

**A multi-layer organizational culture framework for enhancing the financial performance in tourism and hospitality family firms**

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## **A multi-layer organizational culture framework for enhancing the financial performance in tourism and hospitality family firms**

### **ABSTRACT**

1 Prior research on factors influencing the financial performance of tourism and hospitality family  
2 firms concentrated mainly on family-level traits, thus limiting our comprehension of the  
3 organizational culture mechanism by which family-level values are transformed into firm-level  
4 business processes. We bridge this void in prior literature by presenting a multi-layer  
5 organizational culture framework comprised of the organizational values and organizational  
6 climate layers. Data stemmed from eight in-depth interviews, followed by a survey with 187  
7 tourism and hospitality family firms reveal that stewardship climate inside the firms mediates the  
8 relationship between long-term-oriented values and financial performance. Moreover, our findings  
9 show that entrepreneurial orientation moderates the organizational culture mechanism that  
10 enhance the financial performance of tourism and hospitality family firms.

11  
12 *Keywords: family firms, entrepreneurial orientation, long-term orientation, organizational*  
13 *culture, stewardship climate, tourism and hospitality*  
14

### **INTRODUCTION**

16 As the contemporary business landscape becomes progressively competitive, vibrant, and  
17 indefinite, becoming entrepreneurial and achieving strategic competitiveness has remained highly  
18 challenging to tourism and hospitality family firms (Cronjé & Plessis, 2020; Memili et al., 2020).  
19 These challenges are exacerbated when family firms fail to understand the factors influencing their  
20 performance (Kallmuenzer et al., 2019). While financial performance forms a fundamental goal  
21 for tourism and hospitality family firms (Kallmuenzer et al., 2019; Uyer et al., 2020), to date,  
22 tourism and hospitality literature profoundly leaned on family-level traits, for example,  
23 generational involvement (Kallmuenzer et al., 2018; Pikkemaat & Zehrer, 2016), family  
24 involvement in ownership, governance, and management (Kallmuenzer, & Peters, 2018;  
25 Kallmuenzer et al., 2021) in comprehending how family firms can become entrepreneurially-  
26 oriented and thrive in performance. More precisely speaking, there appears to be a widespread  
27 belief in tourism and hospitality literature that family-level traits sufficiently explain the variations  
28 in the performances of tourism and hospitality family firms (Kallmuenzer, 2018; Kallmuenzer et  
29 al., 2021). Although family-level traits may aid in exploiting novel business opportunities

30 (Kallmuenzer, 2018; Pikkemaat & Zehrer, 2016), focusing only on family-level traits may  
31 represent a simplistic theoretical standpoint limiting our ability to capture the contribution of firm-  
32 level organizational culture mechanisms and nonfamily employees in enhancing the financial  
33 performance of tourism and hospitality family firms in rich detail (Arz, 2019). In today's  
34 increasingly competitive business landscape, tourism and hospitality family firms require an  
35 organizational culture mechanism that fosters strong social bonds among their employees outside  
36 of conventional formal bureaucratic structures to encourage innovative work behaviors and exploit  
37 novel business opportunities (Kallmuenzer & Peters, 2018; Teixeira & Ferreira, 2019). Family  
38 firms that foster strong bonds with their employees may reflect the family's core values in the  
39 organizational culture (Arz, 2019). Thus, they may have a comparative advantage in business  
40 performances over family firms that manage solely through formal bureaucratic management  
41 structures and rigid hierarchical authorities. Since tourism and hospitality research has recently  
42 emphasized delving into the causes of heterogeneity of family firm performance (Memili et al.,  
43 2020), a more holistic organizational culture perspective is required to uncover how family-level  
44 traits can be translated into firm-level strategic orientations such as entrepreneurial orientation  
45 (EO) to thrive in performance.

46 Although several scholars have applied organizational culture as an integrated theoretical  
47 perspective to fill the void among family-level traits and firm-level EO and financial performance  
48 in the family business realm (cf. Arz, 2019; López-Fernández et al., 2016), the notion of  
49 organizational culture seems to be under-researched in tourism and hospitality family business  
50 research to date (Kallmuenzer et al., 2019; Uyer et al., 2020). Moreover, of the few studies that  
51 examined the effect of organizational culture on EO and business performance of tourism and  
52 hospitality family firms (e.g., González-Rodríguez et al., 2019), none of these scholars have  
53 considered the organizational culture notion as “*a complex, patterned, multifaceted human socio-*  
54 *technical system*” (Schein, 2017, p. 16). In light of these considerations, our paper adopts the  
55 multi-layer organizational culture theory suggested by Schein (1995, 2017) as the theoretical  
56 underpinning in capturing the organizational culture mechanism through which tourism and  
57 hospitality family firms enhance financial performance. According to Schein's (1995) definition,  
58 organizational culture is a theoretical abstraction that includes numerous social patterns that  
59 manifest at multiple levels and, when combined, may bring employees together into a single  
60 community. Building on the multi-layer conceptualization of organizational culture initially

**Commented [KT1]:** Here somewhere in the introduction it would be great if we mention the concept of stewardship climate

61 proposed by Schein in 1995 and later expanded in 2017 as the theoretical standpoint, this study  
62 portrays organizational culture as a multi-layered phenomenon, consisting of (a) deeply embedded  
63 core values shared among family members and (b) salient climates that employees perceive  
64 throughout the family firm.

65 Since extant tourism and hospitality literature is incomplete in knowing which salient  
66 cultural orientation influences the performance of family firms, our research paper is motivated by  
67 López-Fernández et al.'s (2016) systematic literature review, which proposed long-term  
68 orientation (LTO) as a cultural orientation that enhances the firm performance. We are also  
69 inspired by the insights and suggestions of Arz (2019), who emphasized that ongoing reciprocal  
70 behaviors between managers and employees facilitate generating a deeper understanding of how  
71 structural family-level traits and values can be translated into firm-level business processes to  
72 enhance firm performance. Moreover, contemporary research emphasizes the significance of  
73 uncovering specific strategic orientations that restrained the link between organizational culture  
74 and performance outcomes, such as EO (cf. Schepers et al., 2020), in obtaining a better  
75 understanding of how tourism and hospitality family businesses can thrive. However, scant  
76 scholarly attention has been paid on examining the moderating effect of EO in linking  
77 organizational culture mechanism to firm performance, which represents a noteworthy void in  
78 extant tourism and hospitality literature (Kallmuenzer et al., 2019; Memili et al., 2020).

79 Consequently, LTO, stewardship climate, and EO are used in this paper to delineate the  
80 organizational culture mechanism of how tourism and hospitality family firms transform family-  
81 level values into firm-level business processes to enhance firm performance. Building on this  
82 intent, we aim to address two pressing research questions mentioned below.

- 83 1. How does organizational culture mechanism enhance the financial performance of tourism  
84 and hospitality family firms by transforming family-level values into firm-level business  
85 processes?
- 86 2. How does EO moderate the organizational culture mechanism that enhances the financial  
87 performance of tourism and hospitality family firms?

88  
89 Our paper offers three vital contributions to tourism and hospitality and family business  
90 literature. First, since Schein introduced the model of organizational culture to the family business  
91 context in 1995, only a few scholars have adopted his model in the family business literature (cf.

**Commented [KT2]:** What about if we write cultural competitiveness?

**Commented [KT3]:** can exploit the opportunities..

92 Arz, 2019; López-Fernández et al., 2016). Most importantly, to date, the notion of organizational  
93 culture is relatively unexplored in the tourism and hospitality family firm setting (e.g.,  
94 Kallmuenzer et al., 2019; Uyer et al., 2020). However, tourism and hospitality is a social  
95 phenomenon that can be defined as an organizational culture that develops inside the organization,  
96 allowing tourism and hospitality firms to create unique and memorable experiences for their guests  
97 (Pizam, 2020). Consequently, this research adds to the heated discussion about family firm  
98 performance by emphasizing the pivotal role of organizational culture mechanisms in boosting  
99 firm performance in the tourism and hospitality context in particular and in the family firm realm  
100 more generally. Second, this study appends to the topical discussion in the extant literature over  
101 whether LTO and EO are essentially opposed to each other or might be mutually beneficial. Our  
102 findings indicate that long-term-oriented values cultivate a climate of collective stewardship  
103 throughout tourism and hospitality family firms, and EO moderates this relationship. Third, in line  
104 with the stewardship theory (e.g., Donaldson & Davis, 1991), the proposed organizational culture  
105 framework uncovers the pivotal role of non-family employees as stewards in achieving the firm's  
106 goals despite personal goals in the tourism and hospitality context. This is particularly important  
107 as employees are identified as one of the essential strengths of the hospitality and tourism industry  
108 due to their vital contribution in managing the complexity of providing unique and memorable  
109 tourism experiences to guests (Buhalis, 1996; Johnson & Park, 2020).

110

## 111 **HYPOTHESES DEVELOPMENT AND CONCEPTUAL DISCUSSION**

### 112 *Family businesses in the realm of the tourism and hospitality industry*

113 A family firm portrays a distinctive social institution that combines two social structures into a  
114 single entity, namely family and business (Kallmuenzer et al., 2021). Concerning the aspect of  
115 ownership, governance, and succession, family businesses share unique attributes that set them  
116 apart from non-family firms (cf. Querbach et al., 2020). Family businesses are those in which one  
117 or more families control the ownership and management, often for several generations (Andersson  
118 et al., 2017). Consequently, family firms are more flexible, less bureaucratic, use informal  
119 mechanisms, and make more fluid decisions than non-family firms since personal and business  
120 goals are frequently interwoven (Kallmuenzer & Peters, 2017). More specifically, in most  
121 instances, family firm goals tend to change over time as and when individual family members'

Commented [KT4]: informal structure

122 values, priorities, and positions held in the firm change (Hernández-Perlines et al., 2020;  
123 Kallmuenzer & Peters, 2017).

124 Due to the high level of guest-host interactions demanded in the industry, family firms play  
125 a pivotal role globally in the tourism and hospitality industry (Hernández-Perlines et al., 2020;  
126 Kallmuenzer et al., 2021). The existing tourism and hospitality family business literature has  
127 focused primarily on their small firm size (Pikkemaat & Zehrer, 2016), frequent interactions with  
128 the local community (Kallmuenzer et al., 2021; Peters & Kallmuenzer, 2018), and cyclical demand  
129 caused by the seasonality nature of the business (Kallmuenzer et al., 2018; Vatsa, 2020). These  
130 distinctive traits provide opportunities for tourism and hospitality family firms to survive and  
131 flourish, as they usually include reciprocal host-guest interactions (Kallmuenzer et al., 2020; Peters  
132 & Kallmuenzer, 2018).

133 As emphasized above, although different theoretical prophecies are available, little is  
134 known about organizational culture mechanisms that enable tourism and hospitality family firms  
135 to enhance their financial performance (González-Rodríguez et al., 2019). The following section  
136 of this paper discusses in greater detail the proposed multi-layer organizational culture framework  
137 that may allow a tourism and hospitality family firm to transform family-level values into firm-  
138 level business processes in enhancing financial performance.

139

#### 140 ***Organizational culture mechanisms in tourism and hospitality family businesses***

141 According to Schein's (1995) definition, organizational culture is a theoretical abstraction that  
142 comprises two layers, namely values and climates. Values are rooted at an inner layer of culture,  
143 reflecting the unseen ideas that employees have on how things should function, whereas the  
144 climate is defined as the outer surface of the culture (Schein, 1995, 2017). In addition, it takes into  
145 account employees' overall impression of the observable behaviors of an organization's  
146 environment (Schein, 1995, 2017).

