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Economic- and Non-Economic Goals of Family Firms

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Abstract

Motivated by a lack in the current literature, this thesis reviews academic research on the economic and noneconomic goals of family firms. Heretofore, no detailed overview of different goals embedded in the goal setting-, outcome-, and alignment process has been provided. Using a systematic literature search and review process, I identify 117 relevant studies in the fields of management, economics, and affiliated domains between 1963 and 2018. Beyond a more detailed overview of the current state of research, I outline goal setting, outcomes, alignment, and four different family firm goal classes. Lastly, I show avenues for future research in the family firm–goal field.

Keywords: Family firms, economic goals, non-economic goals, socioemotional wealth

1. Introduction

1.1. Problem and Relevance

Traditionally, family firms despite being one of the most essential forms of businesses have been viewed with incomprehension as they seemed to defy what classic management theory asserts. Indeed, family firms often do not act in accordance with the iron logic of profit maximization, pure shareholder focus, or mere fulfillment of annual financial statements. They instead follow more inclusive approaches encompassing firm-external stakeholders and the extended family pursuing widely varying goals (e.g., Gómez-Mejía et al., 2007). In particular, in the field of firm goals, the pursuit of profit maximization seems to be less imperative in family firms. Existing research either provides observations of how family firms behave differently in this regard or conceptual roots grasping at part of what comprises the goal process. A detailed overview of the entire process from the first individual's thought to the ultimate outcome of the pursued goals is, yet, to be published.

However, understanding, why families and their firms act the way they do, can be a crucial insight for not only for the owner families themselves but also the number of interacting parties. Particularly in today's world–a merry-go-round of volatility, ambiguity, complexity, and uncertainty (e.g., Bennett and Lemoine, 2014)–the right decisions have to be made fast, and decision points arise more often than before. Nonetheless, decision-making is only the consequence of the goal process that needs to proceed first, with the goal outcome being the basis that affects decision-making. This supremely concerns family firms since they as mostly private businesses have no stock market to appease, fewer regulations to comply with, and thus, in general, a higher degree of freedom. Adding to that, forfeiture of the firm is more painful to the owning families as the firm is the concentration point of mostly undiversified family wealth, a source of employment, as well as the basis for a sense of self-perception and identity (e.g., Aparicio et al., 2017; Shepherd et al., 2009). Furthermore, standing in a long, multigenerational tradition often leads to inertia as some family firms to only continue what has been done for the past decades. All of the aforementioned factors make family firms prone to the augmented difficulty of decision making. Notwithstanding, the negative consequences of potential firm loss are not solely limited to the sphere of family firms and their researchers but to the whole economy as family firms constitute the backbone of many economies due to their high number and them being a paradigm of embeddedness into local communities (Astrachan and Shanker, 2003).

1.2. Objective

The goal of this thesis is to consolidate existing literature on the goal process in family firms describing what goals exist, how goals are set, and what the outcome is by reviewing the existing literature. Direct inputs are derived by collating findings across academic literature from the domains of management, economics, and affiliated fields such as psychology

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or sociology. As a result, the central research questions to be answered are the following:

- Which processes do family firms use to set their organizational goals?
- How can the goals of family firms be systematically clustered?
- What is the outcome of the goals for both, the firm and the family?

After having presented my methodological approach and an overview over the investigated studies, I will portray how academic literature depicts family firms in setting their goals. Thereafter, emphasis is laid upon common goals that will be described and set into context in order to, first and foremost, provide a taxonomy of what drives family firms, in particular in comparison to their non-family counterparts, and demonstrate the high goal diversity many family firms and their members face. Following, the outcomes of the aforementioned organizational goals are depicted, and the process of goal feedback and alignment is delineated. Lastly, I will discuss the findings with regards to avenues for future research, limitations, and the practical implications, before concluding this thesis.

Nonetheless, the aim of this thesis is not to look in the logically subsequent decision-making process, which is based on the goal outcomes, since this would surpass the scope of this thesis. Ultimately, this thesis strives to, addressing both researchers and practitioners, fulfill two main goals: (1) Give an overview over existing literature with respect to family firm and organizational theory, and (2) place itself in the context of existing literature and outline avenues for future research as well as practical implications.

2. Methodology

To identify relevant research on family firms as well as their economic and non-economic goals, I follow the multistep process for systematic reviews as suggested by Tranfield et al. (2003) and applied in this form by a multitude of management researchers (David and Han, 2004). Based on replicable and systematic processes, systematic reviews are therefore considered an appropriate method for, first, identifying and, later, evaluating research articles (Mulrow, 1994).

As the first step, a bibliographic database search in EBSCO Discovery Services (EDS) as the primary data platform providing major coverage of multiple research fields was conducted. The initial focus was laid upon English, peer-reviewed academic journal articles, published between 1963 until March 2018. In order to identify relevant studies, I searched for a combination of family firm and goal specific terms in the title or abstract. I used the following keywords:

> Family firm" OR "family business" OR "family compan*" OR "family enterprise" OR "family manag*" OR "family-control*" OR "family-owne*" OR "founding family" OR "privately held" OR "family influence*" OR "family govern*" OR "family-led*" AND "emotion*" OR "goal*" OR "value*" OR "worth" OR "social capital" OR "*financial" OR "*economic" OR "wealth" OR "endow*"

Secondly, due to the vast amount of search results[1], I further limited the results by focusing only on A* to A ranked journals, with the exception of A* to C for journals specifically dealing with family firms as this focus might impair their ranking. For all rankings, I referred to the VHB ranking when applicable.

Next, I assessed the relevance of the identified articles by scrutinizing their abstracts. In this step, I eliminated 1,284 articles. Those articles did not focus on family firms or addressed other goal-related topics such as CSR without providing relevant insights into the goal process. I read the remaining articles in detail. This resulted in 55 articles that I identified as relevant for understanding family firms as well as their economic and non-economic goals.

Additionally, I complemented this approach by another search for working papers and dissertations in EBSCO, which, however, resulted in no relevant manuscripts. I also used Google Scholar and identified 15 additional, relevant articles that I added to this work. To further reduce the risk of missing out on important pieces of academic literature I applied the ancestry approach (Cooper, 1982). In this step, I applied a backward reference search to identify and examine the references cited in the selected publications from EBSCO and Google Scholar. The ancestry approach also allowed me to identify and include further studies on my subject of interest resulting in 48 additional publications. In total, I hence ended up with 102 studies on family firms, their goals, and adjoining fields.

3. General Characteristics of Investigated Papers

The selection process resulted in a sample of 102 articles, working papers, and other pieces of literature between 1963 and 2018. Prior to 2000, only 30 studies were published, and half of the studies were not published before 2008.

Specifically, Cyert et al. (1963) in their first version from 1963 were the first to publish, and thereby, laying a theoretical foundation. They analyzed and described the interaction of organizational members in the formation of coalitions as well as bargaining and stabilization behavior resulting in the emergence of organizational goals. Thirteen years later, Jensen and Meckling (1976) proposed the agency theory addressing the problems of the division of management and ownership. Also, building upon the prospect theory as introduced by Kahneman and Tversky (1979), Wiseman and Gomez-Mejia (1998) present the behavioral agency theory which incorporates elements of behavioral, agency, and prospect theory. Together with the stewardship theory that

[1] This EDS search yielded 8507 results.

