WHERE DO WE GO FROM HERE? - CHALLENGES OF INTERPRETING NON-ECONOMIC GOALS OF FAMILY BUSINESSES- THE CASE OF THE HUNGARIAN WINE SECTOR

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Abstract The aim of our research and study is to analyze the goals of Hungarian family business wineries and to contribute to the understanding of factors influencing the various goals of such businesses. The family business goal model developed by Basco (2017) formed the basis of our research. Goal-related outcomes were examined at the corporate, family, and individual levels. Two factors were identified at the corporate level: industry and business life cycle. Research results reveal that socioemotional factors are the most significant at the level of the family. The features of (human and social) resources associated with the founder are the most decisive at level of the individual. On the other hand, goals relating to organizational changes were virtually absent from the corporate goals listed by the interviewees. An important conclusion of our study is that issues relating to innovation, awareness, growth and development almost exclusively concern products, services, and the more sustainable use of natural resources. Development goals relating to management or governance have not been identified.

Keywords:: family business, organizational goals, non-economic goals, goal-related outcomes, wine sector.

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1 Introduction: Goals of family businesses and Basco model

The aim of our research was to learn and analyse the goals of Hungarian family business wineries. Different generations' perspectives were examined and similarities and differences between these generations were analysed. In addition to learning about the goals of different generations, factors relating to the business, family and individual were identified as ones that may influence the outcome of goals.

Exploring and understanding goals of family businesses are particularly important as such goals determine family firms' willingness to act (Williams et al., 2018). In family businesses, goals have a significant effect on strategic decisions and behaviour (De Massis et al., 2016). Since family businesses are known to differ in their goals, such goals are a key differentiating factor between family businesses (Chrisman et al., 2012).

Based on the above research aim, this study addresses the following research questions:

1. What are the economic and non-economic goals of family-owned wineries in Hungary?
2. What are the individual, family, and corporate goals in family business wineries in Hungary?
3. What factors impact goal-related outcomes?

Previous research has applied diverse classifications of family business goals. Basco (2017) developed a model for measuring such goals. He argued that goals are based on two different types of logic: family logic and business logic. His research focused on the interaction between the family and business logics. In his study, family business goals are considered as a multidimensional concept formed by economic and social aspects combining two scales: economic versus non-economic orientation and family versus business orientation (from the perspective of those for whom such goals are important). The model was developed for the examination of these four interlinked factors.

Considering the above reasoning, goals that emerge at the level of the business are produced by the fuzziness of boundaries between the family, the business and the external environment. Given this, goals of family businesses combine traditional delineation between economic and non-economic aspects relating to stakeholders. The family—as a dominant coalition and owner—invests not only in economic resources but also in social and emotional ones. In this respect, a distinction can be drawn between goals based on family logic and business logic (see Table 1).

Table 1: Dimensionality of family business goals
Source: Basco (2017), p.5

	Business-oriented	**Family-oriented**
Economic-oriented	**Business-oriented economic goal:** Financial and economic	**Family-oriented economic goal:** Family security Family income and family financial security Desirable lifestyle
Non-economic-oriented	**Business-oriented non-economic goal:** Environmental sustainability Product and service development	**Family-oriented non-economic goal:** Family harmony Community image and reputation Family legacy

The co-presence of family business goals emerges at multiple levels and moves across different scales. The driving forces, i.e., 'goal antecedents', cover the individual, group, organisational and institutional levels. In family businesses, individual goals include the goals not only of the organisation's members but also of each member in the 'family dimension' (see the three-circle model, Tagiuri & Davis, 1992). Along the common family goals cherished by the owner-family, 'business goals' also emerge.

When analysing goals, it is worth taking into consideration the evolutionary development of family businesses because family businesses have their own dynamics and, as organic units, they constantly change, and such changes also affect their goals.

Le Breton–Miller's (2013) theory argues that the various stages of the evolution family firms—founder firms, post-founder family firms, and cousin consortia—affect socioemotional priorities and preferences, and consequently their diversity, which is also of considerable importance in relation to goal formation (see Table 2).

