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Closer to the heart: An analysis of the goals of Hungarian family-owned wineries[1]

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The aim of our research was to analyse the goals of Hungarian family business wineries. The perspectives of different generations were examined as well as their similarities and differences. In addition to learning about the business and family-related goals of the different generations, individual factors were identified that may influence the outcome of the goals. The family business goal dimensionality model of Basco (2017) served as a basis of our research. After analysing Basco's four dimensions, the goals were also examined according to our own model to gain a deeper insight into the antecedents and driving forces of firm-wide goals. Our research supports the evolutionary features which have already been described in the literature and which Hungarian family businesses must face. 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 were not found.

Keywords: family business, economic and non-economic goals, wine sector.
JEL codes: L21, L25, L26.

Introduction

One way to understand constantly changing family businesses is to uncover and evaluate the goals and motivations behind their decisions. With respect to

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family business goals, family businesses differ from non-family businesses in that family goals appear alongside economic goals (Chua et al. 1999; Kotlar–De Massis 2013; Kotlar et al. 2014). A family is a relationship-based group in which members are related to each other by kinship and shared norms (Stewart 2003). Accordingly, a change in any of their relationships can affect the whole organisation (Cox−Paley 1997).

Examining and understanding the goals of family firms is particularly important because goals determine family firms' willingness to act (Williams et al. 2018). Goals also influence strategic decisions and the behaviour of family firms (De Massis et al. 2016). It is with respect to goals that family firms differ from non-family businesses (Chrisman et al. 2012).

Basco (2017) has developed his own model to evaluate the goals of family businesses. According to him, goals follow two different logics: the family logic and the business logic. In his research, he sought to answer how the two logics interact. He treats family business goals as a multidimensional concept shaped by economic and social considerations. Four aspects (goals) are combined: the economic with the non-economic and the family with the business, thus his model distinguishes whose goals belong to whom. He developed his research model to examine the interrelationships among these four interrelated factors.

Our research is based on the Basco baseline model. The aim of our paper is to analyse the goals of family businesses in the Hungarian wine sector and to understand what (corporate, family and individual) factors influence the different goals of family businesses.

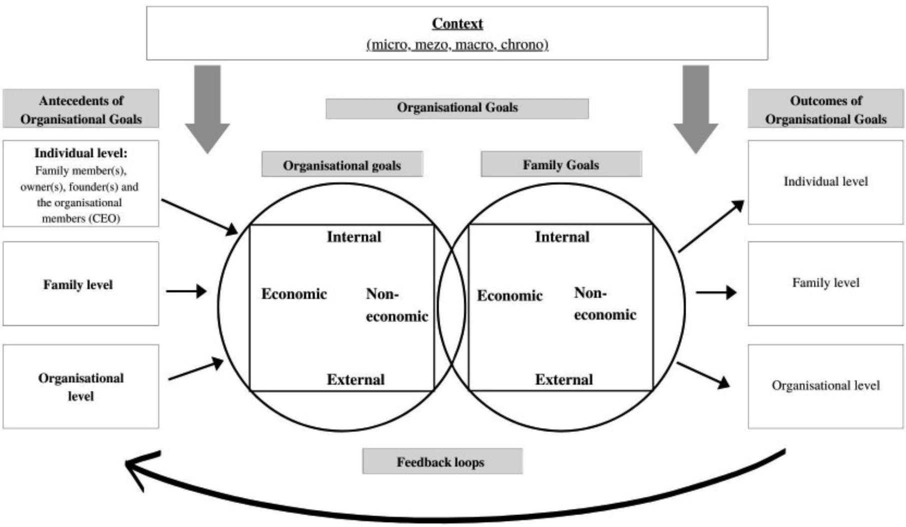
Wine businesses are heterogeneous in size, age, and management, which makes the wine sector suitable for observing and analysing the economic, environmental, social, and family aspects of businesses as described in the literature.

In the first part of our paper, we present the theoretical background of the model on which our research is based: the Basco model. Then we proceed to describing the situation of the Hungarian wine industry and the methodology of our research, which is followed by our research analysis, and finally the obtained results are presented, evaluated and discussed.

The goals of family businesses and the Basco model

Businesses have various goals running in parallel. The goals of family businesses differ significantly from those of non-family businesses because of family involvement. In family businesses, in addition to meeting economic goals, family goals are also likely to be met (Basco 2017). The multiplicity of goals is a consequence of the overlap among family, ownership, and entrepreneurship (Kotlar et al. 2013). Because of its dominance, the family can influence decisions and enforce family goals (Habbershon–Williams 1999). The consequence of the individual values and experiences of families is that each family business has its own specific set of goals (Zellweger et al. 2013).

The family business goal system is a system that develops and operates on several levels (Figure 1). The starting points, also known as the antecedents of goals, are the following levels: individual, group, organisational and institutional. In the case of family businesses, individual goals refer not only to the goals of the members of the organisation, but also to the goals of each member of the family dimension (from the Three Circle Model, Tagiuri–Davis 1992). The goals of the enterprise appear alongside common family goals as far as ownership is concerned. It can be observed in the model that the goals of individuals including different family members, are quite complex in family businesses in a way that they interact to influence various outcomes (Heidrich et al. 2021).