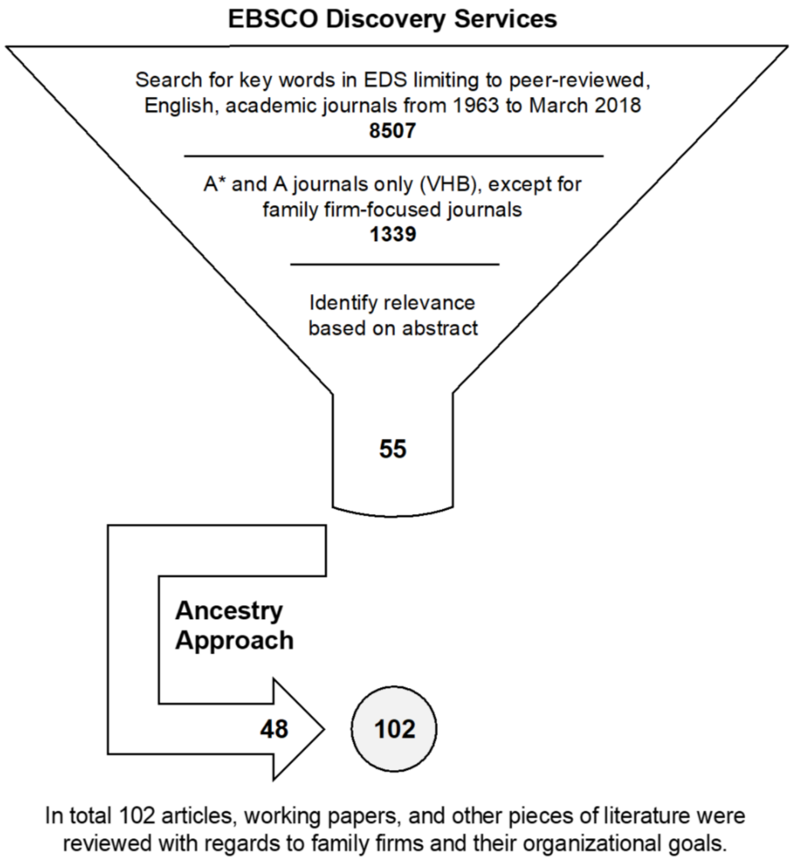

Figure 1: Methodological Approach; Source: own illustration

states managers if left uncontrolled will behave responsibly as firstly introduced by Davis et al. (1997), this forged an amalgam upon which modern family firm research was founded. Another crucial theory is the stakeholder theory as proposed by Freeman (1984) which assigns importance to different groups within the firm. Nevertheless, another aspect crucial for organizational goals of family firms, socioemotional wealth (SEW), was not developed into theory before Gómez-Mejía et al. (2007), despite being observed beforehand. SEW is the affective endowment of the emotions towards the firm but will be explained in more detail later. Since then, multiple advancements to the issue have been made and described in literature, such as numerous scales and measuring attempts. Overall, the rapidly growing number of publications from 2008 until now–accounting for more than 50% of the identified studies–attests a burgeoning interest in this field.

In addition, noteworthy sample characteristics are presented in the following: My analysis includes 109 academic journal articles (published in 39 different journals), seven book excerpts, and one unpublished working paper. Among the academic journals, Entrepreneurship: Theory and Practice published 19% of the articles, followed by Family Business Review with 12%, and Academy of Management Journal with 8%. Moreover, quantitative and conceptual approaches were applied in almost equal shares, with 44% and 40% respectively. Qualitative studies and mixed-method approaches follow with both 8%. The sample size in the investigated studies varies widely, ranging from country-wide investigations of more than 700,000 firms to single case studies. Nevertheless, this number has to be treated with caution. Excluding mass sampled studies with a six-digit number of anonymous firm observations, e.g., Wilson et al. (2013), the average sample consists of approximately 695 observations.

With regard to theories presented within the articles, socioemotional wealth (SEW), followed by agency theory and stewardship theory, are the dominant theoretical approaches in most of the studies. My review further indicates that 54% of the studies were conducted in the United States based on local data, 10% based on German data and 7% on Canadian, followed by Spain (4%), and the United Kingdom (4%). I could only sparsely find any research on Asian, African, or South American cases or samples, with each of the continents only providing one study respectively. Further analysis of the articles yielded that only 6% of the studies include data of multiple countries, while the remaining 94% include data of one country only.

In Appendix A, several illustrations of additional information and descriptive statistics can be found:

- Figure 1 provides an overview of the studied literature clustered by content and theory.

- Table 2 exhibits the different methodologies applied in the studies.
- Table 3 portrays the geographical spread of the quantitative studies over different countries sorted by regions.
- Table 4 delineates the most cited researchers, including co-authorships.
- Figure 8 illustrates an overview of publication years.

4. Current Status of Research

4.1. Key Definitions

4.1.1. Family firms

Family firms are prevailing institutions in the global economy (Astrachan and Shanker, 2003; Morck and Yeung, 2004; Panunzi et al., 2002; Sirmon and Hitt, 2003). The German industrial landscape is particularly influenced by family firms; a recent estimation classifies almost 95% of German businesses as family firms (Kay and Suprinovič, 2013). Nevertheless, academia is in disagreement about the very definition of a family firm and what constitutes one. The list of commonly cited attributes includes continuity with respect to transgenerational control (Zellweger et al., 2012) and the overlap between the firm and the family system (Tagiuri and Davis, 1992; Weigel and Ballard-Reisch, 1997) thereby increasing complexity in conceptualization.

4.1.2. Socioemotional wealth (SEW)

What is inherent to most family firms (Berrone et al., 2012) and vital in context of this thesis, is the concept of Socioemotional Wealth (SEW), which aims to explain why families and their members do not follow purely economic criteria but other ones (Chua et al., 2015; Gómez-Mejía et al., 2007). Instead, there is a range of emotions triggered by the individual relationships of the respective family members among themselves, with the firm, and other stakeholders, summed up as affective endowment (Chrisman and Patel, 2012) that influences the goal and decision-making process (Gomez-Mejia et al., 2011). This effect is particularly observable in small firms where relationships are more personal, and thus, it is of high importance in the field of family firm research (Berrone et al., 2012). The theory is mostly used in analyzing strategic decisions in family firms (Gomez-Mejia et al., 2011) and adjacent arrays, such as goal setting. A measure often used for the prevalence of Socioemotional Wealth is family involvement (Chrisman et al., 2012), which can be approximated with the equity stakes family members hold (Berrone et al., 2012; Gomez-Mejia et al., 2011). Researchers have introduced multiple, partially congruent models of SEW (e.g., Berrone et al., 2012; Debicki et al., 2016; Hauck et al., 2016; Miller and Le Breton-Miller, 2014), which will be introduced in the subsequent chapters.

4.1.3. Organizational goals

Understanding what constitutes an organizational goal is also a prerequisite for this thesis. Research defines them as "desired organizational outcomes that can be used to guide action and appraise organizational performance [. . .] but distinct from measurable targets." (Kotlar and De Massis, 2013, p. 3)

4.1.4. Goal Setting

Regarding the approach of setting organizational goals, Cyert et al. (1963) have argued in their theory-setting work A Behavioral Theory of the Firm that only individuals possess goals and collectives do not by design. Following this view, the organization consists of coalitions (if broken down further called subcoalitions), which in turn consist of individuals pursuing their own yet similar goals (Cyert et al., 1963, p. 31). These coalitions are likely to include as many organizational members as possible in order to maximize bargaining power and the desired outcomes for their members. As they do not exist by design, organizational goals are usually set in a complex process among all or most individuals involved. At first, coalitions are formed out of organizational members, and they bargain their individual goals to derive organizational goals using side payments in the form of money, authority, policies, among others. Second, the previously bargained goals are stabilized, i.e., they are fixated, and formulated in the organizational systems controlling the member actions, such as budgets. Later, organizational goals are in constant need of updates on progress so far and alignments within the coalition (Cyert et al., 1963, p. 33). For family firms, this the family constitutes one of the most important, if not the most important coalition, which is likely to also have specific family-influenced goals (Klein et al., 2005), hence goal clustering differs.

The usually applied dichotomy between financial and nonfinancial goals with regards to the content of the goal (Chrisman and Carroll, 1984; Venkatraman and Ramanujam, 1986), has been adapted in family firm research to economic and noneconomic goals. They encompass contents exceeding the mere financial in order to cover aspects such as growth (Kotlar and De Massis, 2013). The second dimension is internal and external goals depicting the direction in which the goal aims (cf. Cyert et al., 1963; Kotlar et al., 2018). For family firm research, scholars have adapted these dimensions to family-centered and nonfamily-centered goals (Kotlar and De Massis, 2013). The resulting goal categories as seen in Figure 3 will be subject in chapter 4.3 to 4.6. Although this selection claims to be mutually exclusive and comprehensively exhaustive, not all organizational goals can be assigned to a single class without a doubt. It may happen that a specific goal is subject to two or more classes (Miller and Le Breton-Miller, 2014), e.g., appointing a family member to the board of directors can increase family control over the firm (Family-Centered Economic goal), family identity (Family-Centered Noneconomic goal), as well as the family's external relations (Nonfamily-Centered Noneconomic goal). Moreover, many goals are interrelated, have counter-influences on each other, or manifest in both dimensions, the family- and the nonfamily-centered dimension.