Table 2: Evolution of family firms and socioemotional priorities
Source: Le Breton–Miller (2013, p. 1393)

Stage of evolution	Founder firms	Post-founder firms	Cousin consortia
Typical firm demographics	Young, small	Established, medium-sized	Older, larger, and more complex
Typical firm involvement	Founder-owned and run	Family-owned and run	Dispersed family ownership, sometimes non-family managed
Socioemotional wealth considerations			
Dynastic succession	Intended, not achieved	Present, may be wished for	Questionable
Priorities	Passing on profitable healthy firm to later generations	Just rewards for family members, family harmony	Opportunities to use firm as a family resource
Identification of the family with the firm	Family members committed to business	Family members still mostly committed	Identification reduced to those family members who are mere owners
Emotional attachment among family members	Usually strong, but sometimes founders are emotionally distant	Closely attached nuclear family still involved, but some conflicts	Family members less attached, e.g. cousins less so than brothers

1.1 Family businesses in the Hungarian wine sector

1.2

Wine has always been part of the national culture in Hungary. It has not only provided a livelihood for many Hungarian families for hundreds of years, but the country has many traditions linked to wine production. The Szepsy family's website (www.szepsy.hu) is a living proof of this: '*Our family has been producing wine in Tokaj since the 1500s, when the production of 'aszu' wine started. So, the history and life of the family and wine are inseparable. Today's generations are proud of their ancestors' achievements, which inspire them to become worthy of their mission. Our aim is to produce the best quality grapes in our vineyards, without compromise*".

According to Tóth (2012), wine trends are pointing towards knowledge-intensive and sophisticated wine segments, premium and super-premium wines on the world market. However, Tóth (2012, 49) also argues that Hungary lagged behind this trend in the last decade: "*the use and diffusion of knowledge are a significant factor in the diversity of various enterprises..., it can also be concluded that Hungarian (wine) enterprises can achieve market success through the innovative nature of the enterprise, the diffusion of knowledge accumulated in the wine sector through daily contacts and innovative management of enterprise processes.*"

2 Methodology

The model developed by Basco formed the basis of the present research. Questions based on the model were administered to 21 Hungarian wineries in the form of semi-structured interviews.

The first step of sampling was to clarify the definition of family business. When selecting family businesses, the definition of 'family business' developed in 2019 by Budapest Business School's Budapest LAB – Centre for Entrepreneurship Development was used as a sampling criterion (Kása et al., 2019). Accordingly, the following businesses were considered 'family businesses':

1. a business that considers itself a family business, OR
2. a business with an ownership ratio of 51% by one family AND with the family assuming its own role in managing the business, OR the family

members are employed in the business, and they take part in managing the business, OR

3. the management AND ownership of the business are envisaged to be handed down within the family either partially or fully.

The research used qualitative methodology. This framework suited best our research aims because of the multidimensionality of the social questions at stake. Data were obtained through direct interviews as our aim was to gain better understanding of the research topic, and this data collection method is more conducive to thorough exploration and qualitative understanding. Primary research was used to collect data directly about family members participating in family business wineries in order to observe the behaviour of the main actors in the wine sector and to learn about their economic and non-economic goals as well as sustainability practices.

The 21-item sample established with the help of the snowball technique fulfilled our expectations of diversity in qualitative research, as the sample included family wineries from 7 Hungarian wine regions. The 22 interviews were conducted with first, second or third generation family wineries. The size of the wine estates in the sample ranged from 2.5 ha to 110 ha, and both male and female winemakers were interviewed. A typical common feature of the sampled enterprises was that in all cases the founder of the enterprise was still an active participant in the business.

The NVivo 12 software was used for structuring, coding data, and analysing texts. First, the codes from the literature (Basco's model) were used as primary codes. After coding, data were re-coded based on our own model (see Figure 1). Then after re-coding research outcomes were arranged (see Table 3).