Source: Heidrich–Vajdovich 2021. 24

Figure 1. Organisational goals of family businesses

The framework gives a deeper and comprehensive understanding of the factors that may influence a firm's behaviour, decisions, and performance. It also highlights the dynamism and multidimensionality of organisational goals.

Basco's (2017) study is based on institutional logic (Friedland–Alford 1992), according to which individuals are embedded in an organisation, which has its own cognitive, structural, and emotional ordering principles known to the individual. When collective identities are institutionalised within a group, a specific institutional logic is generated. Accordingly, the embeddedness of individuals in the family business can act as a determining force. A specific triple logic – business, community, and family – is created, which influences individuals. These three dimensions guide the actions of individuals in family businesses.

According to this interpretation, the blurred boundaries between family, business and the external environment create the goals that emerge at an enterprise level. Therefore, the goals of family firms do not combine only the traditional distinction between economic and non-economic considerations in relation to the stakeholders. As the dominant coalition, the family as owner invests not only economic resources but also social and emotional resources. Thus, we can also distinguish between goals based on family or business logic (Table 1).

Table 1. Dimensionality of family business goals

	Business-oriented	**Family-oriented**
Economic-oriented	**Business-oriented economic goal:** Financial 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 Operational	**Family-oriented non-economic goal** Family harmony Community image and reputation Family legacy

Source: Basco 2017. 5

As a result of Basco's (2017) measurement, economic and non-economic characteristics have been further modified. Thus, he distinguishes between short-term and long-term orientations (goals), as well as among goals related to a provider's behaviour towards various stakeholder groups. The results of the Basco measurement are illustrated in Table 2 below.

Table 2. New dimensionality of family business goals

<table>
<tr><th colspan="2"></th><th colspan="2">Business-Family Orientation</th></tr>
<tr><th colspan="2"></th><th>Business-oriented</th><th>Family-oriented</th></tr>
<tr><td rowspan="3">Economic and non-economic orientation</td><td>Short-term</td><td>Sales growth
Market share
Net profit
Cash flow
Sales ratio
Return on investment</td><td>Money available for family
Quality of life at work
Firm-generated family security
Time to be with family</td></tr>
<tr><td>Long-term</td><td>Product development
Market development</td><td>Respected name in society
Good reputation in the business community</td></tr>
<tr><td>Stewardship</td><td>Adapting to client needs
Staff development
Environmental protection
Customer satisfaction
Service quality</td><td>Family loyalty and support
Family unity
Family interest in the enterprise
Development of children’s skills
Generate opportunities for children</td></tr>
</table>

Source: Basco 2017. 8

When analysing the goals, the evolutionary development of family businesses is also worth considering since family businesses have their own dynamics, they are constantly changing as organic units and these changes have impacts on their goals.

Gersick et al. (1997) have created a development model in which they distinguish among three basic stages of development with respect to family businesses. Family, business, and ownership develop in parallel and go through various phases. In the case of the family, four stages of development are distinguished: the first is the development of the young business, the second is entry into business, the third is working together, and the last stage is the transition of leadership. The stages of ownership development are: owner-controlled development, then sibling partnership and finally cousin consortium. The three stages of business development are start-up, which is followed by expansion (formalisation) and finally by maturity.

According to Le-Breton-Miller (2013), the different stages in the evolution of family firms (founder, post-founder, cousin consortium) influence socio-emotional priorities, preferences and thus the nature of diversity, which is also important for the formation of goals (Table 3).

Table 3. Firm evolution, socio-emotional wealth priorities

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
Socio-emotional wealth considerations			
Dynastic succession	Intended, not achieved	Present, may be wished for	Questionable
Priorities	Pass on healthy firm to later generations	Just rewards for family members, family harmony	Opportunities to use the firm as a family resource
Identification of family with firm	Family members are committed to the 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

Source: Le Breton-Miller–Miller 2013. 1393

Family firms are typically small in the early stages and they are usually run by the founder who is happy to manage the business and then passes it on to the descendants. The strong emotional attachment of the founder to the company increases commitment and identification with it. As businesses age, the number of family members and generations involved increases, which can result in the fragmentation of shareholding, the weakening of identification with the firm and often in conflicts among family members (Miller–Le Breton-Miller 2011). As a result, the emotional attachment of family members may weaken, and attention may focus on economic goals rather than on family ones (Sciascia et al. 2014).

Family businesses in the Hungarian wine sector

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 also has many traditions linked to wine production. The Szepsy family's website is 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."* (Szepsy, n.a.)

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 points out in his study that *"Hungary lagged behind this trend in the last decade. [...] while 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 as a whole, the diffusion of knowledge accumulated in the wine sector through daily contacts and innovative management of enterprise processes."*

In the case of the Hungarian wine regions and wine businesses, infrastructural conditions can be considered unfavourable, and this observation holds true for more successful businesses as well. The sector needs skilled labour, but there is currently a shortage in skilled labour. The more profitable wine businesses are no exception in this respect. There is also specialised knowledge in the sector, which is identified by businesses as a market advantage. Non-institutionalised knowledge transfer among businesses in wine regions is not common, yet competitors do not appear to be enemies, as there is a significant flow of information among them. Mutual knowledge sharing with suppliers is more significant and more evident than with competitors.