147 Following Schein's (2017) multi-layer organizational culture framework as the theoretical  
148 underpinning, the theoretical framework that evolved from our work proposes a holistic theoretical  
149 illustration of how tourism and hospitality family firms can translate family-level values into firm-  
150 level business processes in enhancing financial performance. The rationale suggests that long-  
151 term-oriented values and entrepreneurial spirit provide a family firm with a better understanding  
152 of a pragmatic futuristic viewpoint instead of a conservative historical event (Venaik et al., 2013).

153 This subsequently leads to the higher commitment of managers and employees to the success of  
 154 the family firm above their own individual interests and ultimately leads to superior financial  
 155 performance (see Figure 1).

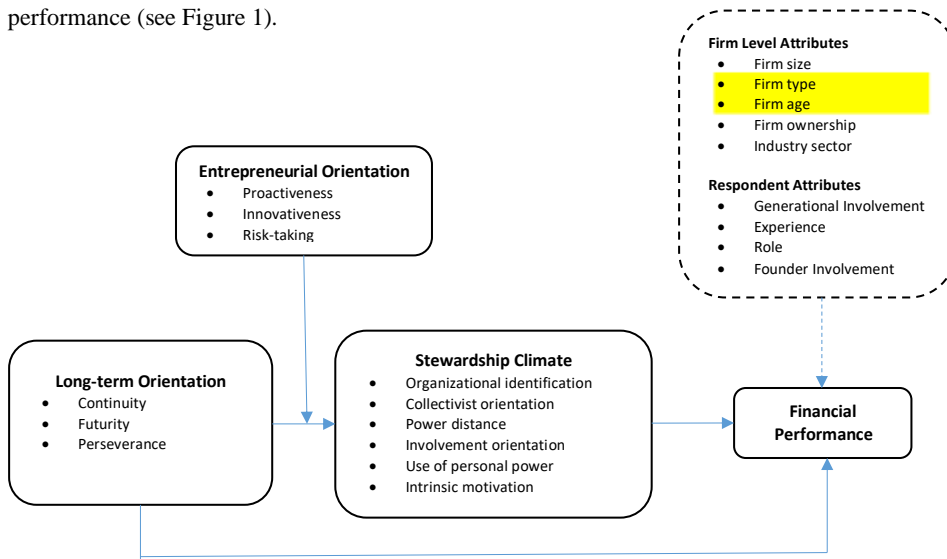


Figure 1: Multi-layer organizational culture framework for enhancing financial performance in tourism and hospitality family firms

156 **Long-term orientation (LTO)**

157 LTO stands for fostering priorities, goals, and steadfast investments that will succeed within a  
 158 prolonged period (Memili et al., 2018). There is a widespread conviction that such an orientation  
 159 is expected to be visible in family firms (Cherchem, 2017) as family members are concerned with  
 160 intergenerational succession (Gimenez-Jimenez et al., 2021), tend to be more likely to seek  
 161 longstanding careers (Diaz-Moriana et al., 2020), and, as a result, are more interested in a firm's  
 162 long-term performance (Berrone et al., 2020). In most instances, family firms are said to thrive for  
 163 the sake of the family's long-term reputation, so they appear to have a more long-term approach  
 164 (Cherchem, 2017; Sageder et al., 2018). Moreover, since successful firms have been characterized  
 165 as having a persistent strategic focus and act in the firm's and its stakeholders' long-term interests  
 166 (Lee & Raschke, 2020), LTO can provide a competitive advantage for family firms.

167 Despite its prolific potential for explaining outcomes in family firms, the concept of LTO  
 168 in tourism and hospitality literature is underdeveloped and fragmented (Kallmuenzer, 2018;

169 Memili et al., 2018). The limited number of studies conducted on the topic has used proxies instead  
170 of directly observable indicators to evaluate the significance of different time orientations in  
171 enhancing firm performance (Kallmuenzer & Peters, 2017; Kallmuenzer et al., 2018). Building on  
172 the conceptual arguments made by Brigham et al. (2014), our paper defines LTO as a multi-  
173 temporal phenomenon at the firm level. Notably, we perceive LTO as a time-sensitive multi-  
174 dimensional construct composed of three dimensions, namely futurity (i.e., the conviction that  
175 thorough planning and controlling are needed to achieve the future desired state), continuity (i.e.,  
176 the assumption that previous experiences and exposures influence the plans and their  
177 implementation), and perseverance (i.e., the conviction that certain acts require patience,  
178 perseverance, and hard work to gain value). Consequently, unlike most prior conceptualizations,  
179 our work does not confine the notion of LTO as a futuristic phenomenon in tourism and hospitality  
180 family firms. Instead, we conceptualize LTO as a notion that bridges different time frames, making  
181 LTO a likely source of differentiation for tourism and hospitality family firms.

182 **Concerning futurity, tourism and hospitality literature found that long-term-oriented family**  
183 **firm managers frequently feel an emotional attachment towards those who work for them, leading**  
184 **to solid stewardship motives (Kallmuenzer, 2018; Memili et al., 2018). In turn, it fosters an**  
185 **organizational climate that identifies and values collectivism and intrinsic motivation**  
186 **(Kallmuenzer et al., 2018). Moreover, those firms tend to demonstrate stewardship behaviors by**  
187 **making long-term commitments to employees and investing in local communities due to their**  
188 **concerns for the future and continuing the family's legacy and reputation. Such long-term priorities**  
189 **of family firms may lead to continual employer-employee relations characterized by trust and**  
190 **involvement (Löhde et al., 2020; Memili et al., 2020) and, consequently, preserves a low power**  
191 **distance climate within the firms (Kallmuenzer et al., 2018). Although the notion of LTO and its**  
192 **influence in creating stewardship motives have been discussed in various research settings**  
193 **(Cherchem, 2017; Sageder et al., 2018), it has not been comprehensively studied in the context of**  
194 **the tourism and hospitality family firm (Kallmuenzer et al., 2018). In conclusion, the above**  
195 **arguments lead to the following hypothesis:**

196 **H<sub>1</sub>: Long-term-oriented values fosters a stewardship climate throughout the tourism and**  
197 **hospitality family firms**

198  
199 Although there was a conviction that the same traits and values that make family firms want to  
200 have an LTO also make them conservative (Memili et al., 2018; Zahra, 2018) and less competitive



201 (De Massis et al., 2018; Rondi et al., 2021), however, a rising body of literature suggests that an  
202 LTO is frequently linked to better rather than worse performance (Debicki et al., 2020; Dyer,  
203 2018). Family firms outpace non-family firms on various performance criteria such as conservative  
204 profitability measurements, efficiency, and sales growth (cf. Dyer, 2018; Ntoug et al., 2020). This  
205 is basically because, unlike non-family firms, the LTO of the owner or owning family can help  
206 family firm owner-managers simplify decision criteria among strategic alternatives when facing  
207 challenging situations (Memili et al., 2018). Thus, having a long-term view is frequently identified  
208 as a significant source of differentiation and competitive advantage for family firms (Memili et al.,  
209 2018) in general and tourism and hospitality family firms (Kallmuenzer, 2018; Lumpkin et al.,  
210 2010; Memili et al., 2018) in particular. For instance, tourism and hospitality family firms are  
211 ready to take tremendous efforts to safeguard longstanding assets like the family name, reputation,  
212 and legacy (Kallmuenzer & Peters, 2017; Kallmuenzer et al., 2018). Consequently, they may reap  
213 various benefits, including lower cost of capital and improved product and service quality, all of  
214 which add to significant returns on investment (Memili et al., 2018). As such, there is clear  
215 evidence that an LTO may generate positive outcomes such as strong financial performance and  
216 business excellence to tourism and hospitality firms (e.g., Kallmuenzer et al., 2018; Kallmuenzer  
217 & Peters, 2017). When all of the preceding arguments are considered together, the following  
218 hypothesis emerges:

219  
220 **H<sub>2</sub>:** *Long-term-oriented values positively influence financial performance of the tourism and*  
221 *hospitality family firms*  
222

### 223 ***Stewardship climate***

224 Unlike the agency theory, which describes a principal-agent relationship within family firms where  
225 managers and employees are considered as utility maximizers, stewardship theory promotes a  
226 contrasting perspective emphasizing humanistic relationships (Donaldson & Davis, 1991). As  
227 stewardship theory emphasizes, owners and managers behave like stewards in family firms without  
228 being triggered by individual goals (Chrisman, 2019). Owners and managers in stewardship  
229 positions are motivated not to achieve personal goals but to improve the firm's performance, which  
230 gives them a sense of belonging and purpose (Chrisman, 2019). Thus, stewardship has been  
231 claimed to be more effective than the conformist principal-agent relationship (Le Breton-Miller &  
232 Miller, 2018; Madison et al., 2017).

233 Organizational behaviors aligned with stewardship theory are more likely to be seen in  
234 tourism and hospitality family firms because of the strong ties between family and business  
235 (Kallmuenzer et al., 2020). Consequently, a stewardship perspective is widespread among  
236 booming tourism and hospitality family firms (Kallmuenzer & Peters, 2018), and, in some  
237 instances, it could be the secret source behind their competitive advantage (Kallmuenzer, 2018).  
238 However, so far, scant scholarly attention has been paid to using stewardship theory to explain the  
239 organizational mechanism within tourism and hospitality family firms (Kallmuenzer, 2018;  
240 Kallmuenzer & Peters, 2018). Most of these efforts, like LTO, employ proxies to operationalize  
241 the stewardship perspective, for instance, family involvement in the management (Kallmuenzer &  
242 Peters, 2018), altruism (Kallmuenzer et al., 2018), empowerment (Kallmuenzer et al., 2018), trust  
243 (Kallmuenzer, 2018; Memili et al., 2018), and value commitment (Kallmuenzer et al., 2018). Most  
244 of the research in tourism and hospitality has considered a one-sided view of stewardship, focusing  
245 solely on the manager’s perspective (Kallmuenzer & Peters, 2018). This viewpoint, however, is  
246 not sufficient to clarify the ability of stewardship in generating a distinctive competitive advantage  
247 for tourism and hospitality family firms as *“stewardship most likely will not be an effective  
248 competitive advantage unless it is embraced and institutionalized as an implicit way of functioning,  
249 and as such, cannot be easily imitated”* (Pearson & Marler, 2010, p.1117).

250 In amalgamation with the premise that collective stewardship helps a firm gain a  
251 competitive edge, Neubaum et al. (2017) introduce the notion of stewardship climate in the  
252 organizational climate literature. Organizational climate, in general, as Denison (1996)  
253 emphasized, refers to the employee’s view of a firm’s observable environment and *“link to  
254 thoughts, feelings, and behaviors of organizational members”* (p. 644). As defined by Schein  
255 (1995), it represents the most visible stratum of culture. Consistent with Neubaum et al. (2017),  
256 our paper theorizes stewardship climate as a firm-level, multi-dimensional phenomenon  
257 comprising six dimensions: organizational identification (i.e., the propensity of employees of a  
258 firm to identify with that firm), involvement orientation (i.e., employee autonomy and involvement  
259 in decision-making processes), collectivism (i.e., emphasis on group cohesiveness and  
260 prioritization of the group over the self), low power distance (i.e., have lower levels of power  
261 inequality often manifested by flat hierarchy), use of personal power (i.e., employees have a  
262 psychological preference for using personal power rather than institutional-based forms of power),

263 and intrinsic motivation (i.e., employees are driven by internal rewards such as self-  
264 accomplishment, personal growth).