Table 3: Code structure

Source: own editing

First-Order Codes	Results
Business-oriented economic goals	Financial goals Firm financial security
Family-oriented economic goals	Maintaining the family's prosperity and financial security
Business-oriented non-economic goals	Quality-focused product development Technology investments and renewal Improving service quality Harnessing the potential of digitalisation Goals relating to sales structure Smart and sustainable growth Exploiting opportunities on the export markets Goals relating to employees and customers Goals relating to preserving and upholding firm values Meeting environmental sustainability requirements
Family-oriented non-economic goals	Socioemotional goals (family interest in the enterprise, respected name in society, raising social recognition, and intra-family firm succession) Preserving and maintaining family harmony Ensuring that family members have a good level of knowledge and understanding of viticulture and oenology

Second-Order Codes	Results
Individual goals	Financial independence Making a lot of money Avoiding debt Living (well) in the countryside Transgenerational succession intentions (goals) Personal fulfilment Promoting the welfare of others Philanthropy Establishing cooperations Innovation Acquiring and maintaining reputation

3 Analysis

The starting point of the analysis was Basco's model (2017). After analysing Basco's four dimensions, individual goals were examined to gain a deeper insight into the antecedents and driving forces of organisation-wide goals.

Based on the analysis of the interviews, it can be concluded that economic business goals and economic family goals are closely intertwined. It is equally important that individual goals also overlap family goals, it is therefore obvious that individual goals become family goals and then business goals.

In what follows, the research results are presented in the order of the research questions. The first research question was about the identification of goals. The identified goals were classified based on Basco's model: goals were classified in four categories (economic versus non-economic goals and business-oriented versus family-oriented goals) as shown in Table 4.

Table 4: Economic and non-economic goals
Source: own editing

	Business-oriented	Family-oriented
Economic-oriented	Financial goals Business financial security	Maintaining the family's material prosperity and financial security
Non-economic-oriented	Quality-focused product development Technology investments and renewal Improving service quality Harnessing the potential of digitalisation Goals relating to sales structure Smart and sustainable growth Exploiting opportunities on export markets Goals relating to employees and customers Goals relating to preserving and retaining business values Meeting environmental sustainability requirements	Socioemotional goals (family interest in the enterprise, respected name in society, raising social recognition, and intra-family business succession) Preserving and maintaining family harmony Ensuring that family members have a good level of knowledge and understanding of viticulture and oenology

After analysing Basco's four dimensions, individual goals were examined to gain a deeper insight into the origins of overall corporate goals.

In an attempt to answer the second research question, in the next step, the obtained results were classified accordingly, and goals were grouped into three categories (short-term, long-term, and permanent goals). Table 5 shows the results of this process.

Table 5: Business, family, and individual short-term and long-term goals

Source: own editing

	Business-oriented	**Family-oriented**	**Individual**
Short-term	Financial Business's financial security Harnessing the potential of digitalisation to overcome situations of crisis Growth goals Goals related to stakeholders (employees, suppliers, communities, and customers)		Financial independence Making a lot of money Avoiding debt Well-being of family in countryside
Long-term	*Development goals:* Quality-focused product development Technology investments and renewal Market development Strengthening position on market Exploiting opportunities on export markets Developing tourism related (restaurant, hotel) establishments Meeting environmental sustainability requirements Staff development		Transgenerational succession intentions (goals) Personal fulfilment
Permanent		Maintaining family's material prosperity and financial security	Promoting welfare of others (e.g. philanthropy)

		Maintaining family harmony Supporting family members Socioemotional goals (family interest in the enterprise, respected name in society, and raising social recognition) Goals relating to preserving and upholding family and business values	Establishing cooperation Innovation Acquiring and maintaining reputation
Educational		Ensuring family members' appropriate level of knowledge and understanding of viticulture and oenology	Personal progress
Environmental		Environmental responsibility	Personal commitment to environmental sustainability

4 Results

The results underpin that, after a detailed data analysis extending to the separation of economic and non-economic goals, it was important to incorporate the time dimension into the analysis. Hence, goals were classified into three categories: short-term, long-term and permanent goals.

The outcomes also reveal that there are overlaps between business, family, and individual goals, which are of utmost importance for business performance and effectiveness.

(1) Business-oriented goals

a) Short-term business-oriented goals may have a direct impact on firms' economic performance.

b) Long-term business-oriented goals primarily concern development. All businesses in the study emphasized the importance of quality-focused product development related technological investments, development of tourism related establishments, and the strengthening of or changes to sales structure mainly for increasing export sales and sales in the HORECA market).

