors in many communities. Without them, rural areas would actively face migration and cultural homogenization, resulting in the loss of unique cultural practices and traditions. Research by Astrachan et al. (2020) actively highlights the suitability of family businesses for the tourism industry. In the context of rural tourism, Tien (2021) actively identifies key factors that promote rural tourism development, including community support, local attitudes towards tourism, access to funding, and destination characteristics. These factors actively contribute to the growth of rural tourism and help

reduce migration from rural areas as local communities become more engaged and invested in the tourism industry. Hypotheses are as under:

**H1:** Teamwork in family businesses has a significant influence on the innovative performance of the Pakistan's tourism industry.

**H2:** Operations in family businesses has a significant influence on the innovative performance of Pakistan's tourism industry.

**H3:** Strategy in family businesses has a significant influence on the innovative performance of Pakistan's tourism industry.

**H4:** Culture in family businesses has a significant influence on the innovative performance of Pakistan's tourism industry.

### **3. Research Methodology**

The research employed a 300-question survey within Pakistan's tourism sector to evaluate aspects such as culture, teamwork, operations, and strategy. A total of 300 participants provided responses on a scale of 1 to 5.

This study engages the consequences of Form family financial organization on innovative ability of tourism industry in Pakistan therefore with a focal non-probability type of sampling and participation Likert rank questionnaires fancy to be apt impact since groundwork and palpable restrictions because of decreased assets to prognosticate teamwork, functioning, strategy, civilization, and innovative faculty. The variable Teamwork is measured through 5 items adopted from Marsicano et al. (2020). The operation variable is actively assessed through three specific items: as a result, we constantly work towards the provision of high-quality products (Queirós et al., 2020). The strategy is actively evaluated through three measures that specific items by Islami et al. (2020) have identified. Culture is measure actively through three items posterized by Tran (2021) and an innovative performance scale posterized by Möldner et al., (2020).

### **4. Findings and Results**

Descriptive statistics are utilized for assessing central tendency and dispersion, while inferential statistics, reliability testing, factor analysis, correlation, and regression analysis are applied.

Table 1 presents descriptive statistics for five variables, including teamwork, operation strategy, culture, innovative performance sample size of 243 and no missing values. The median values range from 3.6000 to 3.8571, indicating that most responses tend towards the higher end of the scale, likely a 5-point Likert scale. The variance values are relatively low, ranging from 0.321 to 0.786, indicating that the responses are somewhat consistent and clustered around the mean. Additionally, the skewness values are all negative, ranging from -0.306 to -0.710, indicating that the responses are slightly skewed to the left, meaning that most responses are higher than the mean. Overall, the statistics suggest that respondents tend to agree or strongly agree with statements related to teamwork, operation strategy,

culture, and innovative performance, with relatively consistent responses and a slight skew towards higher values, potentially indicating a positive attitude towards these aspects in the tourism industry. However, it's crucial to consider the context and research questions to make more specific interpretations.

**Table 1:** Descriptive analysis

	Teamwork	Operation	Strategy	Culture	Innovative Performances
Median	3.8000	3.6667	3.6000	3.6667	3.8571
Variance	0.542	0.747	0.321	0.786	0.449
Skewness	-0.710	-0.448	-0.306	-0.599	-0.685

Table 2 represents factor loadings for four variables. Teamwork, Operation, Strategy, and Culture, with their respective Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE) values. The factor loadings range from 0.508 to 0.988, indicating strong correlations between the items and their respective factors. The Cronbach's alpha values (0.69–0.89) and composite reliability values (0.76-0.89) indicate high internal consistency and reliability of the factors. The AVE values (0.521–0.81) suggest that the factors explain a significant amount of variance in the items. The teamwork factor includes items related to collaboration, communication, trust, and productivity, with factor loadings ranging from 0.539 to 0.846. The operation factor includes items related to satisfaction with product quality, customer service, and recommendation, with factor loadings ranging from 0.530 to 0.854. The strategy factor includes items related to understanding the organization's vision, strategic planning, and alignment with goals, with factor loadings ranging from 0.553 to 0.988. The culture factor includes items related to workplace values, flexibility, and diversity, with factor loadings ranging from 0.613 to 0.896. The Innovative Performance factor includes items related to adaptability, creativity, and empowerment, with factor loadings ranging from 0.508 to 0.688. Overall, the factor loadings and reliability values indicate that the items are strongly correlated with their respective factors, and the factors are reliable and consistent. The AVE values suggest that the factors explain a significant amount of variance in the items, indicating that the factors are meaningful and relevant. The proposed factors of the tourism industry are not indicative of each other and reflect different attributes of the tourism industry such as teamwork, operation, strategy, culture and innovative performance.