265 Building on the suggestion that LTO among family members fosters a perceived  
266 organizational climate of stewardship (Kallmuenzer et al., 2021), such a climate is expected to  
267 influence the performance of tourism and hospitality family firms positively (Kallmuenzer, 2018;  
268 Kallmuenzer & Peters, 2018). For example, a tourism and hospitality firm with a low power  
269 distance setup accommodates different viewpoints and voices, thus creating a climate in which  
270 employees feel free to contribute by voicing their innovative thoughts without fear of retributions  
271 (Kallmuenzer & Peters, 2018). Such a participative environment stimulates a more involvement-  
272 oriented culture, enhancing employees' commitment to the firm and its goals and collectively  
273 promoting better stewardship levels (Carradus et al., 2020). For instance, employee trust,  
274 dedication to the firm, and prosocial behaviors are likely to follow in such contexts. In such  
275 circumstances, employees are more inclined to put their interests sideline to benefit the firm's  
276 performance, prepared to bear risks to achieve organizational goals, and contribute to  
277 entrepreneurial opportunities focusing on its long-term success (Kallmuenzer et al., 2017).  
278 Consequently, novel ideas are more likely to be implemented less formally and planned  
279 (Kallmuenzer, 2018; Kallmuenzer & Peters, 2018). Further, family businesses with an intense  
280 stewardship atmosphere are more likely to make intuitive decisions when new business  
281 possibilities occur and invest in entrepreneurial activities more flexibly and speedily, enhancing  
282 financial performance in the long run (Pearson & Marler, 2010). In summary, based on the above  
283 arguments, the following hypothesis emerged.

284  
285 **H<sub>3</sub>:** *Stewardship climate inside the tourism and hospitality family firm positively influences*  
286 *financial performance*

287  
288 ***Mediating effect of stewardship climate***

289 Prior family business literature indicates that the relationship between LTO and financial  
290 performance is expected to be more complex than direct (Brigham et al., 2014; Chandler et al.,  
291 2016). In keeping with previous research that has used the multi-layer approach in studying the  
292 organizational culture mechanisms (e.g., Arz, 2019; Schein, 1995, 2010), we argue that  
293 stewardship climate may intervene between long-term oriented values and financial performance  
294 of tourism and hospitality family firms. Therefore, our paper suggests that we can better explain

295 the relationship between LTO and the financial performance of the tourism and hospitality family  
296 firms by introducing stewardship climate as a mediator. More specifically, for a tourism and  
297 hospitality family firm seeking to thrive in financial performance, displaying high levels of LTO  
298 is not sufficient (Memili et al., 2018; Veider & Kallmuenzer, 2016). Instead, it is the existence of  
299 an organizational climate created via enduring mutual stewardship that allows LTO to be  
300 transformed into financial performance (Harms et al., 2015; Kallmuenzer & Peters, 2018).  
301 Moreover, a rise in LTO can strengthen the stewardship climate and boost the possibility of  
302 financial performance improvement in tourism and hospitality family firms (Memili et al., 2018).  
303 However, such a chain of relationships has not been extensively studied in the family firm context  
304 in general (Arz, 2019) and tourism and hospitality context in particular (Kallmuenzer & Peters,  
305 2018). In conclusion, these voids in the prior literature point to the following hypothesis:

Commented [KT5]: relationship or relationships?

306  
307 **H4:** *Stewardship climate inside the tourism and hospitality family firm mediates the relationship*  
308 *between long-term-oriented values and financial performance, such that this relationship is more*  
309 *robust in a high stewardship climate than in a more negligence climate.*  
310

#### 311 ***Moderating effect of entrepreneurial orientation (EO)***

312 As the rapidly changing competitive business landscape has created an environment defined by  
313 high levels of market uncertainty (Bloodgood, 2019; Falciola et al., 2020), the relationship between  
314 LTO and stewardship climate and their influence on the financial performance of tourism and  
315 hospitality family firms need further consideration. Under such competitive and dynamic  
316 operational conditions, merely fostering LTO does not always guarantee that a tourism and  
317 hospitality firm will, indeed, result in higher levels of financial performance (Memili et al., 2018).  
318 Instead, as family business literature indicates, LTO in conjunction with EO can help overcome  
319 such limitations (e.g., Schepers et al., 2020). For instance, LTO provides a family firm a distinct  
320 advantage over its competitors by encouraging and nurturing entrepreneurial spirit (Brigham et al.,  
321 2014; Memili et al., 2018).

322 EO, which conceptualizes entrepreneurship at the firm level, is widely used in family  
323 business literature (Kallmuenzer & Peters, 2017, 2018). Miller (1983) introduced the notion of  
324 entrepreneurial firms and emphasized that entrepreneurial firms have a higher propensity towards  
325 product-market innovation and undertake moderate risky ventures compared to conservative,  
326 highly risk-averse non-entrepreneurial firms (Miller 1983; Tajeddini & Mueller, 2012, 2019).

327 Miller's (1983) conceptualization identifies innovativeness (i.e., a firm's proclivity for pursuing  
328 and supporting new and creative ideas that could result in new goods, services, or processes),  
329 proactiveness (i.e., generally connected with a forward-thinking attitude and a desire to be the first  
330 mover) and risk-taking (i.e., as a firm's proclivity to borrow heavily, invest in unexploited  
331 technologies, or introduce novel products into new markets) as three key dimensions mirroring a  
332 firm's strategic stance toward fostering entrepreneurship.

333 The temporal orientation of a firm is mirrored in selecting its control systems, stimulating  
334 or hampering entrepreneurship (Lumpkin & Brigham, 2011). Indeed, tourism and hospitality  
335 family firms with a short-term orientation incline to support strict financial control systems  
336 frequently based on rigid goals, which are generally known to diminish employees' desire to take  
337 on the risks involved with entrepreneurship (Kallmuenzer et al., 2018). In contrast, tourism and  
338 hospitality family ventures that foster LTO leans towards prioritizing more subjective strategic  
339 controls like customer satisfaction and employee retention (Memili et al., 2018). As a result,  
340 continuous interactions among managers and employees are required to understand the associated  
341 risks and alternative actions tourism and hospitality family firms might take to evaluate their  
342 performance, stimulating entrepreneurial behavior (Buhalis, 1999; Kallmuenzer et al., 2020).  
343 Moreover, long-term oriented relationships with employees can boost employee commitment,  
344 which increases employees' entrepreneurial efforts above what is formally expected by the firm  
345 (Kallmuenzer & Peters, 2018). Consequently, employees will demonstrate a more substantial  
346 degree of entrepreneurship by pursuing innovative ideas independently, gathering information  
347 about latent market variations, or evaluating competitors' movements (Kallmuenzer & Peters,  
348 2018). In the end, these entrepreneurial efforts focused on the firm's future, assisting the firm to  
349 be innovative and proactive in succeeding in rapidly changing market conditions (Kallmuenzer,  
350 2018; Kallmuenzer & Peters, 2018; Peters & Buhalis, 2004). As a result, when EO is built into a  
351 strategic configuration in conjunction with LTO, a tourism and hospitality family firm is more  
352 likely to be risk-taking and foster a stewardship climate (Kallmuenzer & Peters, 2018). Such  
353 reasoning would imply that the EO is expected to moderate the relationship between LTO and  
354 stewardship climate, as indicated in the following assumption:

355  
356 **H<sub>5</sub>:** *Entrepreneurial orientation moderates the relationship between long-term-oriented values*  
357 *and the stewardship climate of the tourism and hospitality family firms*

358 **METHODOLOGY**

359 The inherent complex and distinctive nature of family businesses and the plurality of perspectives  
360 embedded in them such as the pursuit of non-financial value creation (Kallmuenzer & Peters,  
361 2017), heterogeneity (Andersson et al., 2017), desires for intergenerational succession  
362 (Kallmuenzer et al., 2021), willingness to preserve and increase socioemotional wealth  
363 (Kallmuenzer et al., 2018) necessitate incorporating inductive (demands of theory development)  
364 and deductive (the utilization of rigorous statistical methods) logic (cf. Reilly & Jones, 2017) to  
365 contribute to the development of a comprehensive evidence base (Mills et al., 2013). Since the use  
366 of mixed methods research design in the tourism and hospitality realm is still in its infancy (cf.  
367 Mussalam & Tajeddini, 2016), this study allows counterbalancing the drawbacks of each approach  
368 by combining their strengths and provides a unique opportunity to stimulate the more prevalent  
369 implementation of this potentially powerful approach (Khoo-Lattimore et al. 2019).

370 We employed the exploratory sequential mixed methods approach wherein an initial phase  
371 of qualitative non-numeric data collection and analysis was followed by a quantitative instrumental  
372 phase. Since the notion of organizational culture is relatively unexplored in the tourism and  
373 hospitality setting (González-Rodríguez et al., 2019), the first phase was used to uncover the  
374 intricate and intrinsic organizational culture mechanisms in family firms and provide a profoundly  
375 characterized and realistic viewpoint on the phenomenon. Findings from the first phase were used  
376 to fine-tune the proposed multi-layer organizational culture framework to address the void  
377 concerning combining family-level values and firm-level business processes to enhance the firm  
378 performance of family firms. The proposed theoretical framework was then empirically tested  
379 using a questionnaire survey. The tourism and hospitality industry in Sri Lanka has been chosen  
380 as the context for this paper as it is one of the prominent business sectors that significantly  
381 contribute to the country's economy (i.e., contributing 12.6% of the country's gross domestic  
382 product) with a competitive advantage due to its geographical location, tradition, and cultural  
383 practices (Ediriweera et al., 2016; Ekanayake & Kuruppuge, 2017). In the Sri Lankan economy,  
384 family firms play a predominant role, accounting for more than 50% of the country's GDP and  
385 20% of the industrial value and providing 70% of the country's employment (Economic Statistics  
386 of Sri Lanka, 2020). More specifically, nearly 50% of the tourism and hospitality firms in Sri  
387 Lanka are small, family-owned firms in which one or more generations of family members are  
388 involved (Deyshappriya & Nawarathna, 2020; SLTDA, 2020).