(2) Family-oriented goals

Family goals are permanent goals that are to be achieved in the short run and in long term. Permanent goals are based on a belief system related to values therefore they rarely change over time. Permanent family goals involve responsibility of the individual and of the firm. Family goals include socioemotional goals and goals related to family members, education, and the natural environment.

(3) Individual goals include founder's goals and family members' goals. The examination of individual goals produced novel results: a clear distinction of the different goals of the founder and the succeeding generations. Our research results confirm the links between family firm evolution and socioemotional priorities described by Le Breton–Miller (2013) (see Table 3). While certain socioemotional goals (e.g. the goal to keep the enterprise under family control) are important for the founder generation, but succeeding generations give more priority to economy-oriented goals. Most of the family businesses in the sample defined the family name as part of the brand, which made families highly motivated to enhance the reputation of the family business and to maintain family identity. Both founder and succeeding generations highlighted their concern for organizational reputation.

a) Short-term individual goals relate to pursuing a desired lifestyle and include subsistence goals and intentions (goals) relating to a "European level intellectual lifestyle" in the countryside.

b) Long-term goals primarily concern intra-family succession. Transgenerational succession intentions reference the goal to maintain the family's control over the business across generations, but the intentions in goals differ by generations.
Long-term orientation is particularly important for agricultural businesses. The transfer of special viticulture skills and knowledge promotes the goal of transgenerational succession.

c) Certain permanent individual goals stem from personal commitment to values including the protection and improvement of the natural environment. Equally important are goals relating to learning and personal development.

The third research question concerned factors influencing goal-related outcomes in Hungarian family business wineries.

Goal-related outcomes were examined at the corporate, family, and individual levels as enterprise, family, and individual goals must be achieved to ensure success of the family business.

a) Two factors were identified at the corporate level: industry and business life cycle. In fact, many specific features of the wine industry may affect business goals. The interviewees argued that the espoused goals constantly changed due to changes in wine consumption trends and product life cycle as well as the characteristics and importance of the "terroir".

Entry to the next stage in the business life cycle causes changes in goals. Even so, family businesses must take serious account of changes not only as far as business life cycle and owner life cycle are concerned but also with respect to the family life cycle.

b) Research results reveal that socioemotional factors are the most significant in influencing goal-related outcomes at the family level.

c) The features of (human and social) resources associated with the founder are the most decisive at the individual level, but other family members' value systems, generational belonging and willingness to innovate are also important.

5 Conclusion

The aim of our research and study was to analyse the goals of family businesses, partly based on Basco's model and partly on the model the authors have developed. We sought to answer the question of what the short- and long-term corporate, family, and individual goals of family businesses are in the Hungarian wine sector and examined the extent to which the goals of the generations involved differ. In addition, the aim of our research was to discuss the characteristics that influence the outcome of these goals.

It is important to understand both the economic and non-economic objectives of stakeholders that shape the operation of family businesses, as these jointly influence strategy and performance.

Goals relating to organisational changes were virtually non-existent among enterprise goals listed by the interviewees. Hiring non-family managers or establishing corporate governance systems were not concerns, not even in cases when respondents addressed their business's possible growth or business expansion.

Our research suggests that it is worth performing longitudinal studies as the first two generations in Hungary already demonstrate the problems and challenges arising from the lack of well-defined objectives, which is also described in the literature. Such problems and challenges include unplanned or inadequately planned generational succession, family conflicts or problems concerning the transfer of responsibilities, while the lack of the planning of professional corporate governance can be a serious obstacle to the development of family businesses.

An important conclusion of our study is that issues relating to innovation, growth, and development almost exclusively concern products, services, and a more sustainable use of natural resources. Development goals relating to management, organisation or governance were not identified.

Finally, it is important to note that the number of family wineries in our sample may limit the extent our findings can be generalised.

To our knowledge, no other study on this topic has been published, thus our research results are useful and worthy of further exploration and consideration to both family business researchers and Hungarian wine businesses.

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