Methods and sample

The first step in selecting the sample was to clarify the definition of family business. As a sampling criterion, when selecting family businesses, we used the definition postulated by Budapest Business School's Budapest Lab Entrepreneurship Centre in 2019 (Kása et al. 2019). Accordingly, we considered family enterprises those enterprises that:

a) consider themselves a family business, or

b) where at least 50 percent of the company is owned by at least one family, and

c) the family is involved in the management of the business, or

d) the family members are involved in the company's operations as employees, or

e) the transfer of management and ownership takes place partly or entirely within the family.

We chose to conduct our research using qualitative methodology because this framework best fits our research objectives. We wanted to collect our data through face-to-face interviews because our aim was to comprehend the situation, and the issue under scrutiny could be most thoroughly explored and understood using this method. With our primary research, we were able to gather information directly, through primary surveys, about family business actors in the wine industry. We were able to observe their behaviour, to find out relevant people's views in the sector on their economic and non-economic objectives and their practices related to sustainability.

Based on our research objectives, we defined the following research questions:

1) What are the economic and non-economic objectives of Hungarian family wineries?

2) What are the specific objectives of the individual, the family, and the business in Hungarian family wineries?

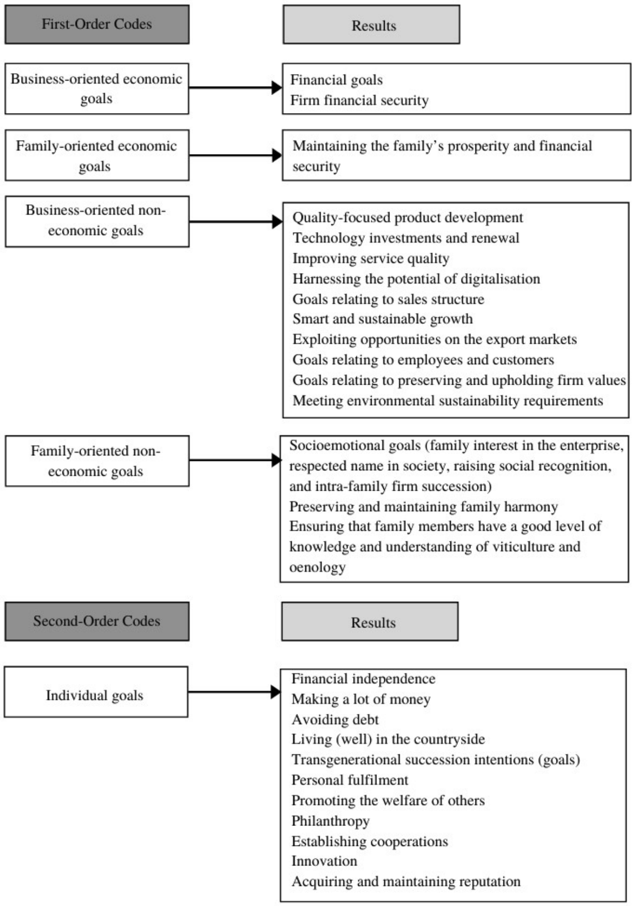
3) What influences the outcome of these objectives?

The interviewees were selected using the snowball method, with the first family wineries being selected from among direct and indirect acquaintances, while the other family wineries included in the research were selected based on recommendations.

At the beginning of our research, it became clear that the turnover of the enterprises would not be a relevant comparable figure for determining the size of the firms, because family wineries typically consist of several different firms operating simultaneously, i.e., a group of companies. Thus, the size of the cultivated area as a firm demographic criterion expresses the firm size in hectares. Our original plan was to conduct the interviews in person as oral interviews on a previously agreed date and time. However, out of the 21 interviews conducted, only the first 6 could be carried out in person due to the situation created by the pandemic. Thus, the remaining interviews were conducted online.

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 all seven Hungarian wine regions. The data were collected between October 2020 and December 2020. The 21 interviews were conducted with first-, second- or third-generation family wineries from 10 wine districts in Hungary. The size of the holdings 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 (and it was also typical that a family member was responsible for the winemaking in the enterprise).

The data were structured, coded and the texts analysed using the NVivo 12 software. First, the codes found in the literature (Basco model) were used as primary codes. Once the coding was done, a second round of coding was performed, which was completed based on our own model (Figure 1). After the second round of coding, our results were systematised (Figure 2).



Source: Own research

Figure 2. Code structure of the research

In addition to creating the codes, the data defined by the research team were separately classified (e.g., socio-demographic data, region (wine region), gender, education, size of the production area, family business life cycle: founder, successor, founder active/inactive) and used in the analysis of the sample.

Analysis

The starting point for our analysis was the Basco (2017) baseline model (Table 1). After analysing Basco's four dimensions, we also looked at individual goals to gain a deeper insight into the origins, interactions, and outcomes of corporate goals.

Based on the analysis of the interviews, it can be concluded that the economic goals of the business and the family are strongly intertwined. Equally important, the goals of the individual and the family overlap, i.e., we could observe how the individual's goals became family goals and then business goals. Our respondents were reluctant to talk about the financial aspects of their business and their economic goals, so we have less data on these topics.