**Commented [KT6]:** Do you have any year for this statistics?

389 ***Phase I: Qualitative semi-structured interviews***

390 A case study method was employed adopting multiple evidence sources for the qualitative data  
391 collection and analysis. The main objective of the qualitative phase is to explore and identify the  
392 multi-layer organizational culture mechanisms within tourism and hospitality family firms by  
393 demonstrating the particular processes that describe the interrelationships between the key  
394 concepts that enhance financial performance. This approach ensures that novel ways of thinking,  
395 which are at the essence of family businesses, are not stifled. As cases, eight tourism and  
396 hospitality family firms registered with the Sri Lanka Tourism Development Authority (SLTDA)  
397 for 2020 were selected using purposive sampling consistent with the definition of a family firm  
398 guiding our research paper. By following Kallmuenzer and Peters (2017), in our research paper,  
399 family firms are described by three main requirements: (a) *one or more families own and manage*  
400 *the firm*, (b) *the family/ families own a significant portion of shares*, and (c) *minimum two family*  
401 *members are active in the operations of the business*. We conducted informal, semi-structured, in-  
402 depth interviews with owner-managers of the selected case firms. Using an interview guideline  
403 (see Appendix A), all the interviews were conducted to collect the information we needed,  
404 including how key informants perceived that the organizational culture and entrepreneurial  
405 behavior influenced the financial performance of case firms. On average, the interviews lasted 60  
406 to 90 minutes, and following the qualitative research guidelines of Lucas (2005), they were tape-  
407 recorded with the interviewees' consent and transcribed verbatim afterward. The two authors  
408 conducted all interviews in English together. After eight interviews, data saturation was achieved  
409 when the same ideas repeatedly appeared with no new ideas emerging. Table 1 presents essential  
410 information on case firms and the key informants interviewed. Different types of tourism and  
411 hospitality family firms such as hotels, homestays/ rented apartments, and restaurants were  
412 considered for the in-depth interviews. However, since the hotel sector plays a dominant role in  
413 the tourism and hospitality industry in Sri Lanka (SLTDA, 2020), half of the sampled family firms  
414 were predominantly hotels. In addition, we collected information related to the selected cases from  
415 their websites, internal company publications (i.e., newsletters, reports, image booklets), and  
416 relevant industry and trade press. The qualitative research findings have institutionalized how  
417 family-level values could translate into firm-level business processes to improve financial business  
418 performance through stewardship climate and EO.

Table 1: Profile of case studies for semi-structured interviews

Case	Key Informant	Industry Sector	Number of years in operation
A	Owner-manager	Hotels	41
B	Owner-manager	Hotels	33
C	General manager	Hotels	29
D	Owner-manager	Homestays/ rented apartments	37
E	Executive director	Hotels	28
F	Owner-manager	Restaurant	51
G	Owner-manager	Restaurant	43
H	Owner-manager	Homestays/ rented apartments	31

419 **Phase II: Quantitative survey**

420 *Population and sample selection*

421 The list of family businesses registered with the SLTDA for 2020 is used as the sampling frame  
422 for identifying the tourism and hospitality family firms for quantitative data collection. Due to  
423 numerous tourism and hospitality family firms in Sri Lanka, several inclusion criteria have been  
424 applied to arrive at the final target population for quantitative data collection. First, due to the high  
425 density of family firms located in the Western and Southern province of the country (more than  
426 55% of the family firms) (SLTDA, 2020), the quantitative data collection was restricted only to  
427 tourism and hospitality family firms located in the Western and Southern provinces to provide a  
428 complete picture of the majority of tourism and hospitality family businesses in Sri Lanka. In  
429 addition, the Western province includes major commercial cities and tourist attractions in the  
430 country, and it is plausible that the family firms operating in the province are representative of the  
431 family firms in the whole country (Ekanayake & Kuruppuge, 2017). Moreover, we focused on the  
432 South coast, as it is known as one of the finest stretches of coastlines globally (Deyshappriya &  
433 Nawarathna, 2020; Konarasinghe, 2018). Second, each family firm was carefully researched to  
434 confirm that it belonged to one of the major tourism and hospitality industry sectors in Sri Lanka,  
435 including hotels, homestays/ rented apartments, and restaurants (Karunaratne et al., 2021). Third,  
436 as we intend to investigate LTO, selecting mature tourism and hospitality family firms is  
437 paramount for this study. Accordingly, we have included tourism and hospitality family firms  
438 started before 2000 (i.e., at least 20 years old). Fourth, tourism and hospitality firms were chosen  
439 where individuals or a family act as shareholders, out of which a minimum of two shareholders  
440 actively engaged in the management. In line with the definition of a family firm guiding our paper,



441 applying the inclusion criteria increases the possibility of creating a narrowly focused sample of  
442 tourism and hospitality family firms. The questionnaire was pre-tested with three academic experts  
443 specialized in tourism and hospitality and entrepreneurship and six owner-managers of leading  
444 tourism and hospitality family firms in Sri Lanka. Comments that stemmed from these academics  
445 and managers concerning the content, structure, and wording of the questionnaire were  
446 incorporated into the final questionnaire design. After using the inclusion criteria, out of the 1018  
447 family firms available, we could identify 817 family firms eligible for the survey. Further, to locate  
448 the email addresses and ensure the accuracy of the information included in the list, these firms  
449 were cross-checked with their websites and popular industry publications. Unfortunately, due to  
450 wrong email addresses, closure of the firms, and firm policies prohibiting participation in surveys,  
451 we had to eliminate another 103 firms further. Consequently, in the end, the final target sample  
452 comprised 714 firms. A Web-based survey addressing the top-level management (i.e., owners-  
453 managers/ executive and non-executive directors/ general managers) of the selected tourism and  
454 hospitality family firms took place from August to October 2020. An email with the link to the  
455 survey was sent to the key informants of all 714 firms in August 2020. To conclude the data  
456 collection in October 2020, we sent out two email reminders on the 4<sup>th</sup> and 8<sup>th</sup> weeks and made a  
457 follow-up telephone call in the 12<sup>th</sup> week. After all these follow-ups, finally, the survey yielded  
458 187 effective responses with an effective response rate of 26.19%. Of these 187 tourism and  
459 hospitality family firms, 86 were hotels, 52 were homestays/ rented apartments, and 49 were  
460 restaurants.

461  
462 *Measurement development*

463 *Stewardship climate:* A 5-point Likert scale was used to measure all the items measuring the  
464 dimensions. All stewardship climate measures represent an aggregation of the individual scores to  
465 arrive at mean scores (Neubaum et al., 2017). As suggested by James (1982), we performed the  
466 Spearman-Brown prophecy formula for evaluating the interclass correlation (ICC) to assess the  
467 reliability of performing mean scores to aggregate perceptions. Our findings supported the use of  
468 mean scores to test aggregate perceptions (ICC (2) > .60 for all stewardship climate measurement  
469 scales). We followed the prior research (Neubaum, et al., 2017) and carried out the tests of the  
470 models fit and the scale's factor structure with data aggregated using first CFA and the results are  
471 as follows:  $\chi^2_{(120)} = 154.709$ ,  $\chi^2/df=1.289$ ,  $p\text{-value}=0.018$ ,  $GFI=.920$ ,  $AGFI=.885$ ,  $TLI=.968$ ,

472 RMR=0.029, robust CFI=.975, RMSEA=.039, Delta2=.976, NFI=.900. The results indicate that  
473 all factor loadings are statistically significant at .001 significance level (Table 2).

Table 2: Unidimensionality and convergent validity tests (Stewardship Climate) (n=187)

Constructs		Indicator (parameter)		Factor loadings
Dimensions	Field(s)	Item(s)		
Stewardship Climate	Organizational identification		$\alpha=.812, CR=.885, AVE=.721$	
			<i>Indicate the extent to which the below-mentioned statements reflect the views of your employees</i>	
		OI1	Our employees believe that the success of the firm is their success	.738
		OI2	Our employees feel like it is a personal complement to them whenever someone applauds the company	.834
		OI3	Rather than just being employees, our employees always feel a sense of "ownership" about the company	.849 <sup>a</sup>
	Collectivist orientation		$\alpha=.822, CR=.775, AVE=.600$	
			<i>Indicate the extent to which the below-mentioned statements reflect the views of your employees</i>	
		COLL1	Our employees believe that to solve the problems in the company, cooperation among employees is always helpful.	.720
		COLL2	Our employees feel that teamwork enables them to achieve the best work performance.	.778
		COLL3	Our employees believe that teamwork is vital to the success of the company.	.791 <sup>a</sup>
	Power distance (reverse coded)		$\alpha=.908, CR=.872, AVE=.659$	
			<i>Indicate how far would you agree with the below-mentioned assertions concerning the decision-making process of your company</i>	
		PD1_r	In our company, in most instances, managers make decisions without consulting subordinates.	.678
		PD2_r	In our company, managers often use authority and power while working with subordinates.	.760
		PD3_r	In our company, managers do not like to delegate essential tasks to employees.	.780 <sup>a</sup>
	Involvement orientation		$\alpha=.763, CR=.852, AVE=.660$	
			<i>Indicate how far would you agree with the below-mentioned assertions concerning the decision-making process of your company</i>	
		IO1	In our company, managers' decisions are influenced by employees' input.	.687
		IO2	In our company, managers seek to reach an agreement among employees concerning essential decisions.	.779
		IO3	In our company, managers make employees feel like they work with them, not for them.	.692 <sup>a</sup>
	Use of personal power		$\alpha=.902, CR=.939, AVE=.837$	
			<i>Indicate the extent to which the below-mentioned statements reflect the role of supervisors in your company</i>	
		UPP1	In our company, supervisors are individuals that employees can identify with.	.663
		UPP2	In our company, supervisors give good reasons for changing how employees do their jobs.	.673
		UPP3	In our company, supervisors have more technical knowledge.	.639 <sup>a</sup>
	Intrinsic motivation		$\alpha=.752, CR=.806, AVE=.581$	
			<i>Indicate the extent to which your employees are satisfied with various aspects of their jobs, as mentioned below</i>	
		IM1	Our employees are satisfied with the way supervisors express appreciation to them	.812
IM2		Our employees are satisfied with the way supervisors give credit to them for the work they did	.837	
IM3		Our employees are satisfied with the way supervisors praise them for performing the job well	.911 <sup>a</sup>	
(1) Model summary statistics: $\chi^2_{(120)} = 154.709, \chi^2/df=1.289, p\text{-value}=.018, GFI=.920, AGFI=.885, RMR=0.029, \text{robust CFI} = .975, RMSEA=.039, \text{Delta2}=.976, NFI=.900, TLI (\rho_2) = .968$				
(2) <sup>a</sup> Loading fixed to 1 for identification purposes.				

474 *LTO*: Despite the prevalence of the LTO concept, one of the most thought-provoking  
475 complications is measuring and operationalizing the concept, which is reliable and valid (Brigham  
476 et al., 2014). Unlike the previous research, which has employed archival data to establish the LTO  
477 concept (cf. Chandler et al., 2016), Brigham et al. (2014) posit three dimensions, namely  
478 continuity, futurity, and perseverance form the construct of LTO. Considering the content-analytic  
479 measures, we agree with Brigham et al. (2014)'s suggestion that while the three proposed  
480 dimensions of LTO share some similarities, each of these dimensions describes a different aspect  
481 of the concept. In other words, LTO can be regarded as formative partly because the related  
482 dimensions illustrate a different aspect of an overarching concept. We adopted twelve items  
483 adopted from Brigham et al. (2014), entailing three dimensions of futurity, perseverance, and  
484 continuity forming LTO. The model fit analysis of the CFA results are as follows:  $\chi^2_{(51)} = 60.810$ ,  
485  $\chi^2/df=1.192$ , p-value=.163, GFI=.949, AGFI=.923, TLI=.990, RMR=0.024, robust CFI=.993,  
486 RMSEA=0.032, Delta2=.993, NFI=.956. Consequently, it appears that all factor loadings are  
487 statistically significant at .001 significance level (Table 3).