Therefore, the suitability of the data for factor analysis can be confirmed from based on Table 3 KMO and Bartlett's test results. The data also meet the cut-off criterion for the test of sampling adequacy with the KMO index resulting to 0.883, although the number is discouraging low as compared the prescribed limit of 0.5, and since the size of the sample is large enough, the investigation can now proceed to the factor analysis. The KMO value, ranging between 0 and 1, suggests that a closer to 1 value in the measure denotes a better fit for the factor analysis. Bartlett's Test of Sphericity reveals a chi-square statistic of 2974.110, with 703 degrees of freedom and a significance level of 0.000, indicating that the correlation matrix is not an identity matrix. This suggests

that the variables are related, making factor analysis an appropriate approach for this data set. In summary, the KMO and Bartlett's Test results demonstrate that the data is suitable for factor analysis, with a high KMO value and a significant Bartlett's Test result indicating related variables that can be reduced into underlying factors. This provides a strong foundation for conducting factor analysis to uncover the underlying structure of the data and extract meaningful factors, ultimately informing decision-making and strategy development in the tourism industry.

**Table 2:** Factor analysis

Items	Factor Loadings	Cronbach Alpha	Composite Reliability	Average Variance Extracted
In my team members Collaborate effective to achieve the common Goal.	0.539	0.82	0.76	0.521
Communication within the team is clear and open.	0.565			
Team members are supportive of each other and contributions.	0.649			
			<b>Team work</b>	
The team members share a feeling of trust.	0.521			
The team members demonstrate productivity and remain dedicated to our goal.	0.846			
I am satisfied with the quality of the product I purchased.	0.854	0.769	0.89	0.62
The Customer service I received was excellent.	0.530			
I would recommend this company to others.	0.803			
Term strategy vision of our I understand the long organization.	0.553	0.74	0.81	0.622
I believe our strategy goal align with our mission and values.	0.657			
I am confident in leadership ability to our execute the plan.	0.670			
I am involved in the strategic planning process within my dept.	0.780			
Our organization regularly reviews and updates in strategic plan.	0.988			
I believe our strategic planning process is effective in setting clear goals.	0.751			
In our workplace arriving on time for meeting and task is highly valued.	0.613	0.69	0.71	0.81
Flexibility in work hours is important to accommodate culture.	0.896			
Employees their different culture and shared their tradition and amp: practices	0.806			
On a scale of 1 to 5 How would you rate your ability to adopt to new technology and tools in your roll.	0.624	0.81	0.73	0.622
Please rate the extent to which your team encourage creativity and amp: innovation in problem solving.	0.626			
To what extent does your organization support a culture of continue learning and skill development.	0.508			
How often do you feel empowered to suggest and implement process?	0.688			
			<b>Innovation Performance</b>	
How well does your current job align with your long-term career goal and aspiration?	0.665			
Please rate the effectiveness of your team's communication and collaboration in fostering innovation ideas.	0.510			
How well does your organization promote diversity and inclusion as a driver of innovation?	0.513			



**Table 3:** KMO analysis

Kaiser-Meyer-Olkin Measure of sampling Adequancy.	0.883
Bartlett's Test of sphericity Approx Chi Square	2974.110
Df	703
Sig.	0.000