This results in a greater goal diversity within the firm (Chrisman et al., 2012). Therefore, alignment and mediation of these goals among the stakeholders involved are of great importance. Floyd and Wooldridge (1992) imply that if more organizational members, e.g., lower management, are involved and pursue a common strategy, the firm is more likely to attain its goals. However, research has also shown that goal alignment between family members is often low (Villanueva and Sapienza, 2009). Therefore, above all for family-centered goals, alignment is of utmost importance for family firms (Chrisman et al., 2012). Kotlar and De Massis (2013) identified two different types of alignment processes, that is to say, the familial social interaction process and the professional social interactions process. Both forms of interactions as described by the researchers share that after a first bargaining phase, stabilization must take place in order to reduce goal diversity (cf. Cyert et al., 1963). Without any stabilization, the effect of bargaining is negligible (Kotlar and De Massis, 2013).

Professional social interactions only happen in the business environment, e.g., management or board meetings, with certain clearly defined roles, e.g., CEO or VP. In the bargaining phase, rewards are promised, and threats are issued laying emphasis on mutual gains or losses, summed up administrative bargaining. Stabilization usually takes place in institutionalized forms, such as contracts, protocols, budgets, or at least a gentlemen's agreement, namely formal stabilization. In contrast to that, familial social interactions occur in both firm and family contexts, ranging from formal meetings to dinner chats with less defined roles, e.g., founder and father, director and son. They employ affective bargaining, i.e., the revocation of common values and shows of affect. The outcome is sustained using social stabilization mechanisms, such as moral codes or rituals, relying deeply on mutual trust. The names of the mechanisms are not exclusive with regards to the participating stakeholders.

With regards to further family firm-related theory adaptions, the behavioral theory was expanded by Fiegenbaum et al. (1996) most notably with elements of the Prospect Theory as introduced by Kahneman and Tversky (1979). This yielded one major change with regards to family firms. The reference point to which actions are taken (Kotlar et al., 2014) is not of purely financial nature anymore but it is also about the preservation of their stock of SEW (Berrone et al., 2010; Gómez-Mejía et al., 2007), hence driving strategic decisions (Chrisman and Patel, 2012).

The abovementioned behavioral agency model as presented by Wiseman and Gomez-Mejia (1998) only partially explains the goal setting process. Focusing on the different individuals that form a subcoalition, Mitchell et al., 1997 expanded the stakeholder theory as proposed by Freeman (1984). The latter describes stakeholders as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (p. 64), and this still holds true for Mitchell et al. (1997). Stakeholders can influence goals, actions, and decisions of the firm. The influence depends on the respective stakeholder's Legitimacy and Power, as well as the Urgency of their claim to the firm (Pearce and DeNisi, 1983). The legitimacy of family members, which Patel and Cooper (Patel and Cooper (2014), p. 1625) define as "relative distribution of titles, compensation, and representation" is inherent to the family firm itself and strengthened through personal and emotional bonds (Gomez-Mejia et al., 2003). Power, as the individual's ability to influence behavior and events, is highly correlated with the equity stakes in the firm (Finkelstein, 1992; Martin et al., 2013; Pfeffer and Pfeffer, 1981). Lastly, urgency describes how immediate the stakeholder's required action is and steers attention (Mitchell et al., 1997) but is purely driven by the situation and environment. However, stakeholder theory hereby merely explains the behavior within and among coalitions better. Following Mitchell et al. (1997), the family is a stakeholder with high legitimacy and power, whereas non-family management is usually characterized by high legitimacy but lower power than the family. Yet, with family as management they do not necessarily act as a coalition (cf. Cyert et al., 1963; Pitcher and Smith, 2001). Chua et al. (2009) imply that differences between family and non-family members, especially within the top management team (TMT), are widely inherent. Moreover, recent research highlighted that the traditional view of the family as a homogenous block does not hold true in practice. Many firm-owning families, particularly, if associated with the firm for many generations, have broken into different branches constituting their own subcoalitions (e.g. Zellweger and Kammerlander, 2015).

4.2. Family-Centered Economic Goals

The first class of organizational goals to be evaluated are Family-Centered Economic Goals (FCE goals). They encompass all economically relevant goals that are only directed at the family and are usually targeted at "keeping company control in the hands of the family and to generate various forms of wealth for the family." (Kotlar and De Massis, 2013, p. 1272) Thus, standard financial goals such as economic performance are classified as Nonfamily-Centered Economic Goals (see chapter 4.5). Two of the most prominent examples include family control over the firm and family wealth (Kotlar and De Massis, 2013; Tagiuri and Davis, 1992).

4.2.1. Family Control over the Firm

A key FCE goal for many family firms is control over the firm sustained for generations (Zellweger et al., 2012). Family control is also what many scholars define as a key pillar constituting a family firm (Tagiuri and Davis, 1992). However, as the firm represents a major asset, it can be a point of conflict within the family and with other stakeholders.[2]

[2]This review lists the organizational goals of family firms in their specific goal class in chapter 4.3 to 4.6. Although the numbering of the goal described was done so intentionally in order to convey a structure, in par-

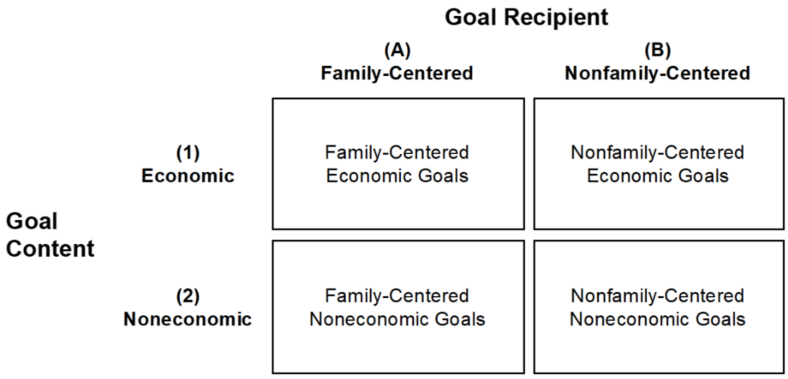

Figure 2: Overview of Goal Classification; Source: own illustration based on Aparicio et al. (2017), Kotlar and De Massis (2013)

Furthermore, control over the firm is also a prerequisite for the existence of SEW (Zellweger et al., 2012) since it is not possible to consume the non-financial benefits that are part of the SEW (Debicki et al., 2016) without a minimum level of control. Hence, the intention to sustain family control over the firm for the generations to come, also called transgenerational control intention (TGCI), is seen as complementary to SEW (Zellweger et al., 2012), which is also likely to rise over time with the self-attribution (Belk, 1988; Zellweger et al., 2012). Other studies directly attribute control by the family with its emotional bond to the firm, and therefore, SEW (Gomez-Mejia et al., 2003). Different models of SEW aim to capture this relationship. Berrone et al. (2012)'s FIBER model yields two dimensions that coincide with the goal of family control; Family Control and Influence as well as Renewal of Family Bonds to Firm Through Dynastic Succession. The former links SEW to organizational structures through which family members exert control over the firm. Families can exercise control by directly taking roles in the TMT, such as CEO or chairperson (Berrone et al., 2012; Zellweger et al., 2012). Likewise, families influence the firm indirectly. Appointing the TMT is most effective as an indirect influence (Berrone et al., 2012). Yet, other means such as communication with management (Kotlar and De Massis, 2013) or shaping values and a mission for the firm (Habbershon et al., 2003) are also applied to ensure that the firm follows the family's goals. The other dimension of SEW as described by Berrone et al. (2012) impacting the FCE goal of family control is the renewal of family bonds to firm through dynastic succession. With the firm being central to the family's identity (see chapter 4.4), family members regard to the firm as a long-term investment that is intended to be passed on to future generations (Berrone et al., 2010). Another commonly cited model is Debicki et al. (2016)'s SEW importance scale. Here the item of Family Continuity concurs with family control as a goal. It captures similar elements as the model by Berrone et al. (2012) but lies additional focus on the individual family member's intrinsic motivation regarding firm control.