488

489 *EO*: EO is conceived as a construct observed at the firm level and was assessed adopting the nine-  
490 item scale suggested by Covin and Slevin (1989), entailing three components of strategic posture  
491 reflecting managerial behavior concerning innovativeness, proactiveness, and risk-taking (Hurley  
492 et al., 2003). Prior research has widely utilized an aggregate measure of these three components  
493 and considered them one element of the strategic orientation (Tajeddini & Mueller, 2012). The  
494 model fit analysis of the CFA results are as follows:  $\chi^2_{(24)} = 34.850$ ,  $\chi^2/df=1.452$ , p-value=0.71,  
495 GFI=0.961, AGFI=0.928, TLI=0.972, RMR=0.029, robust CFI = 0.981, RMSEA=0.049,  
496 Delta2=0.982, NFI=0.943. The findings reveal that all factor loadings are statistically significant  
497 at .001 significance level (Table 4).

Table 3: Unidimensionality and convergent validity tests (LTO) (n=187)

Constructs		Indicator (parameter)		Factor loadings	
Long-term Orientation <sup>1</sup> (LTO)	Dimensions	Field(s)	Item(s)		
				$\alpha=.711$ , CR=.818, AVE=.534	
			<i>Indicate how much you agree with the statements below (1=not at all; 5= to an extreme extent)</i>		
		Continuity	CONT1	The management of our company values decisions and actions that are enduring.	.770
			CONT2	The management of our company values a deep connection to the firm's history.	.989
			CONT3	The management of our company values consistency in pursuing a long-term mission.	.802
			CONT4	Our management values preserving the reputation of the company for the sake of the company's long-term viability.	.959 <sup>a</sup>
				$\alpha=.772$ , CR=.842, AVE=.515	
			<i>Indicate how much you agree with the statements below. (1=not at all; 5= to an extreme extent)</i>		
		Futurity	FUT1	Planning, forecasting and assessing long-term effects are all beneficial to the company	.762
			FUT2	The management of our company is particularly concerned with long-term profitability.	.750
			FUT3	The management of our company prioritizes long-term goals over short-term ones.	.795
			FUT4	The management of our company makes significant investments in the long-term growth of its employees.	.835
			FUT5	The management of our company prioritizes long-term investments.	.556 <sup>a</sup>
				$\alpha=.845$ , CR=.905, AVE=.761	
			<i>Indicate how much you agree with the statements below. (1=not at all; 5= to an extreme extent)</i>		
		Perseverance	PERS1	The management of our company believes that the efforts they made today will be beneficial in the future.	.695
		PERS2	The management of our company is patient in anticipation of future rewards.	.708	
		PERS3	The management of our company values perseverance.	.601 <sup>a</sup>	

<sup>1</sup>Model summary statistics:  $\chi^2_{(51)} = 60.810$ ,  $\chi^2/df=1.192$ , p-value=.163, GFI=.949, AGFI=.923, RMR=0.024, robust CFI = .993, RMSEA=0.032, Delta2=.993, NFI=.956, TLI (rho2) = .990

<sup>a</sup>Loading fixed to 1 for identification purposes.

Table 4: Unidimensionality and convergent validity tests (EO) (n=187)

Constructs		Indicator (parameter)		Factor loadings	
Entrepreneurial Orientation <sup>1</sup>	Dimensions	Field(s)	Item(s)		
	Proactiveness			$\alpha=.902, CR=.939, AVE=.837$	
				<i>When dealing with the competition, our firm . . .</i>	
		PRO1	... usually responds to moves initiated by competitors	... usually initiates moves to which competitors respond	.902
		PRO2	... Is rarely the first company to introduce new products/services, administrative approaches, operating strategies, and so on.	... Is frequently the first company to present new products/services, administrative approaches, operating strategies, and so on.	.775
				<i>Generally, the top management of our company has...</i>	
		PRO3	A sense of "ownership" for the company rather than simply being a part of it.	... A strong proclivity to get ahead of competition by introducing novel ideas or products	.764a
	Innovativeness			$\alpha=.763, CR=.862, AVE=.676$	
				<i>Generally, the top management of our company favor...</i>	
		INN1	...A strong focus on the marketing of tried and true products or services.	...A strong focus on R&D, technological leadership, and innovations.	.768
				<i>How many new lines of products or services has your company launched in the last five years?</i>	.897
		INN2	There are no new product or service lines	There are numerous new product or service lines	.568 <sup>a</sup>
	Risk-taking	INN3	Most changes to product or service lines have been minor	Changes in product or service lines have typically been rather substantial	
				$\alpha=.812, CR=.868, AVE=.689$	
				<i>Generally, the top management of our company has...</i>	
		RIS1	... A strong tendency for low-risk projects (with normal and certain rates of return)	... A strong tendency for high-risk projects (with chances of very high returns)	.749
				<i>Generally, the top management of our company believe that...</i>	.732
			... Because of the nature of the environment, the best thing to do is to explore it gradually via careful, incremental behavior	... Because of the nature of the environment, bold, broad-reaching actions are required to fulfill the objectives of the company	
		<i>When faced with decision-making situations involving uncertainty, our company...</i>			
RIS3	... Usually takes a cautious, 'wait-and-see' approach in order to reduce the likelihood of making costly decisions	... Usually takes a bold, aggressive stance in order to maximize the likelihood of capitalizing on potential opportunities	.732 <sup>a</sup>		

<sup>1</sup>Model summary statistics:  $\chi^2_{(24)} = 34.850, \chi^2/df=1.452, p\text{-value}=0.71, GFI=0.961, AGFI=0.928, RMR=0.029, \text{robust CFI} = 0.981, RMSEA=0.049, \text{Delta2}=0.982, NFI=0.943, TLI (\rho_2) =0.972$

<sup>a</sup>Loading fixed to 1 for identification purposes.

498 Financial business performance was operationalized using four self-reported perceptual measures  
 499 derived from previous studies to evaluate revenue, profitability, return on investment (ROI), and  
 500 sales growth relative to the goals over the past year, using a seven-point Likert scale ranging from  
 501 1 = 'Not at all' to 7= 'Very much so'. Since accessing the objective business performance measures  
 502 certified by a third party is relatively uneasy, some academics (e.g., Chang & Chen, 1998; Dess &  
 503 Robinson, 1984; Sin et al., 2005; Tajeddini & Trueman, 2012; Venkatraman & Ramanujam, 1986)  
 504 argue that subjective measures can correlate to objective measures. The model fit analysis of the  
 505 CFA results are as follows:  $\chi^2_{(2)} = 7.6463$ ,  $\chi^2/df=3.823$ , p-value=0.22, TLI=0.952, robust  
 506 CFI=0.984, RMSEA=0.092, Delta2=0.984, NFI=0.979. The findings reveal that all factor loadings  
 507 are statistically significant at .001 significance level (Table 5).

508 Table 5: Unidimensionality and convergent validity tests (Financial Business Performance) (n=187)

Constructs	Indicator (parameter)		Factor loadings
	Field(s)	Item(s)	
		$\alpha=.806$ , CR=.85, AVE=.71	
	Please circle the number in each statement that best reflects your views.		
Financial Business Performance	PF1	Our firm met revenue goals over the past year.	.659 <sup>a</sup>
	PF2	Our firm met profitability goals over the past year.	.718
	PF3	Our firm return on investment goals over the past year.	.853
	PF4	Our firm met sales growth over the past year.	.879
<sup>a</sup> Model summary statistics: $\chi^2_{(2)} = 7.6463$ , $\chi^2/df=3.823$ , p-value=0.22, robust CFI = 0.984, RMSEA=0.092, Delta2=0.984, NFI=0.979, TLI (rho2) =0.952 <sup>a</sup> Loading fixed to 1 for identification purposes.			

509

510 *Control variables*

511 To avoid non-casual relationships between stewardship, LTO and EO, several variables were  
 512 employed as measurement controls that were neither of direct interest for our research objectives  
 513 nor our hypotheses' analyses. However, these variables could be theoretically associated with the  
 514 dependent variable (financial performance) and might offer plausible alternative explanations for  
 515 our research findings. These variables include firm-level attributes such as firm age, firm size, firm  
 516 ownership, industry sector, firm type, and respondent attributes such as generational involvement,  
 517 respondent role, experience, and founder involvement. Firm age was indicated by the logarithm of  
 518 the number of years since the firm was founded. Firm size was measured by the logarithm of the  
 519 number of employees and managers. Firm ownership was assessed by the dominancy of one  
 520 family/ individuals using a dichotomous variable (1=Yes; 0=No). Firm type included (1=hotels,  
 521 2= homestays/ rented apartments, 3=restaurants) and the industry sector comprised of 1=  
 522 'accommodation', 2= 'food & beverage', 3= 'tourism'. Moreover, the respondent role (1=owner,

523 2=owner and CEO, 3=CEO, 4=employee in leadership position, 5=employee) along with  
524 generational involvement (1=one generation, 2=two generations, 3=multiple generations) was  
525 considered. Further, the respondent's experience was assessed by the logarithm of the number of  
526 the years of working in the same industry and the founder's involvement in the management of the  
527 company was coded as a dichotomous variable (1=yes; 0=no).

528

### 529 *Common method bias (CMB)*

530 Because each variable was measured by using data collected from a single respondent through  
531 survey-based questionnaires, there was a possibility of self-desirability bias. This could have raised  
532 the risk of exaggerated estimates of hypothesized connections and deceptive interpretations of the  
533 results, a phenomenon known as a common method bias (Campbell & Fiske, 1959; Podsakoff et al.,  
534 2003). Consequently, we performed multiple procedural and statistical remedies to mitigate  
535 and control any possible common method variance occurrence.

536 First, we observed the items carefully to avoid using any double-barreled questions. At the  
537 same time, we were careful to use the simple, short, and explicit items in mixed order (*ex ante*) in  
538 the questionnaire. Moreover, all the respondents were promised that all the data collected would  
539 be kept private (cf. Spector, 2006). In addition, the measurement scales were purified using  
540 unrotated factor loadings for all variables. Results of factor analysis yield eigenvalues greater than  
541 one that accounted for 61.12 % of the total variance. Factor 1 accounted for 29.15 % of the variance  
542 indicating no issue concerning common method variance. Finally, when the questionnaire was  
543 designed, the Marker-Variable Technique using some theoretically unrelated variables was carried  
544 out intentionally. As a proxy of marker-variable, a three-item employee incivility measurement  
545 scale was borrowed from van Jaarsveld et al. (2010). This scale was used because the items did  
546 not have any theoretical linking to any of the concepts embedded in the study. The items for the  
547 scale of employee incivility adopting seven-point scales comprises of (1) I got blunt with a  
548 customer; (2) I was derogatory to a customer, and (3) I escalated my tone of voice to a customer.  
549 The scale of employee incivility responding yields acceptable reliability ( $\alpha=.88$ ). Hence, we  
550 followed the recommendation of Lindell and Whitney (2001) and selected the second-lowest  
551 positive correlation ( $r_m=.028$ ) between employee incivility and the other variables to mitigate  
552 capitalizing on chance. We employed the equations proposed by Grayson (2007) to observe the  
553 adjusted correlations and their statistical significance:



554 
$$r_{ijm} = \frac{(r_{ij} - r_m)}{(1 - r_m)}$$

555 
$$t_{\frac{\alpha}{2}, N3} = \frac{r_{ijm}}{\left( \frac{[1 - r_{ijm}^2]}{[N - 3]} \right)^{1/2}}$$

556 *Where:  $r_{ij}$  = the original (i.e., the pre – adjustment) correlation between constructs i and j;*

557  *$r_m$  = the marker variable adjustment (i.e., the second lowest positive correlation between the marker*  
558 *– variable and one of the other variables);*

559  *$r_{ijm}$  = the adjusted correlation; and*

560  *$t_{\frac{\alpha}{2}, N3}$  = the t – value of the adjusted correlation*

561

562 The results of the correlations among the pre-adjustment (the original variables) and the  
563 post-adjustment (after the Marker-Variable adjustment) of the variables have been reported in  
564 Table 5. The findings suggest that the Marker-Variable adjustment does not amend the sign and  
565 significance level of any correlation coefficient. As a result, this postulates that the  
566 intercorrelations shown in the proposed model are unlikely to be inflated due to CMB.  
567 Furthermore, employee incivility responding is also incorporated as controls in the investigation  
568 to diminish CMB issues.