Table 4 represents correlation matrix reveals a relationship between the five variables: teamwork, operation, strategy, culture, and innovative performances. The results show significant positive correlations between all pairs of variables, indicating a synergistic effect where an increase in one variable is accompanied by an increase in the others. The strongest correlation is between culture and innovative performance (0.630\*\*), suggesting that a strong organizational culture is a critical driver of innovative performance. This finding is consistent with the idea that a supportive and innovative culture fosters creativity and drives performance. The correlations between teamwork, operation, and strategy are also strong (0.626\*\*, 0.581\*\*, and 0.558\*\*, respectively), indicating that effective teamwork, efficient operations, and well-defined strategies are interrelated and contribute to overall success. This suggests that organizations that excel in one area tend to excel in others, and that a holistic approach to organizational success is key. Additionally, the correlations between teamwork and innovative performance (0.517\*\*), operation and innovative performance (0.477\*\*), and strategy and innovative performance (0.560\*\*) suggest that each of these variables plays a role in driving innovative performance. The significance of these correlations ( $p < 0.01$ ) indicates that these relationships are unlikely to occur by chance, and the large sample size ( $N = 243$ ) provides robust support for these findings. Overall, the correlation matrix suggests that a cohesive and effective organization, characterized by strong teamwork, efficient operations, a well-defined strategy, and a supportive culture, is more likely to achieve innovative performance. These findings highlight the importance of a holistic approach to organizational success, where all elements work together to drive innovation and performance. By recognizing and leveraging these relationships, organizations can create a culture of innovation and drive success in today's fast-paced and competitive business environment.

**Table 4:** Correlation analysis

	Teamwork	Operation	Strategy	Culture	Innovative Performances
Teamwork	1.00	0.626	0.581	0.519	0.517
Operation		1.00	0.558	0.461	0.477
Strategy			1.00	0.525	0.560
Culture				1.00	0.630
Innovative Performance					1.00

Table 5 presents the results of a multiple linear regression analysis, examining the relationships between teamwork, operation, strategy, and culture and their impact on innovative performance. The Coefficients values determined by beta. The coefficient for Beta 1 is 0.107 that means if 1% change in

Teamwork than innovation performance will increase by 10.7% in family business especially in tourism business of Pakistan. Since the p-value is below than 0.05. Hence our results support H1 that teamwork in family businesses has a significant influence on the innovative performance of the Pakistan's tourism industry. The coefficient for Beta 2 is 0.688 that means if 1% change in operations than innovation performance will be increase by 68.8% in family business especially in tourism business of Pakistan. Since the p-value is above than 0.05. Hence our results fail to support H2 that operations in family businesses have a significant influence on the innovative performance of the Pakistan's tourism industry.

The coefficient for Beta 3 is 0.269 that means if 1% change in strategy than innovation performance will be increase by 26.9% in family business especially in tourism business of Pakistan. Since the p-value is below than 0.05. Hence our results support H3 that strategy in family businesses have a significant influence on the innovative performance of the Pakistan's tourism industry. The coefficient for Beta 4 is 0.309 that means if 1% change in culture than innovation performance will be increase by 30.9% in family business especially in tourism business of Pakistan. Since the p-value is below than 0.05. Hence our results support H4 that culture in family businesses have a significant influence on the innovative performance of the Pakistan's tourism industry.

The R-Square values indicate that approximately 78.8% of the variance in innovative performance is explained by the predictors (model R-Square = 0.788), with the adjusted R-Square (0.755) providing a more conservative estimate.

