AFTER FOREVER – THE CONTINUITY MODEL OF FAMILY BUSINESS GOAL SETTING: A THEORETICAL FRAMEWORK AND PRACTICAL APPLICATIONS

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This study introduces a continuity model grounded in goal-setting theory to examine the formulation and influence of goals on the continuity of family businesses. Rooted in Tagiuri and Davis's (1996) three-circle framework, the model integrates the dimensions of family, business, and ownership, highlighting their individual and collective impact on goal-setting processes. Empirical findings emphasize the importance of explicit and latent goals within the family dimension, organizational objectives shaped by resource availability, and the critical role of leadership in aligning these goals. The research highlights the leader's personality values and entrepreneurial orientation—including risk-taking, innovation, and strategic vision—as central determinants in the establishment and execution of business strategies. Findings from the wine industry illustrate how leaders effectively reconcile personal, familial, and organizational goals while adapting to internal and external moderating factors, such as generational transitions and dynamic market environments. The model bridges theoretical insights and practical applications, offering a robust framework for academics and practitioners to enhance the continuity and sustainable growth of family enterprises.

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1 Introduction

The continuity and long-term viability of family businesses hold significant importance. While many of these businesses operate successfully for extended periods, most encounter considerable challenges and often fail to survive generational transitions. Ward's studies (1987) revealed that two-thirds of family businesses fail to survive their first generational transition, and only 10% reach the third generation.

In Hungary, owners of family businesses established during the post-political transition era have now reached an age where transferring leadership and ownership has become inevitable. Similar trends are observed in Central and Eastern European countries, where the challenges are comparable, yet examples of successful transitions and established models are scarce (Mosolygó et al., 2018). This underscores the need for a detailed examination of factors influencing continuity and the associated goal-setting processes.

Continuity, as conceptualized in this study, is a complex notion linking the past, present, and future. It is not merely an outcome but a process in which the goals of family businesses provide direction and define the mechanisms for continuity (Salvato et al., 2010). *Goals*, as fundamental determinants of organizational behaviour and performance, foster growth, sustain motivation, and aid in forming strategic directions (Calabrò et al., 2017; Basco, 2014).

Within family businesses, goals extend beyond organizational objectives to encompass those of individual family members. Alongside shared family goals, there are business-specific objectives. The founder's role is particularly pivotal: their understanding of and commitment to corporate goals can enhance the engagement of both family and non-family members. However, the founder's central role may also negatively affect goal realization if they fail to align family and business goals effectively.

The primary aim of this research was to explore the role of goals in sustaining the continuity of family businesses. The central research question was: *How do family businesses define and achieve their goals to ensure continuity?* To address this question, the study examined: a) the goals of family-owned wineries, b) the influence of family relationships on goal setting, and c) the factors shaping the goal formulation process. The research resulted in the development of a model illustrating the goal systems of family businesses and their impact on continuity. This model offers valuable theoretical insights while providing practical applicability for family business leaders and consultants.

2 The role of the leader in the goal system of family businesses

The literature widely recognizes that the personal attributes and characteristics of the leader are essential to the operation of family businesses (Chandler et al., 2021). In smaller family enterprises, the leader's values and goals are directly mirrored in the company's objectives, strategies, and daily activities. In family businesses, the goals of all individuals involved — both family members and non-family employees — affect the company's objectives. The founder, as the leader, holds a particularly critical role; their comprehension of and dedication to corporate goals can foster greater commitment among other participants (Kelly & Amburgey, 1991). However, if the leader assumes an overly dominant position, this may obstruct the achievement of these goals. On the other hand, with a balanced and consistent approach, the leader can effectively harmonize family and business objectives (Heidrich et al., 2016).

2.1 Entrepreneurial orientation in family businesses

The concept of entrepreneurial orientation was introduced by Miller (1983), emphasizing the roles of innovation, proactiveness, and risk-taking in fostering renewal and market adaptation within businesses. The literature identifies five key dimensions in this context: innovativeness, risk-taking, proactiveness, autonomy, and competitive aggressiveness. Lumpkin and Dess (1996) expanded on the concept by adding autonomy and competitive aggressiveness as dimensions. Together, these dimensions define the leader's entrepreneurial orientation, which fundamentally influences the strategy and continuity of family businesses.