Table 6: Mean, standard deviations, correlations, and shared variances (n=187)

	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Firm age (log)	1	.013	.054	.009	.002	-.098	.048	.113	.031	-.039	-.039	-.078	-.037
2. Firm size (log)	.041	1	.036	.108	.055	-.158	.014	-.095	.060	.044	.042	.202**	.087
3. Respondent's experience (log)	.082	.064	1	.005	-.050	-.088	-.070	-.051	.009	.002	.117*	.002	.052
4. Firm ownership	.037	.136	.033	1	-.133	.064	-.054	.011	-.070	.005	-.032	.055	.003
5. Industry sector	.030	.083	-.021	-.104	1	-.053	-.074	.055	.020	-.035	.011	-.036	-.021
6. Generational involvement	-.069	-.129	-.059	.092	-.024	1	-.074	-.079	-.102	.024	.005	.028	.011
7. Firm type	.076	.042	-.041	-.035	-.045	-.045	1	-.069	.003	-.031	-.099	-.083	-.053
8. Respondent's role	.141	-.066	-.022	.039	.083	-.050	-.040	1	.146*	-.278	-.149	-.077	-.248
9. Founder involvement	.059	.088	.037	-.041	.048	-.073	.031	.174*	1	-.058	-.032	.052	-.050
10. Long term orientation	-.010	.072	.030	.033	-.006	.052	-.002	-.249**	-.029	1	.348**	.294**	.207**
11. Entrepreneurial orientation	-.010	.070	.145*	-.003	.039	.033	-.070	-.120	-.003	.376**	1	.136*	.172**
12. Stewardship climate	-.049	.230**	.030	.083	-.007	.056	-.054	-.048	.080	.322**	.164*	1	.201**
13. Performance	-.008	.115	.080	.031	.008	.039	-.024	-.220**	-.021	.235**	.200**	.229**	1
14. Marker variable	.082	.030	.043	-.045	.014	.035	-.060	-.007	-.036	-.007	.033	-.019	.028
Average Variance Extracted	-----	-----	-----	-----	-----	-----	-----	-----	-----	.54	.62	.59	.66
Highest Shared Variance	-----	-----	-----	-----	-----	-----	-----	-----	-----	.14	.04	.05	.00

Note 1: Correlations below the diagonal are before the MV adjustment, whereas the correlations above the diagonal are after the MV adjustment (\*p<.05, two tailed test).

Note 2: \*p<0.05 (2-tailed), \*\*p<0.01 (2-tailed).

Table 7: Hierarchical Moderated Regression Analysis (n=187)

Predictor (Independent) variables	Criterion (Dependent) variables							
	Stewardship Climate				Business Performance			
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
<b>Step1:Control variables</b>								
Constant	3.069 (.458)	-.438 (.436)	-.309 (.429)	-.286 (.473)	4.144 (.433)	-.028 (.140)	-.111 (.154)	-.107 (.154)
Firm age (log)	-.077 (.113)	-.092(.107)	-.103 (.105)	-.102 (.106)	.024 (.107)	.007 (.034)	.003 (.034)	.002 (.035)
Firm size (log)	.281** (.091)	.260**(.087)	.280**(.085)	.281** (.086)	.113 (.086)	.010 (.029)	.009 (.029)	.010 (.029)
Respondent's experience (log)	.018 (.073)	.027(.070)	.004 (.069)	.004 (.069)	.064 (.069)	.028 (.022)	.027 (.022)	.026 (.023)
Firm ownership	.084 (.140)	.087 (.133)	.058(.130)	.057 (.131)	-.004 (.132)	-.004 (.042)	-.001 (.042)	-.002 (.043)
Industry sector	-.009 (.033)	-.008 (.031)	.003 (.031)	.003 (.031)	.007 (.031)	.003 (.010)	.003 (.010)	.004 (.010)
Generational involvement	.036 (.033)	.028 (.031)	.025 (.030)	.025 (.031)	.010 (.031)	-.013 (.010)	-.014 (.010)	-.014 (.010)
Firm type	-.221(.278)	-.234 (.265)	-.233 (.260)	-.234 (.261)	-.122 (.263)	-.021 (.085)	-.014 (.085)	-.015 (.085)
Respondent's role	-.039 (.081)	.053 (.080)	.055 (.078)	.055 (.078)	-.221** (.077)	.003 (.026)	.004 (.025)	.004 (.026)
Founder involvement	.076 (.072)	.073 (.068)	.066 (.067)	.066 (.067)	.006 (.068)	-.013 (.022)	-.012 (.022)	-.012 (.022)
<b>Step 2: Direct effects</b>								
Long-term orientation (LTO) (H <sub>1</sub> )		.288*** (.097)	.416*** (.095)	.415*** (.095)		.751*** (.032)	.753*** (.032)	.754*** (.033)
Entrepreneurial orientation (EO) (H <sub>2</sub> )		.134 (.102)	-.163(.100)	-.163 (.101)		.132*** (.033)	.131*** (.033)	.129*** (.033)
Stewardship climate (SC) (H <sub>3</sub> )		-----	-----			.141*** (.024)	.142***(.024)	.140*** (.025)
<b>Step3: The two-way interaction</b>								
LTO × EO (H <sub>4</sub> )			.397**(.136)	.396** (.137)			.014 (.010)	.019 (.046)
Marker variable				-.004 (.032)				.014 (.010)
R <sup>2</sup>	.075	.176	.215	.215	.065	.305	.306	.306
ΔR <sup>2</sup>	---	.101	.039	.00	-----	.04	.001	.00
Adjusted R <sup>2</sup>	.028	.124	.160	.156	.018	.399	.399	.398
F-value	1.604	3.402***	3.960	3.636	1.377	138.268***	128.277***	118.562***
ΔF	-----	1.798	.558	.324	-----	136.891	9.991	9.715

Note: Unstandardized regression coefficients are reported. Standard errors in parentheses.

\*p<.05; \*\*p<.01; \*\*\*p<.001 (two-tailed test).

ΔR<sup>2</sup> means the increase in R<sup>2</sup> from the model to the previous model.

519 **FINDINGS**

520 *Results and findings of qualitative phase*

521 Inspiring by Braun and Clarke (2006), we adopted thematic analysis to analyze the qualitative  
522 interviews. Our analysis proceeded as follows. To become familiar with the content multiple times,  
523 we carefully read and reread all primary and secondary qualitative data, including interview  
524 transcripts, company publications, and trade press. We identified the in-vivo codes emerging from  
525 the data by meticulously going through the data items one by one. The codes were both emergent  
526 and borrowed, and we coded in a shared codebook to make it simpler to view each other's coding  
527 as we went along. Before finalizing the codes, we had multiple rounds of detailed discussion to  
528 reach a consensus about the codes identified. After several rounds of intense discussions, using  
529 various tables, charts, visual drafts, and unfolding extant literature, we synthesize these in-vivo  
530 codes into 1<sup>st</sup> order categories. Later, using a similar approach and looking at the patterns that  
531 emerged from 1<sup>st</sup> order categories, aggregated 2<sup>nd</sup>, and 3<sup>rd</sup> order themes were identified. The  
532 outcome of the qualitative data analysis procedure is illustrated in Figures 2 and 3. Notably, these  
533 figures do not depict a causal model. Instead, it portrays a visual representation of the main  
534 concepts (i.e., multi-layer organizational culture phenomenon and EO) and how they relate to the  
535 significant statements made by the respondents during the interviews. Consistent with Brigham et  
536 al.'s (2014) conceptualization, the qualitative findings also confirm the presence of the three  
537 dimensions of LTO and six dimensions of stewardship climate as emphasized by Neubaum et al.  
538 (2017) (see Figure 2). Moreover, qualitative findings are consistent with Miller's (1983)  
539 conceptualization of EO, confirming the presence of three dimensions as shown in Figure 3.

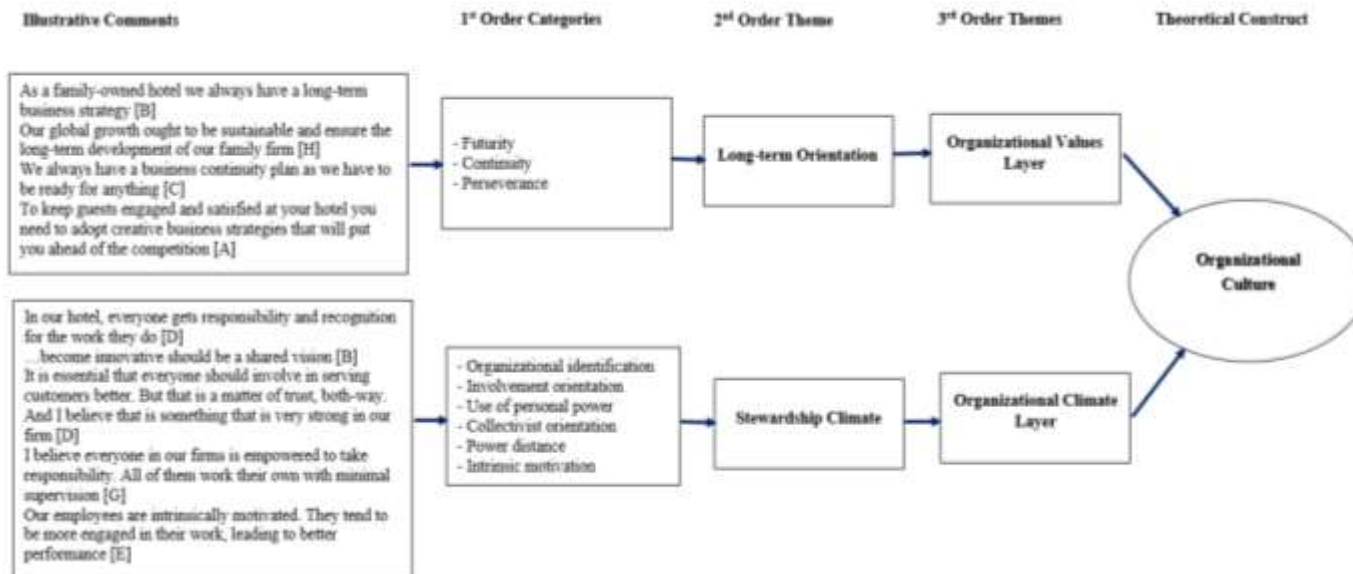


Figure 2: Identifying organizational culture mechanism of tourism and hospitality family firms