However, this bears certain implications, in particular when dealing with outside investors. Following Carney (2005), increased ownership and control manifested through guaranteed property rights foster particularistic behavior and deviations from traditional management theory. Le Breton-Miller et al. (2011) imply that family involvement, i.e., in the form of control, acts as a major signal to outside investors that preserving SEW is a priority of the firm. Consequently, the family needs to create a level of legitimacy sufficient for outside investors. To that end, family firms need to invest more effort into conforming with other strategic norms (Le Breton-Miller et al., 2011). If they do not invest, they are at risk of lowering financial performance at the expense of sustained control (Gómez-Mejía et al., 2007). A commonly cited study in this array is Gómez-Mejía et al. (2007) which reviewed in a large-scale study that family-run olive oil mills are significantly less likely to join a cooperative[3], which is financially beneficial but represents a loss of family control. Furthermore, family control intentions can be a particular source of conflict in cases where the family is not the only shareholder. Specifically, when minority investors are involved, this yields a source of agency conflicts (La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 2000). Therefore, the question if family control is sustained is not the most important question to answer. One should rather focus on how it sustained in order to not lose the needed minority shareholders.

Thus, family control over the firm thus denotes an important organizational goal since it is essential for the status as a family firm and is prerequisite for multiple other organizational goals. Hence, family firms that do not strive for

ticular cases, it can also serve as a hierarchy. However, the heterogeneity of family firm makes providing a universal hierarchy impossible and the structure should be seen with caution. The specific goal classes are not put into hierarchy but ordered according to the aforementioned matrix as there is even more variation between different family firms.

[3] A cooperative as described by Gómez-Mejía et al. (2007) is an association of persons that pursue common (financial) goals by jointly controlling and owning the enterprise.

a minimum level of control over the firm are not likely to remain as such.

4.2.2. Family Wealth

Family wealth as an FCE goal refers to the family's (business) assets. As for almost every other person, the individual wealth is of foremost importance. The firm itself usually comprises the basis of the family's wealth and especially in well-established family firms, there are many family members that lay claim to the resulting wealth (Zellweger and Kammerlander, 2015). However, as wealth is tied to the firm, it is more difficult to separate and distribute it, hence, further conflict potential is generated.

Astrachan and Jaskiewicz (2008) calculate the total firm value as the sum of the financial value and the emotional value (see Appendix B). The financial value can be determined using traditional financial valuation plus the sum of private benefits (Jensen and Meckling, 1976). Private benefits can include a large array of financial advantages arising from exerting control over a firm and include acts such as selling assets under fair value to related groups or consuming certain perks on the firm's expense (Nenova, 2003). Control over the firm is a prerequisite for private benefits (Grossman and Hart, 1988), therefore, in the case of family firms, this concerns the family only. Nevertheless, different family members may have different access to the benefits and thus the level of extraction differs (Zellweger and Kammerlander, 2015).

To mitigate the risk of conflicts over family wealth, a myriad of governance mechanism has been developed. Especially in the case of older, well-established family firms, wealth has often been accumulated over generations, and hence, has been reinvested. As money has multiplied, so has the family, too. The many family members are prone to argue about the fair distribution, allocation and investment of money (Chrisman et al., 2012; Gomez-Mejia et al., 2011; Kellermanns and Eddleston, 2004). A commonly used solution is the separation of the family and its assets (Zellweger and Kammerlander, 2015). Following that, there are different levels of separation ranging from no separation over medium form (family office) to complete separation (family trust) as described by Zellweger and Kammerlander (2015). This has implications on how individualistic family wealth as a goal is pursued. In the case of high separation, the potential for conflicts among family members is reduced as every member can have his or her share invested according to the own risk preference and is more easily accessible.

Recapitulating, the mere generation of family wealth is unquestionably a goal for almost the entirety of family firms, yet, the distribution and management of family wealth poses a much greater challenge. If this challenge is not overcome, the family, and consequently, the firm can be seriously impaired by the resulting conflict.

4.3. Family-Centered Noneconomic Goals

The class of Family-Centered Noneconomic Goals (FCNE goals) covers all those organizational goals that are only directed at the family but do not coincide with their economic matters. Consequently, social and emotional goals are prevalent, including family identity, family harmony, and family social status which have described as the most prominent ones by Kotlar and De Massis (2013). Furthermore, what Chrisman et al. (2012) note is that family involvement, proxied by family ownership share in the firm, is positively correlated with the tendency to pursue FCNE goals, but the authors do not elaborate on how this interrelation takes place specifically.

4.3.1. Family Identity

The self-perception of every family member can also be a goal of family firms. It is particularly relevant to foster a common sense of identity to preserve family harmony. Nevertheless, problems for family identity lay in the concept of how the family understands itself.

Family firm scholars have noted that the intertwined social systems combining family and firm (Tagiuri and Davis, 1992) contributes to a unique self-concept and identity for both (Berrone et al., 2010; Dyer Jr and Whetten, 2006). Consequently, family identity constitutes a source of SEW for the family (Aparicio et al., 2017). Therefore, preserving the family identity equals preserving SEW (Gomez-Mejia et al., 2010). Family identity as an FCNE goal is touched in Berrone et al. (2012)'s FIBER dimensions of SEW as Family Members' Identification with the Firm and Emotional Attachment. Pivotal for the family members' identification with the firm is that it often carries the family's name blurring the lines between family and firm further and making the family at least partially responsible for the firm's behavior (Dyer Jr and Whetten, 2006). This makes families see the firm as an extension of themselves. Thus, firm reputation, as it will be examined in chapter 4.6, is deeply interwoven with family social status and family identity. Moreover, transgenerational aspects play a role in forming the family's identity. The firm is a symbol standing for the family's tradition and heritage passed through generations (Tagiuri and Davis, 1992). In turn, the firm is seen as a vehicle for the continuation of the family's values (Gomez-Mejia et al., 2010), hence, adding to the view of the interlinkage of the firm and the family identity (Cabrera-Suárez et al., 2014). Another dimension of the FIBER, emotional attachment, also contains the goal of family identity. As mentioned above, it depicts how the family's emotions interact with the firm. The temporal aspect of how the firm demonstrates family identity is also present in this dimension. Berrone et al. (2012) quote Kleine et al. (1995) in illustrating emotional attachment to the firm as a way to ensure a family member's self-continuity providing an anchor for the past, desirably presented by fond memories, a reflection of the present, and an outlook into the future. Furthermore, emotional attachment gives the family legitimacy for controlling the firm as the potential firm forfeiture foments emotional stress (Shepherd et al., 2009).

Family identity is particularly salient in fostering family harmony and ensuring prolonged commitment to the firm. If family identity is not strong or even fragmented, the family's efforts in the firm can be rendered futile.

4.3.2. Family Harmony

Harmony, from the Ancient Greek word for unity ($A\rho\mu\nu\iota\alpha$), as the prevention of conflicts and a general sense of unification, is a goal many families strive for. For firm-owning families, it is especially important to not impair the firm by creating conflicts. Research shows a reciprocal relationship between family harmony and the firm performance (cf. Habbershon et al., 2003). Damage to one dimension will eventually hurt the other one as well.

Research covers the goal of family harmony in various models. Miller and Le Breton-Miller (2014) describe, in particular, family harmony as connected to Restricted SEW, meaning that the influence is limited to the family only. Berrone et al. (2012) touch it in their SEW dimensions of Binding Social Ties and Emotional Attachment. Binding social ties relates to the family firm's social relations, in particular with the family. In accordance to Cruz et al. (2012), Berrone et al. (2012) illustrate the effect of the family's kinship ties on the enclosed members. After ties are formed, SEW enriches them with mutual trust, commitment to the firm, and feelings of closeness that result in collective social capital, hence fostering SEW. If those ties are severed, SEW is lost. Thus, the objective of family harmony aims at preserving SEW. The other dimension, emotional attachment, aims at capturing how emotions play a role in the context of both, the family and the firm (Berrone et al., 2012). The involvement of not only the family but also its emotions is what scholars use as a criterion for defining a family firm (Berrone et al., 2012; Eddleston and Kellermanns, 2007; Tagiuri and Davis, 1992). As the family and the firm system often lack clearly defined borders, family emotions can enter the firm and impact decisions and process (Baron, 2008). Since emotions range from positive ones (e.g., love or happiness) to negative ones (e.g., anger or hatred), their impact is as manifold as the emotions themselves.