Zellweger et al. (2012) adapted the concept of entrepreneurial orientation to family businesses, introducing the term family entrepreneurial orientation. This framework defines families' attitudes and mindsets regarding the pursuit of entrepreneurial activities. According to Zellweger and Sieger (2010), while risk-taking and competitive aggressiveness are less critical for family businesses, autonomy, innovativeness, and proactiveness emerge as more significant attributes.

2.2 Ambidexterity in family businesses

According to March's (1991) theory, organizations must balance exploration (discovering new opportunities) and exploitation (efficiently utilizing existing resources) to achieve long-term success. Ambidexterity enables leaders to adapt flexibly to a changing market environment while maintaining the stability and growth of the business. Gibson and Birkinshaw (2004) describe contextual ambidexterity as the ability of an individual to reconcile and effectively perform two distinct activities simultaneously, a skill that is essential in the dynamic environment of family businesses. Smith and Tushman (2005) highlight that the integration of exploration and exploitation is embodied by top management. Leaders in these roles can develop balanced strategies, thereby overcoming strategic contradictions and ensuring the long-term success of the enterprise. This is particularly critical in family businesses, where leaders must consider family values and traditions while adapting to market changes and innovations.

Ambidexterity also encompasses the alignment of dualities within family businesses. It extends beyond the ability to manage present and future tasks simultaneously, incorporating the combination of emotional and rational approaches. Leaders not only direct the enterprise but also manage family relationships, maintaining family unity while safeguarding the business's interests. Ambidexterity related to family goals requires a distinct balance. Exploration includes developing family plans, succession planning, and formulating the mission. Leaders explore external training opportunities for family members and identify the family's needs. They place particular emphasis on involving and preparing successors. In this context, exploitation involves leveraging family resources and capabilities, preserving family values, and applying the family's knowledge and experience. It also includes nurturing family relationships, maintaining harmony, and utilizing the skills of successors. This synergy ensures the success and continuity of the family winery (Vajdovich, 2024).

3 Methodology

The first step in selecting the sample was to clarify the definition of a family business. The definition established by the Budapest LAB of the Budapest Business School served as the basis for identifying family firms (Kása et al., 2019).

In the first phase of the research, 28 semi-structured interviews were conducted with leaders of family businesses, continuing data collection until theoretical saturation was achieved, meaning no new information emerged from additional cases (Eisenhardt, 2021). During the analysis of the results, new questions and characteristics emerged, leading to a second phase of the research, which involved case studies of two wineries and an additional six semi-structured interviews with three members from each family-owned winery.

The first phase of the research was considered exploratory, serving as a preliminary investigation to address the research questions. This was followed by a conclusive phase (Malhotra, 2002), with the expectation that conclusions would emerge as a synergy of the findings.

Table 1: Phases of the Empirical Research

Research	Number of Interviews	Timeframe	Type
BBU-Research*	28	October 2020 – June 2021	Exploratory research
Case Study Interviews** **(Winery 1,2)**	6	February – June 2022	Conclusive research

Source: Own Compilation

To ensure diversity in the sample, family wineries were selected from each of Hungary's seven wine regions, without imposing restrictions on the size of the company or the number of generations involved in the business. The estate sizes ranged from 2.5 to 160 hectares, and both male and female winemakers were included among the interviewees. The interviewees were selected using snowball sampling method.

The Hungarian wine sector boasts a long-standing tradition, particularly in the Tokaj and Villány regions, renowned for producing world-famous wines. The combined market share of the five largest companies is only 8–9%, highlighting the market's diversity and the significant role of smaller players (Németh et al., 2022).

4 Analysis and results

The research aimed to identify the leadership competencies necessary for effectively managing wineries, applying the three-circle model developed by Tagiuri and Davis (1996). Initially, the leaders' activities and responsibilities were categorized into three areas: business-oriented, family-oriented, and ownership-related tasks. At the intersection of these dimensions is the leader (owner), who integrates all three and is responsible for aligning their respective goals.

Based on the interviews, the tasks of leaders can be categorized as follows:

a, Business-oriented tasks: defining and achieving economic and non-economic goals, developing and implementing business plans and strategies, operational management, resource management, risk management, and ensuring ethical and transparent operations.

b, Family-oriented tasks: preserving family relationships and traditions, maintaining family unity and harmony, creating opportunities for future generations, transferring knowledge and values, and fostering and passing on family identity.

c, Ownership-oriented tasks: ensuring financial resources, demonstrating commitment to shared goals, planning generational transitions, and defining the roles and responsibilities of family members within the business.