Our analysis first presents the economic goals of the businesses and families, then the businesses' and families' non-economic goals, and finally the goals of individuals.

Analysis of business-oriented economic goals

In terms of their economic objectives, family businesses failed to mention short-term, financial-type objectives, and mainly listed long-term, non-financial, economic-professional objectives.

Financial security of the company: One of the many specific characteristics of family businesses is their attitude towards financial issues. In terms of businesses' financial decision-making process, we have found that profit is not necessarily the primary objective, as the coexistence of family and business requires reconciliation between the financial needs of the family and those of the business. In many cases, the needs of family members and the family's financial resources dominate over the opportunities of the business, or vice versa (Csákné Filep 2012). In relation to the economic goals of the family business, the interviewees consider the issue of financial security to be of fundamental importance, but this is typically a joint expectation and aspiration concerning the family and business subsystems, and the issue of financial prosperity cannot be separated in the case of the two subsystems. *"The financial security of the family or the financial security of the enterprise is indispensable, because they are one and the same." (B12)*

Analysis of family-oriented economic goals

When asked to identify the economic goals of the family, family businesses identified maintaining and increasing the family's financial prosperity as the most important goal. Most family businesses operate for and along objectives that are partly detached from economic performance and these businesses continue to operate as long as the family is satisfied. Satisfaction is measured both in terms of economic and financial performance and in terms of the family-business relationship, with the latter including, for example, social prestige and the financial security the business enjoys, and a good working atmosphere. *"The fundamental thing - I used to tell my son - is that I don't want to be proud, I want to be rich." (B13)*

Analysis of business-oriented non-economic goals

The next group of objectives to be analysed is the non-economic corporate objectives of enterprises. In this category, we were able to identify ten groups.

1) *Quality-focused product development*. For small-scale wineries, the concept of quality becomes synonymous with the possibility of staying alive and competitive in the market, as emphasised by several interviewees who own a family winery with around 10 hectares of vineyards.

The quality of wine depends essentially on the quality and composition of the grapes used to make it. In traditional wine producing countries such as Germany and France, the quality of wine is determined by the geographical origin or terroir of the wine (Bora et al. 2018). The following interview extract shows the situation in Hungary regarding this matter:

"With respect to the wine, it all depends on the grape. Then comes the development of the product itself, which includes packaging, corking, labelling and communication." (B17)

2) *Technological development*. The quality of wine is fundamentally linked to the technological characteristics of the vineyard. Regarding the technological characteristics that accompany grape handling and processing, participants were unanimous in their support of technological development, but the picture was nuanced by the different perceptions and values that underpinned their interpretation of the form of technological development, the solutions to be applied in pressing, mash and must treatment, fermentation, and wine treatment.

Some wineries are innovating in the direction of traditional – gentle – solutions: "*We don't really want to innovate technologically; we are trying to keep* *our machines increasingly out of the way... we are very happy with our manual filling, manual corking... it requires more work and is physically more difficult, but these wines are about personality and about the fact that we do touch every bottle five, ten, even ten or fifteen times if we have to." (B16)*

For many wineries, mechanisation is one of the possible ways to achieve efficiency gains due to the severe labour shortage in the sector. Several interviewees listed impressive goals in this context: *"Mechanisation will be the future and the human factor must be minimised...the technology of winemaking itself must be simplified, streamlined and of a higher quality." (B10)*

3) *Improving service quality and customer satisfaction*. Transforming wine tasting into an increasingly complex customer experience was high on the agenda of many interviewees, who added cultural, tourism and gastronomic services to the existing business. This business model is mentioned in several international studies, too. Some wineries are dismissing the idea that wine production, marketing, and sales are their main activities and they are now also taking on the tasks of organising events and providing tourism services (Cennamo et al. 2012). *"Nowadays it is not enough to make wine, you need to be able to sell it, you need a space for guests and here too I see constant change. There is a need for an outdoor area because oftentimes people feel safe there." (B17)*

4) *Exploiting the potential of digitalisation.* The last element of economic targeting is digitalisation, which is evolving quickly in the wake of the crisis caused by COVID and is a major trend sweeping across many sectors, including the wine sector. Family businesses are taking a proactive approach to this issue and are trying to compensate for the decrease in turnover caused by the restrictions and are trying to launch initiatives based on digital solutions. A respondent describes a concrete element of their digital solutions as follows: "*Together with many wineries we have launched online tasting." (B17)*

5) *Sales structure targets*. All the interviewees mentioned sales objectives – the key issues of their sales policy – with reference to local versus export sales, bottled wine versus bulk wine, and sales channels.

Internationalisation was a recurring topic for many of the respondents: for many, this is a way to grow and maximise profits: *"In Hungary we can sell up to 1/3 of our production and we are currently selling our wines abroad... we are trying to build our export market, because you just can't sell so much wine locally, and these markets are very open and like these natural wines." (B15)*

Regarding the choice of distribution channels, we ended up with a heterogeneous sample, with family wineries selling their wines in a variety of forms and ways. There are wineries that favour merchants, others have developed their own network of shops, while some wines are consumed in the gastronomic realm of premium restaurants in Hungary and abroad: *"70% of our wines have already been sold here at the Cellar and the rest in restaurants." (B17)*

6) *Smart and sustainable growth*. Gersick et al. (1997) and Salvato (2004) argue that family businesses tend to prioritise continuity, therefore their drive to maintain the status quo works against growth.