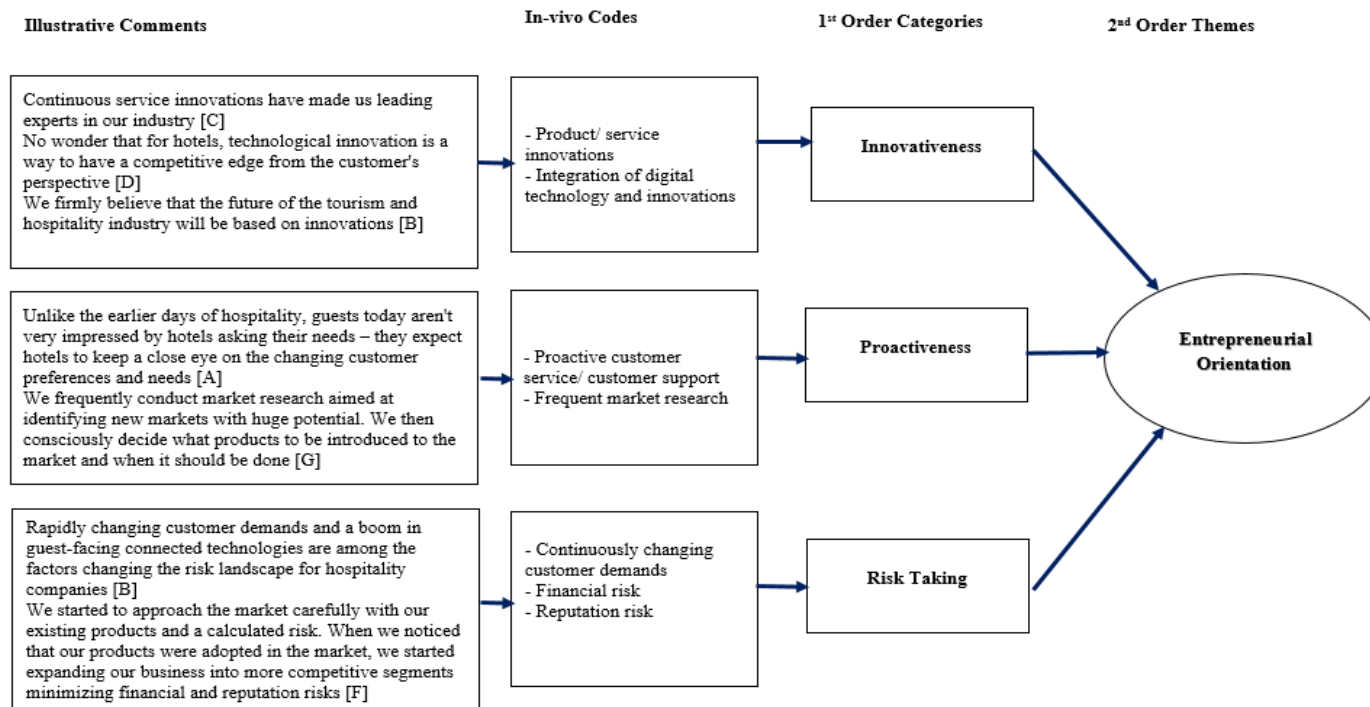


Figure 3: Evaluating EO of tourism and hospitality family firms

542 ***Results and findings of quantitative phase***

543 *The Effect of Controls*

544 The relationship between stewardship climate and business performance is positively and  
545 significantly influenced by firm size. ( $\beta = .281$ ,  $p < .01$ ; see Model 1 in **Table 7**). However, contrary  
546 to our assumption, the other control variables have no statistically significant effect on the  
547 association between stewardship climate and business performance. These outcomes reflect that  
548 large-scale family businesses are more willing to foster an organizational climate by implementing  
549 rules and procedures that increase employee involvement and make them empowered.  
550 Furthermore, the role of managers is negatively associated with financial performance ( $\beta = -.221$ ,  
551  $p < .01$ ; see Model 5 **Table 7**), indicating that the role of managers has a lower level of influence  
552 on financial performance. Neither founder involvement nor generational involvement,  
553 respondents' experience, firm ownership, and industry sector significantly affects stewardship  
554 climate and business performance.

555

556 *Hypotheses testing*

557 A hierarchical moderated regression approach was carried out to examine the proposed  
558 hypotheses. We followed the recommendation of Aiken and West (1991) to mitigate the threat of  
559 multicollinearity in equations where we contained interaction terms performing the mean-  
560 centering procedure for all the study variables. As a result, in this procedure, the regression  
561 coefficient for stewardship climate and LTO (the independent variable) determines its impact on  
562 the financial performance at the mean value of the moderator variable (i.e., EO) (cf. Aiken & West,  
563 1991). In addition, we examined collinearity among the indicators by calculating the variance  
564 inflation factor (VIF) values of all the predictor constructs in the model. The largest VIF value was  
565 1.628, well below the more conservative threshold of 3.3 (cf. Diamantopoulos & Siguaw, 2006;  
566 Neter et al., 1985), indicating that collinearity is not an issue in our model.

567

568 *H1 through H3: main and moderator effects related to stewardship climate*

569 **Table 7** presents the results of the hypotheses testing. Models 1 through 4 have stewardship climate  
570 as the outcome variable. Models 5 through 8 have financial performance as the outcome variable.  
571 H<sub>1</sub> narrates that long-term-oriented values foster a stewardship climate throughout the tourism and  
572 hospitality family firms. We found support for this hypothesis ( $\beta = 0.402$ ;  $p < 0.001$ ). In H<sub>2</sub>, we

573 predicted positive relationships between long-term-oriented values and financial performance of  
574 the tourism and hospitality family firms. As Table 7 shows, stewardship climate inside the tourism  
575 and hospitality family firm positively influences financial business performance ( $\beta = .141$ ,  $p$   
576  $< .001$ ) in support of H<sub>3</sub>.

577 To further understand the mediating effects of stewardship climate indicated by power  
578 distance, use of personal power, organizational identification, collectivist orientation, involvement  
579 orientation and intrinsic motivation, we adopted the three-step approach recommended by Baron  
580 and Kenney (1986). We first assessed the relationship between the independent and dependent  
581 variables, and then we reviewed the relationship between the independent variable and the  
582 mediator. A significant relationship occurs between EO-moderated LTO and stewardship climate,  
583 as shown in Model 3 of Table 7 ( $B = .397$ ,  $p < 0.01$ ). Second, stewardship climate is significantly  
584 associated with the financial performance ( $B = .142$ ,  $p < 0.01$ ) as shown in Model 7. Third and  
585 finally, the coefficient for the EO-moderated effects of LTO on financial performance is  
586 insignificant when the regression equation includes the stewardship climate. The coefficient  
587 decreased from .48 to 0.46. Thus, stewardship climate fully mediates the relationship between EO-  
588 moderated LTO and financial performance of tourism and hospitality family firms. To determine  
589 whether partial or complete mediation is being established, the reduction in variance is explained  
590 by the independent variable (LTO) identified by the ratio of the indirect effect over its standard  
591 error (Sobel, 1982). Following the recommendation of Baron and Tang (2011), the outcome  
592 compared to a  $z$  distribution to test the statistical significance of the direct or indirect effect. The  
593 Sobel statistic test indicated that the indirect effect of EO-moderated LTO on financial  
594 performance (Sobel statistic test = 3.01,  $p = .011$ ) was in the predicted direction and statistically  
595 significant, providing additional evidence for full mediation. Thus, H<sub>4</sub> is supported. H<sub>5</sub> predicts  
596 that the EO moderates the relationships between long-term-oriented values and the stewardship  
597 climate of the tourism and hospitality family firms. Table 7 illustrates that the interaction between  
598 long-term-oriented values and the stewardship climate is positive and significant ( $B = .397$ ,  $p <$   
599  $0.01$ ), supporting H<sub>5</sub>. To shed light on the nature of the interaction terms, we plotted the  
600 relationship between LTO and stewardship climate at high and low levels of EO, as suggested by  
601 Aiken and West (1991) (see Figure 4), coupled with a simple slope analysis. Figure 4 illustrates  
602 that the positive relationship between LTO and stewardship climate become significant at high



603 levels (simple slope =+.33, t-value = 3.392, p<.001) versus low (simple slope =+.28, t-value =  
604 2.056, p<.001) levels of EO.

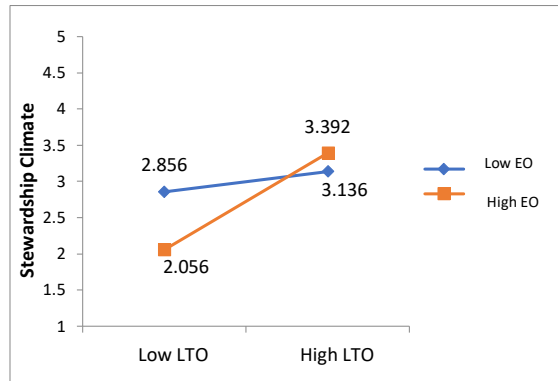


Figure 4: The interaction of stewardship climate and EO

## 605 DISCUSSION

606 This study discusses the survey results considering prior literature and findings from the eight  
607 interviews conducted with tourism and hospitality family firm owner-managers. Although our  
608 paper is mainly influenced by the multi-layer organizational culture theory proposed by Schein in  
609 2017, it has not been adequately adopted in the tourism and hospitality context to comprehend how  
610 salient cultural orientation influences the performance of family firms. Consequently, in this paper,  
611 we propose a multi-layer organizational cultural framework, illustrating the theoretical utility of  
612 the Schein (2017) framework in the tourism and hospitality context. **The proposed theoretical  
613 framework and hypotheses are further validated by what we inductively observed from analyzing  
614 the qualitative data collected in the first phase.** The regression analysis results also support the  
615 theorized multi-layer organizational cultural framework, indicating that stewardship climate  
616 mediates the relationship between LTO and financial performance of tourism and hospitality  
617 family firms.

618 Consistent with Brigham et al. (2014) and Arz (2019), the specific firm-level traits and  
619 values uncovered in our work contribute to current discussions on LTO in family firms by not  
620 limiting LTO to a futuristic perspective. Instead, we uncovered evidence for a multi-temporal  
621 viewpoint of LTO in tourism and hospitality family enterprises through in-depth interviews,  
622 evidenced by the intention to preserve the firm's long-term reputation and value systems, thus

623 bridging past, present, and future. Consequently, a stewardship culture is fostered throughout  
624 family firms, lessening managers' fear of failure when embarking on long-term and risky  
625 initiatives, encouraging entrepreneurial behavior.

626 Further, we uncovered that the fragmented findings on EO in family firms (e.g., Brigham  
627 et al., 2014; Lumpkin et al., 2010; Martin & Lumpkin, 2003) are due to a lack of understanding of  
628 the distinctive traits of family firms capable of fostering organizational climates that kindle family-  
629 level values and collaborative work behavior. While the majority of prior research often  
630 characterized family firms as risk-averse, conservative, and resistant to change compared to non-  
631 family businesses (Calabrò et al., 2019; Kempers et al., 2019), through in-depth analysis, we  
632 realized that when EO is built into a strategic configuration in conjunction with LTO, a tourism  
633 and hospitality family firm is more likely to foster a stewardship climate. In this respect, the  
634 interaction between LTO and stewardship climate may explain why some tourism and hospitality  
635 family firms can pull family-level values through the organization across multiple generations  
636 while others do not, and how this affects financial performance in the long run.