The leader (owner) is positioned at the intersection of the three subsystems, tasked with aligning their goals and leveraging synergies between the business and the family. The case studies confirmed that leaders play a central role in managing the business and preserving family values. In Winery 1, the founder makes decisions independently while seeking input from family members, who support him with their expertise in various fields. In Winery 2, the leader separates family and business by establishing a professional corporate structure, while the family remains integral to the transmission of values and knowledge.

The five key dimensions of entrepreneurial orientation in the examined winery businesses, autonomy plays a particularly significant role. The leaders' ability to guide the business according to their own vision, aspirations, and values was a decisive factor in establishing a unique identity. This autonomy allows leaders to prioritize continuity efforts while also enabling the introduction of new directions and innovations. In terms of willingness to innovate, Winery 1 demonstrates outstanding product and process innovation, particularly through the combination of three key resources of Tokaj winemaking: furmint, substrate (rock), and *aszú* technology. Winery 2 engages in extensive innovation activities, including technological advancements, product innovations, and the introduction of new services such as truffle-related concepts, cooling technology, drone usage, and offering new sports opportunities on the estate.

Their proactiveness is reflected in the active efforts of the second generation to explore new markets and develop marketing strategies. They also adapt to changing market demands and demographic trends, for example, by producing lighter wines aimed at younger consumers. In terms of risk-taking, the leaders demonstrate openness to innovation and a willingness to adopt new production technologies, such as organic winemaking. They also make long-term strategic decisions by planting new grape varieties, further underscoring their readiness to embrace calculated risks. Limited data is available regarding competitive aggressiveness, but in the case of Winery 2, an active effort to increase market share is observed. This is demonstrated through aggressive pricing strategies and intensive marketing campaigns.

Ambidexterity is critical for ensuring competitiveness and continuity (see Table 2). At the organizational level, exploration involves laying the foundation for future competitiveness by identifying business opportunities, acquiring new industry knowledge, and utilizing external financial resources, such as EU funding, to finance product and organizational innovations. In contrast, exploitation focuses on realizing immediate financial benefits and enhancing operational efficiency by leveraging existing knowledge and experience while preserving the values of the business.

Table 2: Organizational and managerial ambidexterity in family wineries

	Exploration	Exploitation
Organizational ambidexterity	Creating future competitiveness Recognizing business opportunities Acquiring new (industry) knowledge Utilizing external financial resources Product and organizational innovation Securing EU funding	Generating immediate profit Enhancing efficiency Leveraging knowledge and experience Ensuring patience capital Preserving values
Managerial ambidexterity	Flexibility Intuitive thinking Creativity Risk taking Renewing processes and product portfolios	Problem-solving Analytical thinking Persistence Managing existing resources Optimizing processes and product portfolios

Source: Own Compilation

At the leadership level, exploration requires flexibility, intuitive thinking, creativity, and risk-taking, enabling the development of a renewed product portfolio and adaptation to rapidly changing market conditions. Exploitation, on the other hand, emphasizes problem-solving skills, analytical thinking, persistence, and effective management of existing resources to optimize processes and the product portfolio.

The alignment of family and business dimensions is also essential, as integrating family relationships, values, and goals into the business operations contributes to the organization's ambidexterity. The case studies highlight that the ambidexterity of leaders is pivotal, as their personality and competencies have a direct impact on the goals and orientation of the business.

Our empirical research revealed that latent, non-explicitly formulated goals play a significant role in the goal-setting processes of family businesses. These goals often stem from family values, traditions, and relationships among family members, influencing the business's decision-making and strategy. An especially intriguing finding from the analysis of goals was that hidden (latent) goals play a decisive role in guiding the business's operations from the background (see Table 3). This insight was unexpected, as our initial assumptions primarily focused on explicit, formally articulated goals.

Table 3: Latent goals

	Latent Goals	Potential Obstacles
Leader's latent goals	Preserving family heritage Ensuring continuity Maintaining family unity and harmony Creating jobs and supporting the family Balancing work and personal life Pursuing professional development Establishing a legacy and gaining recognition for personal name and achievements Minimizing business risks	Family hierarchy Generational differences Meeting family expectations
Family members' latent goals	Ensuring long-term financial security and increasing family wealth Fostering family collaboration Achieving professional development and recognition Attaining personal satisfaction Balancing leisure, personal life, and work Acquiring entrepreneurial knowledge and experience Pursuing entrepreneurial freedom	Meeting family expectations Diverging personal ambitions and life paths Lack of entrepreneurial skills Differences in professional and leadership approaches

Source: Own Compilation

Empirical data indicates that discrepancies between the goals of leaders and family members, as well as conflicts arising from generational differences, can hinder business continuity. Hidden goals, such as preserving family heritage, pursuing professional development, or achieving work-life balance, may not always surface explicitly but significantly influence decision-making and strategic directions.