According to Schulze et al. (2003) and Schulze et al. (2001), a common mechanism in family firms to ensure harmony based on mutual feelings of affect is altruism, i.e., "a trait that positively links the welfare of an individual to the welfare of others." (Kellermanns and Eddleston, 2004, p. 215) Based on the mutual affect, family members behave more caring and considerate, thereby fostering commitment and loyalty (Kellermanns and Eddleston, 2004; Schulze et al., 2003). If a family member were not to act altruistically, his or her utility would decrease. The negative consequences of not acting altruistically outweigh the benefit of saved resources. For this reason, acting altruistically also means acting egoistically at the same time (Schulze et al., 2003). Still, this consideration takes place inadvertently. Hence, altruism enhances the existing bonds between family members by increasing the affect component. In contrast to these positive effects, altruism can hurt the firm's performance by triggering decisions that may be self-less, hence, preserving family harmony and SEW. Yet, these decisions may not be sound from a purely financial perspective. Thereby, agency conflicts with potential non-family management could be created (Jaskiewicz and Klein, 2007; Kellermanns and Eddleston, 2004). These agency conflicts can, in turn, impose further problems on the firm. Following Schulze et al. (2003), also internal problems can be triggered by altruism such as free-riding or prolonged dependence on the family's generosity. In families with multiple family branches, altruism can also impair family harmony if a particular family branch is favored over another. In such a case, altruism increases family branch harmony but at the same time decreases overall family harmony. Agency theory as well as families have been concerned with this issue for a prolonged time and have found certain mitigation mechanism from the field of family governance (Schulze et al., 2003).

Debicki et al. (2016) also cover family harmony and altruism as part of the Family Enrichment dimension of their SEW importance scale. Additional focus is laid upon the feeling of family obligation. This plays into the sense of altruism as already outlined above. However, Debicki et al. (2016) view altruism as particularly salient when it comes to employing family members as a member to enhance overall happiness. Family harmony as a goal aims at keeping the relations within the family intact. If harmony is not preserved, conflicts within the family and the firm can erupt.

4.3.3. Family Social Status

How the family is perceived by the community is concentrated in the family social status. The third FCNE goal to be evaluated in this subchapter is family social status, i.e., how to the family values its perception by the community. It is primarily built from the family identity as well as how the firm and its relations to the community is seen over time. Their social status is important for many families as it provides them with certain feedback to their actions and rewards pact efforts. However, research on family social status is scarce.

Social status is commonly derived from the family making contributions to the community, either in the form of money or non-financial inputs (Berrone et al., 2010). What is most impactful is usually the employment of local community members as this provides a considerable number with jobs and secures their living. More prominent in people's perceptions, however, is sponsoring of charities, associations, and sports clubs, which therefore makes it an attractive activity for family firms (Berrone et al., 2010). Especially for future generations, family social status is important, and they wish to consume the benefits emanating from it (Le Breton-Miller et al., 2011). Also, family social status acts as a mediator for family control's influence on SEW. A high level of family control increases SEW only if the family is prestigious, i.e., family social status is high because otherwise, the family does not want to be associated with the firm.

Especially for family social status, individual goals of family members are critical. Schulze et al. (2003) argue that increased social status strengthens individual members' ego hence forming a collectivist individual goal. The family's social status if perceived as resulting from engagement with the firm can foment further engagement. This implies, by argumentum e contrario, that if the family social status is low, engagement will be automatically lowered.

4.3.4. Further FCNE goals

Debicki et al. (2016) also list other FCNE goals taken from research by Gómez-Mejía et al. (2007), Gomez-Mejia et al. (2010), and Jones et al. (2008), which are partially congruent with the ones mentioned above. Collating with Aparicio et al. (2017), it yielded the following listing of further FCNE goals:

- Preservation of the firm's sentimental value to the family and its members
- Fulfillment of obligations to the family that are based on blood ties rather than on strict criteria of competence
- Perpetuation of entrepreneurial spirit and thereby following the founder's vision for the firm

4.4. Nonfamily-Centered Economic Goals

The class of Nonfamily-Centered Economic Goals (NFCE goals) encompasses all organizational goals that only relate to economic aspects and are not specifically directed at the family. They include aspects such as "disparate indicators of economic performance such as growth, survival, and profit." (Kotlar and De Massis, 2013, p. 1273)

4.4.1. Firm Survival

The first and foremost goal of every firm is to keep running its business. This goal, of course, also applies to family firms. In contrast to non-firm owning families, the firm is vital to firm-owning ones (Tagiuri and Davis, 1992). However, families can be forced to intervene when the very firm survival is threatened, and they often need to invest their own wealth to save it. Therefore, families have a profound interest to keep the firm running in order to avoid this compulsion to get actively involved.

Other researchers reviewed the survival of family firms in comparison to non-family firms, however, with ambiguous results (Wilson et al., 2013). Some distinct features of family firms, such as SEW (Gómez-Mejía et al., 2007), continuous efforts to preserve good relations (Berrone et al., 2010), and multigenerational perspectives (Miller and Le Breton-Miller, 2003) are proposed to enhance the likeliness of family firm survival. Nonetheless, other factors inherent to family firms decrease their likeliness of survival. In contrast, family firms are less likely to join a cooperative as a measure to decrease performance risk, which increases the chance of firm survival drastically but reduces SEW (Gómez-Mejía et al., 2007), and they are less likely to diversify (Carney, 2005; Gomez-Mejia et al., 2010).

Le Breton-Miller and Miller (2013) depict how family firms enhance their probability of survival with apt board compositions. In the founding phase, when the firm is most vulnerable although the founder and his or her family are most committed, resources are generally scarce. Hence, the board is appointed in such a way that it can provide needed resources, e.g., technological advice, legal counsel (Le Breton-Miller and Miller, 2013). In its post-founding phase, the family firm has already established itself, and the founder has handed the firm over to family successors or at least intends to. Since the family has also grown, the potential for intra-family conflicts and rivalry is elevated (Kellermanns and Eddleston, 2004), so that the family vs. non-family ratio in the board is increased to ensure a fair representation of all family branches. Yet, non-family members are included to provide access to the local community in order to grow the business further (Le Breton-Miller and Miller, 2013). In its final stage, ownership is more dispersed among different family branches, emotional attachment is reduced, and the firm is often professionally managed. Here, the most critical resource for the firm is still family harmony, which is maintained by appointing respected family members to the board (Le Breton-Miller and Miller, 2013). Chrisman et al. (2013) have found governance, in general, to be pivotal for firm survival.

Synoptically, the firm survival is an indelible goal of a family firm. Without it, the whole family firm system ceases to exist. Yet, family firms possess certain resources that can enhance or lower their chances of survival, requiring them to leverage their advantages.

4.4.2. Firm Growth

The growth of the firm as the pursuance and penetration of new ventures, products or markets is a goal of almost all firms. For family firms, sustained growth can ensure the long-term success of the firm, hence, satisfying transgenerational control intentions. Nevertheless, family-centered goals may inhibit firm growth as resources are tied up elsewhere.

Traditionally, growth opportunities are clustered using the matrix of Anderson and Reeb (2003) along the dimensions of product and market newness (see Appendix B). The resulting strategies are somewhat differently followed by family firms. Especially diversification, as represented by new products in new markets, is applied to a lesser extent by family firms (Gomez-Mejia et al., 2010). In general, family firms do not tend to start a completely new line of products but continuously innovate the existing portfolio (Chrisman and Patel, 2012). This is due to the fact that identification of family member's with the firm rather extends with focus on the products than the markets they serve (Berrone et al., 2012). However, Aparicio et al. (2017) list neither goal very high indicating a preference for other goals.

As another basis for firm growth, Kellermanns et al. (2008) characterize the firm's entrepreneurial spirit. The more entrepreneurial a firm is, the more likely it is to pursue new ventures, enter new markets, and improve its performance, hence, increasing revenue. Conversely, a lack of entrepreneurial spirit inhibits innovation, consequently limiting long-term opportunities (Kellermanns and Eddleston, 2006). The firm's founder is in a position to create this spirit, and it is likely to last long (Schein, 1983). The involvement of more generations also provides more entrepreneurial opportunities that are seen vital for cross-general growth because of more diverse views and opinions (Eddleston and Kellermanns, 2007). In support, empirical studies such as Lee (2006) show that family firms show higher growth than their non-family peers, which is attributed to family involvement.