637 Our findings also challenge Cherchem (2017) and Kosmidou (2020), who argue that  
638 organizational culture within family businesses grows and differs through generations and that  
639 generational involvement may foster EO within family businesses. Instead, in line with  
640 Kallmuenzer et al. (2018), our findings show that both single-generation and multigenerational  
641 family firms can benefit from an organizational culture mechanism comprised of long-term pre-  
642 eminence and stewardship trends. In other words, our findings indicate that tourism and hospitality  
643 family firms can preserve their unique organizational culture mechanisms influenced by family-  
644 level values and traits over generations or even boost the pursuance of entrepreneurial  
645 opportunities after succession.

646

## 647 **CONCLUSION**

648 To summarize, this study provides a holistic and valuable perspective in answering how  
649 organizational culture mechanism enhances the financial performance of tourism and hospitality  
650 family firms in greater detail. By offering a grounded model based on theoretical inference and  
651 statistical generalization, our findings indicate that stewardship climate inside tourism and  
652 hospitality family firms mediates the relationship between long-term-oriented values and financial  
653 performance. This relationship is more robust in a high stewardship climate than in a more

654 negligent climate. Moreover, our findings revealed that EO moderates the relationship between  
655 long-term-oriented values and the stewardship climate of the tourism and hospitality family firms.

656

657 ***Theoretical implications***

658 This research paper extends several insights that have been generated in the prior family business  
659 and tourism and hospitality literature. First, while previous literature is over-simplistic in viewing  
660 family-level traits as factors influencing the performance of family firms (e.g., Arz, 2019), this  
661 study introduces a more holistic perspective. Specifically, in line with Schein (1995, 2017) and  
662 Arz (2019), our empirical work presents a multi-layer organizational culture framework  
663 illustrating how family-level values can be translated into firm-level business processes through  
664 specific organizational culture mechanisms to enhance firm performance. By proposing such in-  
665 depth depictions of different organizational culture layers, the fundamental processes that mediate  
666 between the layers, and how these boost firm performance, we provide novel insights into the  
667 family business and tourism and hospitality literature.

668 Second, there has recently been an argument in the family business literature over whether  
669 LTO and EO are essentially opposed to or can be mutually beneficial. One research strand indicates  
670 that because of the desire to protect family traditions and customs and ensure cross-generational  
671 permanency, LTO may cause family businesses to become more conservative, less adaptable, and  
672 resistant to change, resulting in traditional decision-making procedures (Lumpkin et al. 2010).  
673 Conversely, the other research strand suggests that LTO is linked with the more robust  
674 performance of family firms, thus identifying it as a crucial source of competitive advantage (e.g.,  
675 Brigham et al., 2014). This paper corroborates the latter viewpoint and sheds novel insights on the  
676 relationship between LTO and EO. In line with Kallmuenzer and Peters (2018), we argue that  
677 long-term-oriented values, reflected by futurity, continuity, and perseverance, cultivate a climate  
678 of collective stewardship throughout tourism and hospitality family firms. EO moderates this  
679 relationship by exploiting the potential of LTO and stewardship climax as sources of competitive  
680 advantage for family firms.

681 Third, although Schein's (1995) definition of organizational culture as a bunch of notions  
682 manifesting at various strata is one of the most widely cited theoretical frameworks, empirical  
683 research using it as a specific theoretical lens in family business literature is rare (Arz, 2019). Most  
684 importantly, to date, none of the scholars have adopted it in the tourism and hospitality family firm

Commented [KT7]: Contributions instead of implications

685 context. Instead, most scholars relied on the resource-based view (Wernerfelt, 1984) to investigate  
686 the relationship between organizational culture and EO (e.g., Bhatti et al., 2020; Lopes et al.,  
687 2021). This research adds to the family business and tourism and hospitality literature by  
688 recognizing organizational culture as a multi-level social phenomenon, confirming Schein's  
689 (2017) proposition that "*we must avoid the superficial models of culture and build on the deeper,  
690 more complex anthropological models (p. 381).*"

691 Fourth, the multi-layer organizational culture framework proposed in our paper is linked  
692 to stewardship theory (cf. Donaldson & Davis, 1991), which depicts a viewpoint that portrays  
693 humanistic relationships where non-family employees also behave like stewards achieving the  
694 firm's goals despite personal goals. While extant literature identified a number of stewardship-like  
695 features necessary for enhancing the performance of family firms (e.g., Davis et al., 2010; Lee &  
696 Chu, 2017; Le Breton-Miller & Miller, 2018), our paper allowed us to pinpoint the particular  
697 mechanism via which stewardship climate at the family level might stimulate the entrepreneurial  
698 spirit.

699 Finally, although studies focusing on family firms are advancing at a greater rate in  
700 Western contexts than in Eastern contexts (Bettinelli et al., 2017; Calabrò et al., 2019), only a few  
701 attempts have been made to explore the performance of family firms in the Asian context (Dinh &  
702 Calabrò, 2019; Eddleston et al., 2020). However, the studies conducted in the Asian context mainly  
703 have come from China, South Korea, Thailand, and Japan, and a few from India (Chen et al., 2018;  
704 Singh & Mittal, 2019). Yet, studies focusing on non-listed tourism and hospitality family firms in  
705 a country like Sri Lanka with its unique characteristics (e.g., extended families and collectivistic  
706 culture mainly influenced by Buddhism) are rare (Ediriweera, 2016; Ekanayake & Kuruppuge,  
707 2017). Hence, our research paper offers novel insights into the family business and tourism and  
708 hospitality literature in a non-Western context.

#### 709 ***Practical implications***

711 Our findings offer several valuable insights for family firm owners in general and those operating  
712 in the tourism and hospitality industry in particular. One of the critical contributions of our paper  
713 provides a deeper understanding of how organizational culture mechanism enhances the financial  
714 performance of tourism and hospitality family firms by transforming family-level values into firm-  
715 level business processes. Accordingly, tourism and hospitality family firm owners and managers

716 should identify, understand, and implement salient organizational culture mechanisms in which  
717 family-level values can be translated into firm-level business processes to enhance firm  
718 performance.

719 Our findings also illustrate that family firm owners and managers who show patience for  
720 future profits and delayed payback can create a stewardship climate conducive to risky long-term  
721 investments (Lumpkin et al., 2010). As Lumpkin et al. (2010) pointed out, our findings show that  
722 LTO can increase a firm's tolerance for experimentation, inspire foresight into forthcoming trends,  
723 and take time to tolerate uncertainty prior to responding. Thus, tourism and hospitality family firm  
724 owners and entrepreneurs can effectively promote entrepreneurial activities within a family firm,  
725 enhancing financial performance in the long run.

726 Moreover, our findings show that a stewardship climate marked by empowerment and  
727 involvement fosters new viewpoints and different voices, allowing a tourism and hospitality family  
728 firm to discover better and exploit entrepreneurial opportunities instead of becoming inflexible or  
729 stagnant. Several specific actions that comprise a stewardship climate were highlighted in our  
730 paper as being congruent with stewardship theory. For example, as indicated in stewardship theory  
731 (e.g., Donaldson & Davis, 1991), tourism and hospitality family firm managers and owners can  
732 use personal power when working with subordinates by leading by example through their  
733 behaviors and providing strong rationales behind their decisions. Such relationships generate  
734 intrinsic rewards and create a sense of shared responsibility to foster entrepreneurial endeavors  
735 (Neubaum et al., 2017).

736 Finally, as our findings indicate, family businesses with managers who act like stewards  
737 rather than motivating personal goals can stimulate pro organizational behaviors. As such, tourism  
738 and hospitality family firm owners and entrepreneurs can create a stewardship climate  
739 characterized by low power distance and a corporate governance structure that offers authority and  
740 discretion for employees (Kallmuenzer & Peters, 2018; Kallmuenzer et al., 2020; Peters et al.,  
741 2019). Such stewardship climate enhances employees' commitment to the firm and its goals which  
742 also collectively promotes better levels of stewardship in the long run (Carradus et al., 2020).

#### 743 ***Research limitations and future research directions***

744 Even though this paper yielded some significant insights, several limitations open avenues for  
745 future research. First, the empirical setting of the research paper is limited to the Sri Lankan

746 context, which may restrict the generalizability of the findings. For organizational cultural studies  
747 to be useful, it could be interesting to test the proposed multi-layer organizational culture  
748 framework in cross-country contexts in future studies for comparison purposes. Moreover, future  
749 researchers can extend our work to different industries and cross-check its applicability. For  
750 instance, as Arz (2019) emphasized, significant differences could be expected when testing the  
751 proposed model in dynamic and competitive industries against more stable and conventional  
752 industries. Second, this paper depends on the single informant approach for data collection in the  
753 survey. Although top managers are assumed to voice ideas of all members of the organization  
754 (Madison et al., 2017), and numerous tests showed that common method bias does not exist in this  
755 paper, future researchers may want to collect data from multiple respondents, preferably different  
756 managerial level employees at various hierarchical levels of tourism and hospitality family firms.

757 Third, employing cross-sectional data in this paper may give rise to significant issues in  
758 describing the dynamic relationships between LTO, stewardship climate, EO, and financial  
759 performance. Although the use of cross-sectional data appears passable to address the research  
760 problems of this paper, future researchers could investigate the proposed multi-layer  
761 organizational culture framework at different stages of a tourism and hospitality family firm's  
762 lifecycle. Exploring cultural patterns within an organizational change process might be beneficial  
763 to study, notably while implementing strategic renewal. Future researchers may conduct  
764 longitudinal research to investigate how the organizational culture of a tourism and hospitality  
765 family business changes during the inter-generational succession process and how such changes  
766 influence enhancing firm performance (Cabrera-Suarez et al., 2001).

767 Fourth, tourism and hospitality family firms are not all alike (Kallmuenzer & Peters, 2018;  
768 Karunaratne et al., 2021). Their investment type and size, long-term growth-oriented goals could  
769 be different from one another. For instance, a hotel owner might want to expand the business by  
770 adding more rooms to attract more customers. In contrast, a homestay owner tries to keep the  
771 business' status quo as a lifestyle preference. Hence, it is vital to examine the possible differences  
772 in this model when applying to different tourism and hospitality family firms in future studies.

773  
774  
775  
776

Commented [KT8]: Future studies may be focused on....

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Theoretical Construct	Questions	Related Literature
Organizational Culture	What characteristics of this firm most motivate you to work here? What are the values that you believe are most prevalent in this firm, in your opinion? Where do you suppose these values come from? Do you think that the founder/ owner's characteristics have influenced the values of this firm? If that is the case, how powerful is the founder/ owner's influence on the firm? Could you please provide us with some specific examples?	Arz (2019); Schein (2017)
	How does this firm put these values into action? Could you provide any examples?	
	What, in your opinion, makes working at this firm so unique? How would you describe the organizational culture of this firm? As per your opinion, how do the above-stated values reflect in the firm's culture?	
	Which cultural aspects of this firm motivate employees to act the way they do? Could you give us some specific examples?	
Entrepreneurial Orientation	How strong, in your opinion, are family and business ties? What role do family interests play in critical business decisions?	Arz (2019); Schein (2017)
	Would you please explain the overall competitive strategy of your firm?	
	In your opinion, how important to be innovative in achieving the competitive strategy of your firm?	
	How does your firm identify and exploit a new business idea? From whom does a new idea usually come from? Who takes final decision on whether or not to implement it? Could you give us some examples?	
	Can you describe the entire process of introducing new products/services, from idea generation to implementation and launch?	
	How far does your firm encourage risk-taking behavior? Would you please explain how does your firm cope-up with uncertainty while introducing new products/ services? Could you give us an example?	