**Table 5:** Regression analysis

	Beta	Standard Error	t-stat.	Sig.
Teamwork	0.107	0.060	1.793	0.074
Operation	0.688	0.495	1.402	0.162
Strategy	0.269	0.078	3.657	0.000
Culture	0.309	0.044	3.082	0.000
Constant	1.032	0.206	5.004	0.000
R-Square	0.7888	Adjusted R-Square	0.7555	

#### 4.1. Discussions

There are several important ways in which family firms in Pakistan's tourist sector benefit greatly from teamwork, which in turn boosts their inventive performance. First, the free flow of ideas and criticism is essential to innovation, and family businesses are great places to foster this kind of environment because of the natural trust and strong interpersonal relationships that exist there. We can solve problems and come up with new ideas more effectively when we draw on the unique experiences and viewpoints of all family members. Family members' dedication to the company's future success drives them to invest in cutting-edge strategies for growth and sustainability. For the ever-changing tourist industry to remain competitive, it is essential that we all work together to promote a culture of constant improvement and adaptation to market needs. Hence, family firms in Pakistan's tourist industry are enormously driven by synergy when it comes to innovation.

In relation to the aforementioned findings, Adil & Ab Hamid (2020) explored the impacts of social mediums for the Pakistani SMEs while Johari et al. (2021) assessed the role of social media in Malaysian firms. These operations seem to be limited in ensuring the cambio and improvement of innovative performance in the family businesses of the tourism industry in the context of Pakistan.

According to the above findings, it has been established that the Pakistani family business in the tourist sector could potentially achieve a significant improvement in its innovative capability if more emphasis was placed in strategic planning. The argument that family business scores more point regarding Resource deployment and while deliberating on its succeeding phases of growth highlights the fact that innovation needs marriage of efforts. To be able to have the capability of servicing the clientele base and producing excellent products and services, it is imperative to conduct strategic planning to discover possible market opportunities in the industry. In addition, a good strategy seeks to create, nurture and support an invention organizational culture in that it sets achievable targets, creates an environment that encourages innovation, and helps implement inventions. To this end, it means, that to set the family businesses of the tourist industry of Pakistan on the right direction, it would need to take a strategic approach. It is always very important in the current economy to decipher how the market is becoming more and more competitive and how the customers' demands are evolving. Co elements can enable enhanced comprehension of market indications and change by aligning innovation management with the corporation's strategic approach to ensure that such companies can sustain their competitive advantage. Moreover, business establishments that are under the leadership of the family have continuity and legacy doctrines ought to engage in strategic planning for the improvement efforts to be sustainable and align with the heritage goals. Thus, for family business in the tourist industry of Pakistan needs strategic management in order to construct inventive commercial's performance and fulfill the strategic evolution and constant enhancement due to increasing competition. As explained in the previous section, the factors related to the American SMEs are enshrouded by Ardito et al. (2021), while Farida & Setiawan (2022) documented the factors of construction SMEs in Indonesia and the hotel industry of Pakistan by Hameed et al. (2021).

The current work predicts that the cultural beliefs of the firm influence the way the selected family firms in the Pakistani tourist sector approach innovation and change consequently influencing their inventive performance. Family arrangements dominate many of these organizations that have created a culture of cooperation because members are often related hence providing adequate support for change initiatives since individuals will be willing to expose innovative ideas. As for this sort of a business, it always emphasizes emergence due to investing in the innovative approach to its development because its owners have visionaries thinking long-term and looking for a way to build a legacy. Another drive for innovation that aims for status and service advancement, for instance adopting on innovative technology or implementing environmentally friendly methods also stems from respect in tradition and family lineage. Another reason why creativity here prevails is the visionary angle of leadership which fosters a culture of continuous learning and development for the employees of the family firms. Thus,

the level of innovation observed in family firms operating in the tourist industry of Pakistan is rather high, and this point proves the existence of significant differences in the cultural background of these firms. Cronk and Hull (2020) have endeavoured similar attempts; Setini, et al. (2020) for Bali Indonesian SMEs; Aboramadan, et al. (2020) for non-western countries; and Asif, et al. (2024) for China.