The promotion of growth in a gradual and sustainable way is a common approach in the belief system of the family wineries interviewed. This goes against forcing growth at all costs, including by way of exploiting natural resources, and this is in line with the literature reviewed and cited.

The following opinion and position reflect this well in the context of growth: *"Step-by-step growth, meaning that the increase from 1 barrel to the current 15-16 thousand bottles of wine has been a gradual process. So, we all prioritise safety." (B17)*

7) *Objectives relating to stakeholders.* The next category of non-economic objectives pursued by enterprises can be related to different groups of stakeholders. This includes the objective of building long-term relationships with employees. The aim is to select employees whose long-term view is to do their job in line with the values that are important to the family.

Caring for the employees and developing employment have also become a goal of family businesses. "*Agricultural work is one of the most despised jobs and we are trying to restore its prestige...those who want to work more can do so, they can grow and be proud of the fact that they have muddy boots. Because they cultivate the St. Thomas plot for the Szepsy brand." (B12)*

The other group concerned is the consumer group. The aim of satisfying customer needs is important and is achieved primarily through the production of high-quality wines. Most respondents seek to have as direct a relationship as possible with their customers, since personal direct contact leads to more loyal customers. In those businesses where a gastronomic service (including a restaurant, tasting room and/or accommodation) is not yet available, the aim is to create one. Customer satisfaction was also identified as an objective by respondents.

8) *Objectives related to society*. These are goals aimed at creating different forms of engagement with the society. This commitment became evident from two aspects during the interviews. On the one hand, the aim of contributing to society and local networks was expressed, and, on the other, the aim of enhancing the reputation of the various wine regions was also emphasised.

Astrachan (1988) pointed out that family business and the local community in which it operates are closely linked. The family nature of the enterprise affects such businesses' relationships with the local environment.

If family businesses are aware of the resources offered by their environment, they can use them for their social and economic development. Integration in the local environment and cooperation with the community influence business decisions. However, the local environment is not only the place where the business is located but also the network of shops, points of sale, restaurants, etc. that the business operates. In this respect, such businesses also try to consider the interests of local suppliers. *"We try to take local specifics into account everywhere…we sell local craft beers, brandy and even fruit juices that aren't our products." (B5)*

Family businesses in the Hungarian family winery sector show exemplary solidarity for working together. In all the wine regions we studied, we could see outstanding examples of cooperation with competitors. Such objectives include a commitment to jointly promote the wine region as well as to share infrastructure.

In the past decade, Szekszárd has been one of the first wine regions to show how to think together and implement joint projects: for example, they have organised joint tasting events and have created the Szekszárd-Bottle, which brings local varieties and producers on a mutual platform.

In the Pannonhalma wine region, PH-Value is the result of collaboration: *"The purpose of creating PH-Value was to honour the name of the wine region, and also to improve the quality of the wines of others, to increase each other's knowledge and to really put a product on the table to which everyone, from the Pannonhalma Archabbey to the smallest cellar, can lend their names*." (B5)

The Tokaj Wine Growers' Association was founded in the 1860s and was revived after the 1990 change of regime. The Tokaj Wine Knights Association also continues a local tradition, and their main aim is to promote the Tokaj wine to the world, so they recruit foreign journalists and celebrities as wine knights to become ambassadors for the Tokaj wine. The Tokaj Wine Girlfriends' Association has created a joint bottle. Somló Superior is the result of collaboration among the wineries of the Somló wine region: this Somló wine of protected origin can only be made from grapes grown organically – a unique feature in Hungary.

9) *The objectives of responsible behaviour towards the natural environment.* The personal values of the founder are fundamental in determining the relationship with the environment, and this can override even the financial interests of the company. *"We don't buy the best ploughs, but rather small lawns that may not be as valuable, but that's how we protect these areas. We try to keep them as they are, we don't cultivate them, we keep them in their natural state, we just mow them." (B20)*

The goal of reducing environmental impact has also been brought to the fore with respect to wine bottles. One of the surveyed family businesses offers its consumers quality bulk wine in swing top bottles.

The approach to innovation was strongly emphasised in the responses to the questions concerning the objectives of environmental responsibility. *"Or weather forecasting: there is now information available concerning when you need to spray. And if we can save one round, that's another way of reducing environmental damage. And what do we need for that again? Money to have a weather station that measures humidity and uses different applications to tell you when to spray." (B21)* In relation to the natural environment, it is also important to mention the potential competitive advantage of environmental responsibility. Several of the entrepreneurs interviewed reported that in Austria, for example, many wineries had realised that they could set themselves apart by going organic, which could give them a competitive advantage by selling their products at a higher price. Producers in countries further west are increasingly adopting environmentally friendly practices, and compliance with environmental standards is of paramount importance in the highly competitive wine market.

The respondents pointed out that, in their experience, environmental aspects and organic farming are not a source of motivation for consumers in Hungary. However, Hungarian entrepreneurs whose aim is to enter foreign markets or to increase sales volumes consider the shift to organic farming inevitable.