Firm growth is vital as it keeps the firm well and creates further resources, hence, enabling the pursuance of many other family firm goal. If the family firm is not growing over a sustained period of time, it can endanger firm survival, and thereupon, the family wealth, too.

4.4.3. Firm Economic Performance

The economic performance of a firm is rather short-term oriented and usually stated in a set of financial and economic figures or ratios, such as: EBITDA, sales, profit, ROA, cash flows, and many more. For family firms, these numbers have importance as they lay the basis for a sound business. Nevertheless, it may be the case that due to resource constraint, the goal of economic performance is in contradiction to other goals.

Following, literature has so far presented some evidence with regards to the importance of firm economic performance as an organizational goal (Wagner et al., 2015). However, theories on why family firms should be more profitable or less profitable than their non-family counterparts are numerous. Fama and Jensen (1983) have argued that the concentration of ownership and control as present in family firms reduces profitability as owners extract private benefits, many scholars have focused on why family firms are likely to be less profitable. Nevertheless, Wagner et al. (2015) demonstrated in their meta-study that family firms tend to outperform their non-family counterparts, especially in the case of publicly listed firms and when abstracting from financing structure, i.e. focus on metrics such as ROA instead of ROE.

In affirmation, Aparicio et al. (Aparicio et al. (2017), p. 166) list the item “meeting economic and financial ratios” first in their ranking of family firm goals. The underlying reason for that has already been introduced in chapter 4.3–the firm’s economic performance has severe impacts on family wealth (Anderson and Reeb, 2003) and therefore the family’s overall living conditions. In times of financial hardship, caused by lower firm performance, the family wealth is significantly impacted by lower living standards (Miller et al., 2008). Yet, several scholars showed in quantitative research that family firms performed better than non-family firms. Using a sample of 511 U.S. corporations, Demsetz and Lehn (1985) showed the superior economic performance of family firms qualifying Fama and Jensen (1983)’s theory by adding that the family can act as a governance mechanism safeguarding the firm from managerial opportunism. Anderson and Reeb (2003) confirmed the outcome, however, warning for a self-selection bias as families may exit non-performing firms.

In the construct of NFCE goals, firm economic performance takes the position of the most short-term oriented, sometimes myopic goal. Albeit economic performance may be ill some years, it is needed to ensure firm growth and firm survival in the long run.

4.5. Nonfamily-Centered Noneconomic Goals

The last class of organizational goals of family firms to be described within this academic research is Nonfamily-Centered Noneconomic Goals (NFCNE). They include “improvement and conservation of good relationships with internal and external stakeholders, such as employees and the external community.” (Kotlar and De Massis, 2013, p. 1273) What most NFCNE goals have in common is that they are the slightly contorted reflections of FCNE goals into the firm; e.g., family social status to firm external relations, as how the family or the firm is seen by outsiders, respectively. This represents the relationship between Restricted SEW, i.e., the FCNE goals, and Extended SEW, i.e., NFCNE goals, as depicted by Miller and Le Breton-Miller (2014). Restricted SEW is solely focused on the family and creating benefits for it, while Extended SEW takes a broader approach and encompasses the creation of benefits also for non-family stakeholders.

4.5.1. Firm Internal Relations

First and foremost, the goal of strong internal relations focusses on the family firm’s employees and how the relationship between family, firm, and employees is perceived. Based on the family members’ identification with the firm (see chapter 4.4), they see the firm as an extension of the family (Belk, 1988; Berrone et al., 2012). Therefore, internal resources, such as employees, that constitute other aspects of the firm are frequently included in this view (Huang et al., 2015).

Berrone et al. (2012) cover this within the dimension Binding Social Ties in their SEW dimension model. While foremost capturing the ties between the family members themselves, following Miller et al. (2009), they argue that social ties are likely to be expanded to other, non-family stakeholders, with employees being the most prominent ones. This tie, however, is reciprocal since the family draws social status of the employee’s affection. In turn, the employee’s own social status builds upon with the family’s social status and long-term commitment to the firm can increase the employee’s self-esteem and influence the way he or she views him- or herself (Westhead et al., 2001). Anecdotal references in research document close interactions of employees, in particular, TMT, and the family blurring the lines as employees feel sentiments of emotional ownership of the firm (Kotlar and De Massis, 2013). Miller and Le Breton-Miller (2005) showed, using the examples of retailers Nordstrom[4]

[4]Nordstrom is a U.S.-American chain of department stores covering clothing, shoes, and more fashion items, recently, also expanding into e-commerce.

and L.L.Bean[5], that if the feeling of belonging to the family is shared by employees, their performance and long-term commitment increases. In combination with the dimension Family Members' Identification with the Firm, Berrone et al. (2012) outline that these ties can go beyond employees and include the firm's products and services as well as the internal processes. The identification is particularly salient if the product or service contains the family name (Dyer Jr and Whetten, 2006).

Hence, fostering a sound relation with the firm's employees is another important goal of a family firm. Arising from the identification with the firm, employees are also considered part of the family's endowment. Consequently, if the internal relations are ill, the family may suffer as their sense of identity is compromised.

4.5.2. Firm External Relations

Under the goal of firm external relations, similar ties as the ones mentioned above are captured. Family ties are not necessarily limited to internal stakeholders only (Cennamo et al., 2012) but family firms often also care about how the firm is interconnected with outside stakeholders, such as customers, suppliers, and others (Berrone et al., 2012; Micelotta and Raynard, 2011). As external stakeholders also influence how to the family is perceived (see paragraph on Family Social Status), this is highly relevant for families.

Here, the description by Debicki et al. (2016) of the dimension of Family Prominence also comes into play. It emphasizes how others see the family and the firm. Particular items of their research included "[the] recognition of the family in the domestic community for generous actions of the firm" (Debicki et al., 2016, p. 52) demonstrating the interrelatedness of family social status and the firm external relations. Such relations are established in two-fold ways, that is to say, by contributing to the community and by avoiding to trigger the community's concerns (Dyer Jr and Whetten, 2006). Then, again, the earlier these ties are established, the stronger they are likely to be, as particularly the founder leaves an imprint on the firm (Schein, 1983). Berrone et al. (2010) confirm that engagement is elevated in firms with local roots. For the family, these ties can act as an "insurance" (Dyer Jr and Whetten, 2006, p. 791), since in times of crisis the community might repay what the family and the firm contributed (Debicki et al., 2016). Hence, building up and fostering good external relations is partially done out of self-interest, partially to satisfy goals of family identity and family social status (Cabrera-Suárez et al., 2014). The latter makes engagement with the community more likely for family firms (Berrone et al., 2010) as non-family firms do not pursue such goals. On the other hand, the community is likely to accept the contribution as it will be beneficial to it. Instances of hindrances of due to a poisonous community culture have been described, which resulted in not only corrupted relations but also economic downturn, see Banfield (1958) as presented in Dyer Jr and Whetten (2006).

A common example of family firms engaging with the community are corporate social responsibility (CSR) actions, and family firms also demonstrate a higher level of community citizenship (Berrone et al., 2010). A well-researched example is family firms overfulfilling environmental standard (Dou et al., 2017). Because academia presented evidence both in favor of environmental compliance increasing financial performance and against (cf. Berrone et al., 2010), it is not clear if the increased economic risk of going beyond requirements will yield any return. Therefore, it is likely that non-financial elements even out the risk-reward discrepancy and motivate decision-makers to invest in environmental compliance. Rather do noneconomic motivates matter as Westhead et al. (2001), as cited in Berrone et al. (2012) and Dyer Jr and Whetten (2006), present evidence in support that a public outrage against a firm carrying the family's name can be emotionally desolating for the respective family members. Notwithstanding, Aparicio et al. (Aparicio et al. (2017), p. 166) list NFCNE items including "create and maintain ties with local community" and "assume commitments to society and the local networks" only midfield.