## **5. Conclusions**

Based on this, exploratory research is done aimed at finding out the role of the family business in the innovation for the tourism business in Pakistan and the research shows that innovation is hugely impacted in a positive modo. The findings of the study also show the Pakistan family businesses use innovation skills to a larger extent than the non-family businesses and incorporate innovation in their value co-creation mechanism. In this case, the study will advance its goal of externally determining the factors that may encourage or hinder an improvement in innovation among family businesses in the tourism industry by examining the relevant factors such as owner/manager education, funding, strategic planning, and the size of the business. The recommendation also indicates that when the personnel of the firm is well educated, the acquisition of funds, and strategic planning, the family businesses have improved on the Innovation Index. As such, the outcomes of this research have implication for policy makers, family business owners/ventures and top executives particularly in the tourism industry. They dedicate more attention to the support of family business including provision of numerous incentives and policy support. The survey was further done to establish whether family business owners/ managers engage in human capital investment, participate in strategic planning and look for funding for innovations all of which was a true statement. Taken overall, it provides vast understanding and a large body of knowledge about the effect of family businesses on innovative performance for the growth of tourism sector in Pakistan, which opens the new page to existing literature on the family business and innovation.

### **5.1. Policy Implication**

These results will have important policy implications for how best to promote innovation and entrepreneurship in the tourism sector within Pakistan. Policymakers should understand the potential of family businesses, and funding opportunities should be allocated to them. There is a need for training programs and tax incentives that would further encourage innovations and the adaptation of new technologies. Policymakers should also address the challenges associated with family businesses, such as limited access to funds and resources and the lack of strategic planning and management skills, as well as insufficient awareness of the new innovative practices and technologies. This is achievable through focused funding programs, training and development programs, and awareness-raising campaigns. Policymakers should encourage collaboration and information dissemination between the family businesses and the research institutions and industry experts through industry-academia partnerships, knowledge dissemination platforms, and joint research and development projects. Finally, policymakers are to ensure the monitoring and assessment of the impacts of these family businesses on innovation and economic growth in the tourism sector through regular surveys, economic impact

assessments, and the formulation of policies in line with such outcomes. It is with such policies that Pakistan can harness the potential of family businesses to drive innovation and economic growth within the tourism sector toward the economic development of the entire country.

## **5.2. Limitations and Recommendations**

Several limitations are actively noted in this work on family businesses and innovation in Pakistan's tourism industry. Actively, the study recognizes the fact that the sample size might be too small to represent the whole industry and that a specific region or city may not be representative of the whole country. The study actively acknowledges that the data collection method, which is dependent on self-reported data, might be flawed or biased. The definition of family businesses used in this study actively excludes other types of family-owned enterprises. Furthermore, the definition of innovation is active in that it looks at product or service innovation, leaving out other kinds of innovation. Other factors may affect the relation, and thus the causation link between family businesses and innovation is actively not established. The findings may actively not be applied to other industries or countries, given that the tourist industry and the business environment in Pakistan are unique. It actively takes into account only one specific time period, missing long-term effects of family businesses on innovation. It further fails to consider other factors that may influence innovation, such as government policies, economic conditions, or resource accessibility. Finally, only the quantitative approach is used to conduct the study, with active neglect of qualitative insights and contextual factors that could give a better understanding of the phenomenon.

In addition, many strategies can be actively implemented to enhance the innovation performance of the family business in the tourism sector. Family businesses are supposed to actively embrace innovative practices like investing in research and development, investing in new technology, and developing new products and services. In addition, family businesses are supposed to actively empower employees through training and development in the skills and knowledge necessary for improved innovation performance. Family businesses should actively promote a culture of innovation within the organization with great emphasis on experimentation, risk-taking, and creativity. Actively collaborate with other businesses, even non-family businesses, to share knowledge, resources, and experience that might lead to better innovative performance. Family businesses should actively reach out for government support and opportunities, such as grants, loans, and tax incentives for innovation and improved performance. Family businesses should actively focus on product and service innovation, technology, and promote succession planning for innovation. Strategic partnerships with businesses, organizations, and stakeholders can be developed proactively to access new markets, technologies, and expertise. And lastly, family businesses should actively and continuously monitor and evaluate the innovation performance through indicators such as the innovation index, customer satisfaction, and financial performance to keep it on track and make data-driven decisions.

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