Our research has shown that environmental sustainability and environmental protection are important goals for Hungarian family wineries. In addition to preserving the environment, we also found a noble goal that goes beyond business and is linked to the Hungarian wine sector. *"We have an important task: to provide propagating materials and preserve the best Furmint types. It's a constant* *process, yet this wine region does not really deal with it and, in the meantime, Furmint varieties are becoming extinct, and they can't be saved later; we don't do it on our own, but in cooperation with Esterházy University." (B12)*

10) *Preserving and maintaining business traditions*. The interviewees were keen to talk about family roots, traditions, and the importance of local roots. It was interesting to see how important it was for them to mention family traditions that go back generations, even in the case of wineries that were founded in the 1990s after the change of regime. Some considered it important to pass on the knowledge of viticulture and winemaking, the knowledge passed on to them by previous generations, while others were concerned with the knowledge and the love of vine and nature. *"The agrarian issue was in me, but for me, grapes mean wine... like in a family of artists, one becomes a magician, another becomes a violinist, and another might join the circus; the basics are similar even if it might appear completely different on different levels, still the affinity is there within us." (B6)*

Finally, it is important to mention the issue of ethics and honesty, which appeared as a natural part of future operations even though is not a stated objective.

Analysis of family-oriented non-economic objectives

The family's non-economic goals reflect its values and non-economic intentions, primarily for the benefit of the family. In this category, three groups are distinguished.

1) From among the *socio-emotional wealth-related goals* on the FIBER scale (Berrone 2012), three of the five dimensions identified were also expressed as objectives during the interviews. The first dimension is (a) *family control and influence*, i.e., maintaining the family's interest. According to Chua et al. (1999), one of the key characteristics that distinguishes family and non-family businesses is the control that family members exercise over strategic decision making: the family and/or owners' desire to retain total control over the firm. The objective of retaining family control was observed in all the businesses studied. Outsourcing management was mentioned, but generally it is not a real option. This may be due to the size of the companies surveyed or to the number of family members working in the companies, i.e., there is no justification for external involvement in strategic decision-making. In one company, an attempt was made to employ a non-family member manager, but this too failed within a short time: "*We recently hired a colleague to take over the operational management tasks, but practically*

within three months we failed.... The two of us, we have an invisible bond between us, and it works. Beyond the fact that he is obviously my father, we are very good friends. We see things in a very similar way and the fact that he has been able to teach me the world view that I need is one of the greatest successes." (B5)

The second dimension (b) *is the identification of family members with the company,* which is defined as the explicit goal of maintaining a good reputation. The second dimension of the FIBER scale indicates that the family identifies with the company. Many researchers have concluded that the interconnectedness of the company and the family is what makes family firms unique. The identity of the family in ownership is inseparable from the company so the company often appears as an 'extension' to the family (Bingham et al. 2011). The reputation and image of the family are also of paramount importance, as the product often bears the family name. *"I want it to be damn good because we have put our name in this story."* (B5) Maintaining the family's reputation is the basis for respect in society. The image in business circles, the recognition of the family, is also of paramount importance. *"Actually, in the case of every bottle of wine, I remind myself that it's the name of my father's family that goes on it. I have no sons, so the name can't survive any other way. Quality is very important; I really want to bottle the best in every way and so it is important what we attach our name to." (B17)*

The fifth dimension (c) of the FIBER scale is the *renewal of family ties through dynastic transition*, and it refers to the intention of leaving the business to the next generation. Zellweger and Astrachan (2008) considered transgenerational sustainability as a central element of socio-emotional wealth. In this sense, the notion of dynasty is relevant in the context of decisions. Research has shown that the intention to pass the business on to the next generation is one of the most important goals of family businesses (Zellweger–Kellermanns 2011). One indicator of an executive's long-term thinking is the intention of generational transitioning. Long-term thinking implies willingness to invest in the long term, to build relationships based on trust, embedding in the community, to build the reputation of the business (Le Breton-Miller 2016).

In 20 out of the 21 interviews we conducted, the intention of generational transitioning was clearly stated as a goal. *"Those who work with grapes can only think long term." (B5)*

In one case, we came across a family constitution drafted in relation to property ownership, duties, and inheritance. There was one case where we found that the owner of the head company (in most cases, these were groups of family companies) was not at all willing to share his thoughts with his family about the long-term future of the winery. *"Anyone who at the age of 65 does not start thinking about slowly handing over the business is doomed to bankruptcy. And in our case, at the age of seventy or so, I don't think it has ever crossed my father's mind, at least we never sat down to talk about, well, kids, who can take over what? It should be done this way, can you or can't you do it?" (B2)*

Family firms tend to pay more attention to water and soil conservation and energy efficiency than non-family firms (James 1999). *"If you also want to pass it on to your children and grandchildren in this form, you must think about it. If you overfertilise the soil, if you use fertilizer as salt, what will your grandchildren produce on that land? A person who thinks this way, in the long term, is not ruining the future of his/her descendants." (B19)*

For long-term sustainability, it is important that both the generation handing down the business and the generation receiving it have a shared goal of running the family business together:

Several respondents talked about the problem that the family business may not be able to support several families from the second generation onwards: *"Family businesses can't be stretched indefinitely in terms of income, so it won't support everyone." (B12)*

2) *The aim to preserve family harmony*. The three dimensions of the *Three Circles model* drawn up by Taiguri and Davis (1992) include the triad of family, business and property and their overlaps. One of the authors, Davis (2014), has also developed a triple model of family business sustainability based on the Three Circles model. Studies spanning the first three generations show that the three factors that explain long-term success are: increasing family wealth, developing useful skills (talent), and maintaining unity. The three dimensions can be achieved through effective management, appropriate ownership and governance structures, and the availability of the necessary amount of resources (financial resources, reputation, talent, strong allies) to build the business. The aim of creating family unity and harmony, is also underscored by our study. The importance of family loyalty and support emerged as a fundamental topic throughout the interviews.