Firm external relations as a family firm organizational goal constitute a logical fusion derived from the identification process as described above, the goal of family social status, and the unique resources non-family stakeholders can contribute to the firm. Lacking good external relations, family engagement is reduced, and also firm performance may suffer.

4.6. Goal Outcomes

Family firm goals have an impact on various levels within the organization with the two most important of them being the family firm and the family itself. For each level, an array of possible outcomes will be reviewed.

On the firm level, a vital relationship lies between the involvement of family members in management and the pursuance of family-centered goals, as described in chapter 4.3 and 4.4 since family-centered goals also tend to be less tangible than nonfamily-centered goals. The more noneconomic goals are pursued, the harder it is to measure their attainment, hence reducing average executive compensation (Chua et al., 2009). For non-family managers, this is less attractive as their compensation will most likely be uncompetitive. Hence, the more noneconomic goals are pursued, the less professional the management in terms of non-family members will be (Chrisman et al., 2014). Additionally, a strong focus on family-centered goals increases the potential for conflicts between the family and non-family managers, hence, does the pursuance of family-centered goals also reduce the involvement of non-family managers (Lutz and Schraml, 2011; Zellweger et al., 2012). On the other hand, scholars have shown that the more non-family managers serve in the firm, the less family-centered goals are pursued (Achleitner et al., 2010; Miller et al., 2008). Therefore, a reciprocal relationship can be assumed and is

[5]L.L.Bean is U.S.-American chain of department stores specializing in outdoor equipment.

supported by academic literature. However, for the specific family-centered goal of intra-family succession as part of sustained family control, literature remains ambiguous. Smaller family firms hire less non-family managers when an intra-family succession is immanent. Conversely, the opposite holds true for larger firms. Nevertheless, research has shown that non-family employees can also be positively affected in their motivation and performance by the achievement of family-centered goals (Achleitner et al., 2010; Miller et al., 2008).

Also agency theoretic considerations come into play. Less goal diversity among all involved stakeholders reduces the need for a board of directors, as Pieper et al. (2008), showed since this implies stewardship behavior (Le Breton-Miller et al., 2011). Also, board composition is affected. High goal alignment favors not only small boards but also a lower ratio between non-family and family members on the board (Jaskiewicz and Klein, 2007). On the contrary, Jaskiewicz and Klein (2007) observed that large boards with many non-family members could indicate an agency conflict between owner and managers. Thus, goal diversity defining agency and stewardship behavior of stakeholders interacts with the size and composition of the board as well as other governance structures. Consequently, collective pursuance of goals reduces agency conflicts and hence the need for costly governance mechanisms (Davis et al., 1997).

As Chrisman et al. (2007) have shown that more alignment of family firm goals and hence reduced governance cost increase firm performance. Miller and Le Breton-Miller (2005) point out the superior performance of family firms compared to their non-family peers. This holds especially true if family ownership is high, hence connecting to the goal of family control over the firm.

4.6.1. Family Level

On the family level, goal alignment is of utmost importance. Major findings of how the relationship among family members is affected are based on how family interactions within their firm, markedly how relationship conflicts can negatively impact family firm performance (Eddleston and Kellermanns, 2007; Kellermanns and Eddleston, 2004). For no conflicts and thus high goal alignment, Lee and Rogoff (1996) noted that this could foster unification within the family. Likewise, goal success fosters family harmony (Philbrick and Fitzgerald, 2007).

Family members' individual attitude is impacted by several goal attributes, such as: (1) Goal difficulty, (2) goal novelty, and (3) goal duration (Kotlar et al., 2018). If a goal is achieved, family members feel more motivated and committed to the firm as well as perform better due to rewards in monetary or affective form (Kotlar et al., 2018). This holds especially true for difficult and novel goals, i.e., goals that have low probability of success given the firm's resources and situation (Locke and Latham, 2002) and goals that require new capabilities (Sitkin et al., 2011), respectively, as increased goal difficulty and novelty enhance the desire to perform in the best possible way, thus intensifying satisfaction once the goal is achieved (Kotlar et al., 2018; O'Leary-Kelly et al., 1994). The longer the goal duration, the lower the performance and later motivation and commitment will be since family members will reduce pace when driving the goal. However, too tight deadlines increase pressure to an extent where performance, motivation, and commitment will slack (Locke and Latham, 2002), hence setting forth a u-shaped relationship.

Although socioemotional wealth is also of high importance in the goal setting process (see chapter 4.2), it is also a goal outcome. Literature differentiates goal outcome-related SEW into SEW preservation and SEW generation (Williams Jr et al., 2018). As illustrated by Gómez-Mejía et al. (2007), SEW preservation as an ultimate goal and the reference point (Berrone et al., 2010; Kahneman and Tversky, 1979) drives many decisions in the firm, often increasing the performance risk, i.e., current performance is lower than past performance or competitors' performance. If SEW is preserved and even enlarged, SEW generation takes place. Nonetheless, SEW generation has not experienced much attention in literature yet. However, other scholars outlined the potential for the negative valence of SEW (Kellermanns et al., 2012; Miller and Le Breton-Miller, 2014). In their research, they describe cases in which both, family members felt pained and non-family parties were mistreated. Younger generations may feel pressured into taking over the firm hence only hesitantly accepting (Freudenberger et al., 1989; Schulze et al., 2001) or different branches of the family may be fighting over the control over the firm (cf. Kellermanns et al., 2012). Moreover, minority shareholders stake in the firm might have been expropriated, or employees have been mistreated (cf. Kotlar and De Massis, 2013; La Porta et al., 2000). Yet, from a SEW perspective, acting in this way preserves SEW for the family. Generally speaking, most family firm goals aim at preserving or even generating SEW, nevertheless, consequences can differ (Chua et al., 2018).

The outcome of the family firm's organizational goals concerns firm and family. Each system has unique dimensions into which the goals reverberate and later shape the decision-making process in the firm. However, for each family firm, a specific organizational goal leaves a unique imprint in the respective dimensions. Figure 15 in Appendix B shows this interplay graphically. Special focus is laid upon the fact that the family firm's organizational goals influence both, the firm and the family system (cf. Tagiuri and Davis, 1992).

4.7. Goal Alignment

Organizational goals do not constitute a static process but are subject to constant changes hence in need of feedback and alignment processes (Kotlar et al., 2018; Williams Jr et al., 2018). They require organizations to use alignment processes for the formation and realization of goals as well as changes in resource allocation based on the perception of the goal outcome. Other research highlights the importance of continuous evaluations of current performance against past performance or the competitors' ones (Iyer and Miller, 2008; Mishina et al., 2010). Therefore, most family firms also apply formal and/or informal feedback processes for their organizational goals (cf. Kotlar and De Massis, 2013). What deeply impacts goal feedback processes is the fact there rarely is a sole goal that is pursued at a time only. Goals can be independent of another, but are often interrelated, either additive in effect, e.g., strengthened family identity and community relations increase family reputation or rivaling, e.g., economic performance might require a factory closing thus contradicting good community relations. For both cases, but especially the latter, a goal hierarchy needs to be established (Greve, 2008). Kotlar et al. (2018) illustrate this feedback process as following either a sequential (Ethiraj and Levinthal, 2009; Greve, 2008) or simultaneous attention rule (Labianca et al., 2009). The limiting feature of sequential attention that forces organizations to give up on one goal before pursuing another is what drives most organizations to follow a simultaneous attention rule (Kotlar et al., 2018). Also taking the decision which goal to pursue under the sequential rule can spark disagreement because reference points and outcome utility may differ among decision makers (Martin et al., 2013). For example, the family uses the preservation of SEW as the reference point while non-family investors follow primarily financial motives (Berrone et al., 2012). For some goals this may not be a problem withal as they are hierarchically-related with one another, i.e., the first goal is a prerequisite for the next, higher goal, e.g., good community relations for family social status, thus repealing both attention rules (Ethiraj and Levinthal, 2009; Kotlar et al., 2018). Having reviewed 36 family firms, Aparicio et al. (2017) provide a potential hierarchy of goals. The ranking does not confine to a single goal class but alternates between. As the foremost goal, they describe the firm's economic performance or more specifically meeting financial ratios, e.g., sales, profit. Second, the reviewed family firms strive for handing over the firm in a good state to the next generation. At the third and fourth place, they list retaining family control over the firm and the board respectively. Nevertheless, the heterogeneity of family firms does not allow for a definite and rigid list (Aparicio et al., 2017).