5 Conclusions

Based on the research findings, we identified significant factors influencing the goal-setting processes of family wineries, which are also critical for ensuring business continuity. Drawing on the empirical research examining the goal-setting processes in family businesses and their impact on continuity, we developed a comprehensive model to better understand the formation and effects of these goals. This model analyses the internal dynamics of family businesses, with a particular focus on the role of goals and goal-setters in ensuring business continuity. The model is grounded in the three-circle model developed by Tagiuri and Davis (1996).

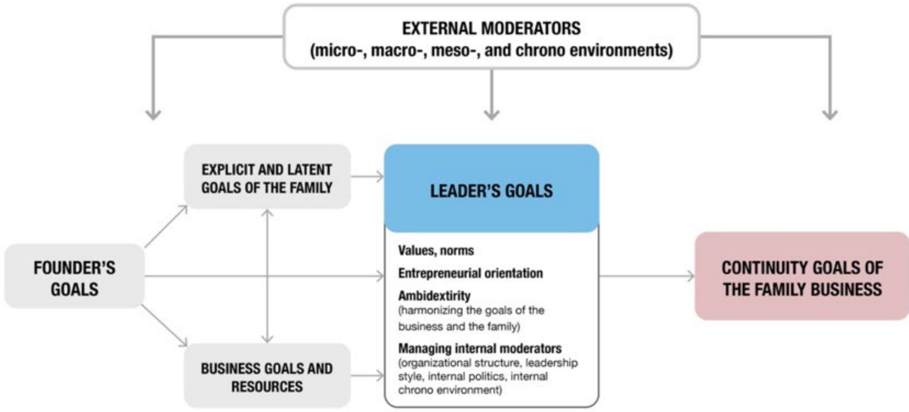

Figure 2: Continuity Model of Family Businesses Based on Goal setting
Source: Vajdovich, 2024

The model highlights three key dimensions:

Family Dimension: This encompasses both explicit and latent goals of the family, which reflect the values and objectives of the founders and directly influence the overarching goals of the business.

Organizational Dimension: The goals of the business are shaped by the available resources, determining how these resources are utilized in the operation of the enterprise.

Leadership Dimension: Positioned at the intersection of the three circles, this dimension underscores the pivotal role of the leader — who is often a family member and owner — in setting goals and managing the business.

The results highlight the importance of the family dimension: the explicit and latent goals of the family have a fundamental impact on the formation of the business's objectives. From a management perspective, this implies that latent goals must also be considered when defining the business's objectives, with efforts directed toward making them explicit. However, it is important to note that identifying and addressing latent goals can be challenging, as they are often unconscious or difficult to articulate.

In most cases, the founder serves as both the leader of the family and the business, resulting in alignment between the business's goals and values and the founder's own objectives and values. In the examined family wineries, the goals typically reflect the leader's personality, aspirations, abilities, and entrepreneurial orientation, which influence the formation and achievement of goals and are directly linked to business continuity.

The available resources are crucial as they determine the goals a business can set and achieve, directly influencing its continuity.

Organizational ambidexterity serves distinct purposes. Exploration focuses on business growth, including identifying new markets and implementing innovative production techniques. Exploitation, on the other hand, relies on established practices and traditions, emphasizing the maintenance and optimization of well-developed products and conventional processes. Exploration emphasizes progress, succession planning, and the acquisition of new knowledge, while exploitation focuses on leveraging family resources and traditions.

Leaders' ability to align the goals of the business with those of the family, manage resources effectively, and navigate family dynamics fundamentally impacts continuity. This capability enables them to strategically integrate economic objectives with family values and interests, as well as align short-term goals with long-term aspirations.

Understanding and modelling the goal-setting process in family businesses is essential for their long-term survival and success. The definition of goals and the processes through which they are established directly influence the business's strategy, operations, and adaptability to a changing market environment. In family businesses, goals encompass not only economic factors but also socio-emotional elements, resulting in a complex and dynamic system of objectives.

Notes

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The second set of three interviews was conducted as part of the Longitudinal Research Project of the Budapest Business University (2022). In addition to the predefined research questions, I had the opportunity to include questions relevant to my own research.

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