3) *Oenology training for family members*. The third family non-economic category was linked to the next generation and was partly expressed in terms of education and the opportunities that were or would be created for the next

generation. The development of children's skills and the creation of entrepreneurial opportunities for children were clear objectives in all cases.

Selection based on meritocracy, whether the manager is a family member or not, is of paramount importance in family businesses. However, shared socio-emotional wealth and emotional attachment may make a well-educated leader from the founding family more suitable to manage a family business. Such successors are often trained and educated for years before the actual generational transition occurs (Miller 2007). In the absence of a successor with the leadership skills mentioned above, and with the firm growing and becoming more complex, it is often not a family member who holds the top position. Non-family managers may make decisions based on financial priorities that may threaten the sustainability of the family firm (James 1999).

In our experience, it is very important for the first generation to train the next generation. It is important that the next generation works in the family business as well-trained young winemakers, often gaining experience abroad. Second-generation winemakers talk more about creating opportunities than about the importance of professional education. We had a third-generation interviewee who did not believe that studying was important at all for making good wine but they believed much more in the importance of marketing and management skills. *"Viticulture is a horticultural, biologically oriented profession, winemaking is more about chemistry... it is definitely good if someone has a degree in this field; if someone trains him/herself for years, decades, learns it in a self-taught way, they can be as good winemakers as winemakers with a higher education qualification." (B9)*

However, the importance of experiential learning and the model were seen as a very important goal. *"Well, I've been teaching her about smells since she was very young. She's been around in the vineyard or the cellar, so it's a natural medium for her. The other day, she said 'Mum, I'm not going to be a winemaker because it's a lot of work, I'm going to be a kindergarten teacher.' I said that was very good, too. But I still think that by the age of 18 she will be able to make wine." (B17)*

Analysis of individual goals

Based on the model (Figure 1), we also examined individuals' goals in the second round of our data analysis. In many cases, we observed that the goals of the individual and the family are the same: they overlap. Among economic goals, members of the first generation spoke of not having credit and bank loans, while the younger generation considered financial independence from parents to be important.

For the first generation, the intention of generational transitioning was emphasised, while for the second generation the same topic emerged as an opportunity.

The two young, third-generation respondents spoke mostly about their self-fulfilment goals, which were mainly embodied in the innovation, creation or potential creation of a new product or product line. For them, long-term orientation, corporate and family issues were not yet central.

Product innovation objectives were also an important focus for second-generation family members, who are mainly working as winemakers.

Philanthropy involves supporting a cause or institution that is important to the managing and/or owner family, or even to an employee: these include supporting a sports team or club favoured by the owner, supporting charities, participating in charity wine auctions, or providing smaller or larger grants, donations or services to local schools or communities. *"I am also more inclined towards nature conservation, whereas my grandfather was more inclined to support schools, convents and hospitals." (B20)*

Maintaining or building a reputation is particularly important for all generations, as in most cases the product bears the family name.

Results and discussion

Our results are presented in the order of research questions. The first research question concerned the identification of objectives, which were structured according to the Basco model. We distinguished between economic and non-economic goals as well as between company and family-oriented goals. These goals are summarised in Table 4.

The "new" dimensions (Table 2), developed based on the Basco questionnaire measurement, distinguish between short-term, long-term, and stewardship goals. To answer our second research question, we did not only group the results as indicated above but also distinguished between short-term, long-term, and permanent goals based on our own model. This was necessary because our interview research also enabled us to gain a deeper understanding of the goals. The results are summarised in Table 5.

Table 4. Economic and non-economic goals

Economic-oriented	Financial goals Firm's 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 the export markets Goals relating to employees and customers Goals relating to preserving and upholding the firm's values Meeting environmental sustainability requirements	Socio-emotional 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 good knowledge and understanding of viticulture and oenology

Source: Own research

Our results showed that, after a detailed analysis of the data, which included differentiation between economic and non-economic objectives, it was important to define the temporality of the objectives. Accordingly, we created three categories of goals: short-term, long-term, and permanent ones.

Our results have also shown overlaps among corporate, family, and individual goals, which is very important for corporate performance and efficiency.

(1) Business-oriented goals:

a. Short-term goals, goals that can have a direct impact on economic performance.

b. Long-term goals are primarily related to development. In all the companies surveyed, quality-focused product development was a priority. In addition, the aim of technological development, the development of the different catering units and the need to reinforce or change the sales structure – although with different components – also appeared. The latter usually meant an increase of exports in the direction of HORECA.