In the following, three different feedback elements, communication, conflict, and reputation, as in Williams Jr et al. (2018), will be presented. A common understanding of the specific organizational goal is the foremost prerequisite for attainment. Without that commitment to the common goal, it cannot be fostered hence reducing effectiveness (Anderson and Reeb, 2003). For family firms, there are unique ways of communicating within the family or with firm stakeholders. As described in chapter 4.2, family firms can use professional and familial social interactions in their goal process (Kotlar and De Massis, 2013). Familial social interactions are unmatched in the overlap of family and firm systems. Hence, literature finds them to be particularly effective when dealing with family-centered goals (Kotlar and De Massis, 2013). Notwithstanding, communication is not limited to the family only. Danes (2006) presents the advantage of open interaction including all stakeholders being a consistent performance assessment of the goals incorporating possibilities of beneficial changes. Consistent with Sharma et al. (1997), the culture of the family firm can drive communication in the goal process. In particular, paternalistic cultures that distinguishing themselves by high-power distance communication (Hofstede, 2001) is often impaired thus reducing the frequency of feedback (Kelly et al., 2008).

Conflicts arise within the firm because the resources of the firm and the family are limited, therefore they need to be allocated efficiently, and goals need to be prioritized, which is a frequent source of conflict (Achleitner et al., 2010; Lee and Rogoff, 1996). From a behavioral perspective, conflicts arise when organizational members feel a disparity in the perceived utility of outcome, in the case of family firms, mostly an imbalance between the prioritization of the firm and the family's member. Therefore, conflict can be considered as a feedback to the family firm's goals. Schulze et al. (2003) note that conflicts are particularly frequent when succession is immanent thus attributing to Kotlar and De Massis (2013)'s observation that goal diversity is notably elevated during the time of succession, circumstantially confirming the mediating effect of conflicts in the goal process of family firms. After all, if conflicts remain unresolved, they are, most likely, diminishing family member satisfaction and performance (Danes, 2006; Eddleston and Kellermanns, 2007; Kellermanns and Eddleston, 2004).

Outside feedback also serves as an alignment function. Particularly, family firms strive for a good reputation (Chen et al., 2010), thus, functioning as a control mechanism and goal at the same time. If SEW goals are perceived as positive by outside stakeholder, i.e., the community, non-family managers, etc., this will enforce the fostering of SEW goals and also enhances bonds between the family and the firm (Zellweger et al., 2013).

Goal feedback constitutes an essential part of the overall goal process, which will be illustrated later. By using communication, conflicts, or a mixture of both, there is constant alignment throughout the whole goal process. Additionally, reputation serves as a feedback mechanism from outside stakeholders.

5. Limitations and Avenues for Future Research

This thesis is based on a systematic literature review hence it is subject to all limitations of such a review. One limitation is that only the content that was found can ultimately be reviewed. I tried to mitigate that risk by not only using EBSCO Delivery Service but also the ancestry approach (Cooper, 1982), nevertheless, a certain bias will still existent. Since the field of the family firms and their goals is still emerging and the key papers used are quite recent, it could be likely that a relevant piece of literature has not been identified and included. Moreover, this field of research hitherto lacks a common terminology which increase the difficulty of finding the right keywords for the bibliographic database search. Hence, the ancestry approach yielded many articles and papers, also because the topic of organizational draws from many affiliated fields of research, this step is afflicted with a certain selection bias. Likewise, I only focused on English, peer-reviewed journals, hence potentially relevant findings published in non-English journals or published elsewhere than academic journals have been excluded. Moreover, the studies analyzed in the review lack an international orientation and multi-country approach. As previously outlined in the chapter on the characteristics of the reviewed literature, most studies focus on Europe or the U.S. and examine on a single country or part of it only. An extension of the data pool might grant further insights, for example regarding geographical and cultural differences.

This thesis contributes to the field of family firm research but draws from a number of more or less affiliated fields of research, such as psychology or sociology. When reasonable, findings have been transferred, however, with caution. In particular, purely conceptual work taken from there may be based on certain assumptions, the field of family firm research cannot fulfill. Nevertheless, empirical evidence is still pending, and reality may prove some elements wrong.

Lastly, a certain limitation of this thesis is heterogeneity of family firms. Whatever findings are presented, and conclusions are drawn, they may apply to some family firms to a greater extent than to others. Aspects of culture, legislation, or general economic situation can severely impact the goal process, thus impairing the results and findings. In light of the almost exclusive focus on Europe and North America, which 93% of the investigated studies addressed, only the Western culture area has been covered, hence arising the need to investigate other culture areas. To that end, Studies focusing on Africa, Asia, and South America should also have been investigated. Furthermore, the difference in firm size and age of the samples included in the reviewed studies vary significantly, further contributing to the limitations of this thesis.

Overall, the findings should be regarded to with caution as the aforementioned factors may assume a certain underlying bias and generalization of findings is also limited due to family firm heterogeneity.

Although organizational goals of family firms have been researched in the recent years, there still exist various research avenues that should be followed in future research in order to gain a comprehensive understanding of family firms and their goals. Although the theory of the goal setting process dates back to Cyert et al. (1963), it yet not fully understood, especially with regards to family firms.

- Do family firms form coalitions differently?
- Are there mixed family/non-family subcoalitions and if yes how do they act?
- Are professional and familial social interactions often interrelated?

As another avenue for future research, organizational goals of family firms should be further investigated. In particular, many goals are overlapping and have been heretofore only insufficiently defined. Additionally, empirical work is lacking for many of them. Furthermore, goal outcomes have been researched as in comparison to non-family firms. However, as another avenue for future research, goal outcomes along the dimensions presented before can help to elucidate the goal process more clearly.

- How can goal outcomes be classified further?
- What are meaningful ways to investigate this array?

Next, the feedback process is a vital element for goal alignment. Nevertheless, so far little is known besides that more communication increases chances of alignment and that conflict can be beneficial. Drawing upon work from the fields of communication science and psychology, more specific ways of communication and conflict as feedback processes should be described. Also, how the influence of goal hierarchy and the learnings drawn from the outcome is so far not fully understood. The former may change during the feedback process, while the latter can difficult to quantify.

- Moreover, how do the firm's culture and the intra-family relations influence the feedback process?

Also, the interaction between the steps of the process would benefit from further research. The process as such is unlikely to run strictly linearly. When setting a goal, organizational do have a certain goal and outcome in mind, hence, there is presumably a particular interplay. Nevertheless, it has hitherto been insufficiently investigated.

- And if there is an interplay, how strong is it?

Another avenue for future research is understanding how the context of firm and family impacts its goal and goal process. As manifold as the context can be, the many-faceted the influence on the goals themselves and especially their outcome will be.

- Which role do macro factors like legislation, technology, and culture play?
- And which do micro factors, such as the education, equity stake, and personality of a certain organizational member?

Ultimately, the relation of the goal process to the subsequent decision-making process also needs further investigation. Albeit, research has shown that there is an interaction, yet, it is to be fully understood.

- How does each goal outcome dimension influence the decision-making process?
- Does the goal feedback process also affect decision-making and if it does, to what extent?

6. Conclusion

Building upon a systematic review of 117 articles, in this thesis, I depict the goal process of family firms. It differs from the goal process of non-family firms in various points. First, when setting goals, family members are more influential and pursue more different individual goals than non-family members. Later, bargaining can also take place on an affective level and stabilization can be based on mutual trust, in addition to the regular process as described by Cyert et al. (1963). At this point, the conservation of Socioemotional Wealth (SEW) is highly impactful as it constitutes the reference point in regard to which decisions are taken.

From there, four distinct classes of family firm organizational goals emerge, differing in the dimensions of family-/nonfamily-centered as well as economic/noneconomic. This results in family-centered economic, family-centered noneconomic, nonfamily-centered economic, and nonfamily-centered noneconomic goals. Each goal class holds organizational goals. Goals are often interrelated and affect each other, thus, rather forming an alloy of goals that are pursued.

The goals reflect a certain outcome, which can be clustered in to influence on the firm and on the family. Here, future clustering is somewhat inconclusive and should be subject to further research as well as the alignment processes that continue through the whole goal process.

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