(2) Family-oriented goals:

A family's goals are *permanent,* which means they are both short- and long-term. Permanent goals are based on a set of beliefs about a value or set of values, so they do not change or do so only rarely. A family's permanent goals mean a

Table 5. Firm, family, and individual short-term and long-term goals

	Business-oriented	**Family-oriented**	**Individual**
Short-term goals	Financial goals • Firm's financial security • Harnessing the potential of digitalisation to overcome crisis situations • Growth goals • Goals relating to stakeholders (employees, suppliers, communities, and customers)		Financial independence Making a lot of money Avoiding debt Living (well) in the countryside
Long-term goals	*Development goals:* Quality-focused product development • Technology investments and renewal • Market development • Strengthening position in the market • Exploiting opportunities on the export markets • Developing catering establishments • Meeting environmental sustainability requirements • Staff development		Transgenerational succession intentions (goals) Personal fulfilment
Permanent goals		Maintaining the family's material prosperity and financial security • Maintaining family harmony • Supporting family members • Socio-emotional goals (family interest in the enterprise, respected name in society, and raising social recognition) • Goals relating to preserving and upholding family and business values	Promoting the welfare of others (e.g., philanthropy) Establishing cooperation Innovation Acquiring and maintaining reputation
Educational goals		Ensuring that family members have good knowledge and understanding of viticulture and oenology	Personal progress
Environ-mental goals		Environmental responsibility	Personal commitment to environmental sustainability

Source: Own research

kind of responsibility for both the individual and the business. They include socio-emotional goals, goals related to family members, goals related to education, and goals related to the natural environment.

(3) The individuals' goals category includes the goals of the founder, as well as the goals of family members. The analysis of individual goals also yielded some new results, but the most significant finding was the recognition of the ability to clearly distinguish between the different goals of the generations. Our research confirmed the relationships between the evolution of family businesses and socio-emotional priorities described by Le-Breton Miller (2013) (Table 3). While, for the first generation, certain socio-emotional goals (maintaining family control) are more emphatic, economic priorities are more pronounced in the eyes of the second generation. Most of the businesses studied bear the family name and are therefore particularly motivated to preserve their reputation and family identity, which is emphasised by the representatives of both generations.

a. Among individual goals, short-term goals are mainly related to one's current life situation. This includes livelihood issues or goals and opportunities connected to rural life.

b. Long-term goals are mainly related to the issue of succession, which is the starting point for preserving the family nature of the business. The intention to pass the business on to a successor differs among generations. Long-term orientation is particularly important for agricultural businesses. Specific farming knowledge and practices facilitate intergenerational transmission.

c. Some of individuals' permanent goals stem from a personal commitment to a value: for example, a personal commitment to maintaining and improving the natural environment. Learning and personal development goals are also important.

Our third research question concerned the factors influencing the outcome of the objectives pursued by Hungarian family wineries.

The outcome of the goals set at company, family, and individual levels is also worth looking at, as all three need to be met to achieve a harmonious functioning of the business.

a. At the company level, the two identified factors are the industry and the life cycle of the company. Several specific characteristics of the wine industry can be listed, and these may have an impact on the goals of the enterprises. The need to follow consumption and product trends and life cycles, the characteristics and importance of the place of origin keep the goals in a state of constant change.

The change in the life cycle of a business is slower, but with it comes a change in goals. In the case of family businesses, there are changes not only in business and ownership but also in family life cycles.

b. Our studies show that, at the family level, the most dominant phenomenon influencing goal-related outcomes is linked to the socio-emotional factors of different generations and their extent.

c. At the individual level, the characteristics of the resources (mainly human and social) linked to the founder are very important, but the values of other family members, their generational background and willingness to innovate are also important.

Besides the multidimensional nature of goals, it is important to see that organisational goals are closely linked to other level goals, including individual and family goals (Kotlar et al. 2018).

Overall, we have found a wide variety of individual and family goals. Among the goals related to entrepreneurship, however, those related to any aspect of organisational change are completely absent. Respondents did not express any possible external managerial or professional corporate governance goals even in cases where explicit growth and expansion goals were mentioned.

Conclusions

The aim of our research and study was to analyse the objectives of family businesses, based partly on Basco's model and partly on the model described above. We sought to answer the question of what short- and long-term corporate, family, and individual goals are pursued by family businesses in the Hungarian wine sector and examined the extent to which the goals of the generations differ. In addition, we also wished to uncover the characteristics that might influence the outcome of these goals.

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

Our research has confirmed the value of using various frameworks for broadening our knowledge about family businesses, as such frameworks provide more in-depth and comprehensive data and knowledge.

Overall, to gain a deeper understanding, it is worth looking at the complex set of family business objectives at the individual, family, and company levels.

Nevertheless, when evaluating performance and success, the whole firm should be considered.

Our research confirms that longitudinal studies are worthwhile, because the first two generations in Hungary already demonstrate the problems and challenges that have arisen due to the lack of well-defined objectives, as described in the literature. These include unplanned or inadequately planned generational transitioning, family conflicts or problems concerning the transfer of responsibilities, while the lack of professional corporate governance planning can be a serious obstacle to the development of family businesses.

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

Our study contributes to the management literature in several ways: especially, it contributes to the understanding of family businesses as – to our knowledge – no such in-depth research on objectives has been conducted in Hungary so far.

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