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From here to eternity: An empirical analysis of the goal system of family wineries

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ABSTRACT

Objective: The objective of the article is to gain insight into and analyse the goals of Hungarian family business wineries.

Research Design & Methods: Basco's model of family business goals dimensionality constituted the basis of the research. After analysing Basco's four dimensions, the goals were examined according to a new model to gain a deeper insight into the antecedents and driving forces of firm-wide goals. The main design of the study was qualitative and the research sample size and the number of interviews was 21. The analysis tool was the NVivo 12 software.

Findings: The research supports evolutionary features already described in the literature to be faced by Hungarian family businesses. An important conclusion of the study is that issues relating to innovation, awareness, growth, and development almost exclusively concern products, services, and more sustainable use of natural resources. The research did not identify development goals relating to management or governance.

Implications & Recommendations: Owners and managers, especially from the second generation, should focus much more on the development plans for their companies. No short- or medium-term development plans were found in the wineries studied.

Contribution & Value Added: A further elaborated model of the Basco multidimensional goal model was developed based on the empirical study. Furthermore, four managerial dilemmas were identified to have a definitive impact on the future development of mainly first-generation family business wineries.

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INTRODUCTION

One way to understand family businesses that constantly change is to uncover and evaluate the goals and motivations behind their decisions. In the case of 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 association (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 family firms' behaviour (De Massis *et al.*, 2018). A family firm's goals are where the family firms are different from the traditional ones. (Chrisman *et al.*, 2012).

Family businesses can survive in the long term due to their resilience (Wilson *et al.*, 2013). However, international literature shows that a large part of family firms does not survive the first generational transitioning. These two contrasting characteristics originate from the uniqueness of family firms. On the one hand, they can use their family embeddedness, knowledge, and specificity as a resource in a flexible way, and thus are able to survive successfully in the long run. On the other hand, it is this flexibility that allows them to turn those same resources against themselves, which is the reason why in many cases these types of businesses disappear.

Basco (2017) developed his own model to measure the goals of family businesses. According to him, goals follow two different logics: family logic and 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. In his model, four aspects (goals) are combined: the economic with the non-economic and the family with the business ones. He developed his research model to examine the interrelationships among the four interrelated factors.

In this article, we will examine how Hungarian family wineries can synchronise long-term orientation and short-term decision-making dictated by the market economy in their attempts to achieve success. Our research was based on the Basco baseline model. The questions developed from the model were used during semi-structured interviews conducted with 21 Hungarian wineries.

Our research seeks to reveal how the short and long-term goals of family businesses in the Hungarian wine sector shape the operation of such firms. We examined how the conscious development of goals, or the lack thereof, is related to the long-term success of family businesses and how this conscious development or its lack affects governance, management, and decision-making.

Our basic assumption was that wineries are good examples of family businesses, as we see it also in the study of Murinova (2017) concerning the family wine industry in the Czech Republic, the socio-emotional and inheritable assets that can act as resources for sustainability. For this study, we sought to look into a sector where we could demonstrate a path to sustainability, its difficulties, challenges, and its beauty.

Family heritage, the dynastic pattern, and the love and knowledge of vines and/or nature are passed down from parent to child (Pacheco, 2019). The synergetic cooperation between generations, the conscious transfer of knowledge and skill sets, and the ability to share work and experience, *i.e.* intergenerational knowledge sharing (Woodfiled-Husted, 2017), can also be observed in these businesses.

The development of the business, the choice of a strategy, and governance issues – as also described in the study of Broccardo *et al.* (2015) – the conscious training and involvement of the next generations in the business are all challenges. Similar challenges are presented by the ability to innovate and adapt technological improvements, because tradition and innovation are also values in focus for family businesses (Voronits *et al.*, 2016). At the same time, we also observed problems and difficulties presented by balancing between the family and the business, as well as by parallel planning and decisions concerning short and long-term goals.

Wine businesses are heterogeneous in size, age, and management, making the wine sector suitable for observing and analysing the economic, environmental, social, and family aspects of the businesses known from the literature. In this study, we attempt to analyse the specific aspects of the family wine sector. To our knowledge, there is a low number of studies on family businesses in Central-Eastern Europe, furthermore, the analysis of wineries' organizational goals seems practically nonexistent in this region.

The aim of this research is to produce a holistic and comprehensive report on the goal systems of family businesses in the Hungarian wine sector, so that – through their goals – we can understand their plans and difficulties.

In the first part of our study, which applies the selective literature review method (Yin, 2016), we will present the theoretical background of the model on which our research is based, *i.e.*, the Basco model (2017). Then we will proceed to explore the situation of family wineries in the Hungarian wine industry and the methodology of our explorative qualitative research. Finally, we will provide the analysis and evaluation of the results obtained.

LITERATURE REVIEW

Family Businesses' Goals and the Basco Model

Businesses have various parallel goals. The goals of family businesses differ significantly from those of non-family businesses because of family involvement. In family businesses – in addition to 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.*, 2014). As a matter of fact, because of its dominance, the family can influence decisions and enforce family goals (Habbershon-Williams, 1999). Furthermore, 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 categorisation of family business goals was approached in many ways. Many distinguish between goals as being family- or business-oriented (Singer-Donoho, 1992). According to Tagiuri-Davis (1992), goals are in a constant state of change according to the needs of the family and the business and they are the result of the interaction of the two sub-units.

The purpose of a family business rests on two different pillars: achieving economic and non-economic goals. A separate and combined analyses of these two dimensions are necessary to understand the functioning of family businesses.

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 individual, group, organisational, and institutional levels. 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 (along the three-circle model, Tagiuri-Davis, 1992). The goals of the enterprise appear alongside the common family goals of the family owning the given business.

Basco's (2017) study is based on institutional logic (Friedland-Alford, 1992). According to the study, individuals are embedded in an organisation, which exhibits its own cognitive, structural, and emotional ordering principles known to the individual. When collective identities are institutionalized within a group, a specific institutional logic is generated. Accordingly, the embeddedness of individuals in the family business can act as a determining power. 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 among family, business, and the external environment create the goals that emerge at an enterprise level. Therefore, the goals of family firms do not only combine the traditional distinction between economic and non-economic considerations in relation to stakeholders. As the group with power over the business, 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 and business logic (Table 1).

The family has a multi-directional influence on the formation of goals, as the individuals within the family have different goals. This, in turn, can determine and change the goals of the family business based on the respective positions of the family members concerned (Kotlar–de Massis, 2013).

Williams *et al.* (2018) highlight the possibility of conflicting family and business goals. It is a natural phenomenon in any business that goals often conflict or even cancel each other out. However, in the case of family businesses, the possibility of conflicting goals is potentially greater due to the conflicting goals of the family and the business (Williams *et al.*, 2018). There can be divergent individual goals between family and other stakeholders, between non-family owners and family owners, between family and non-family members in leadership positions, and even among family member owners.

The economic goals of family businesses are extremely important from the aspect of the company, but often sub-optimal financial performance is also acceptable to the family (Astrachan, 2010). A company has non-economic goals as well, which may be embodied in product and service development, but also in environmental sustainability objectives.

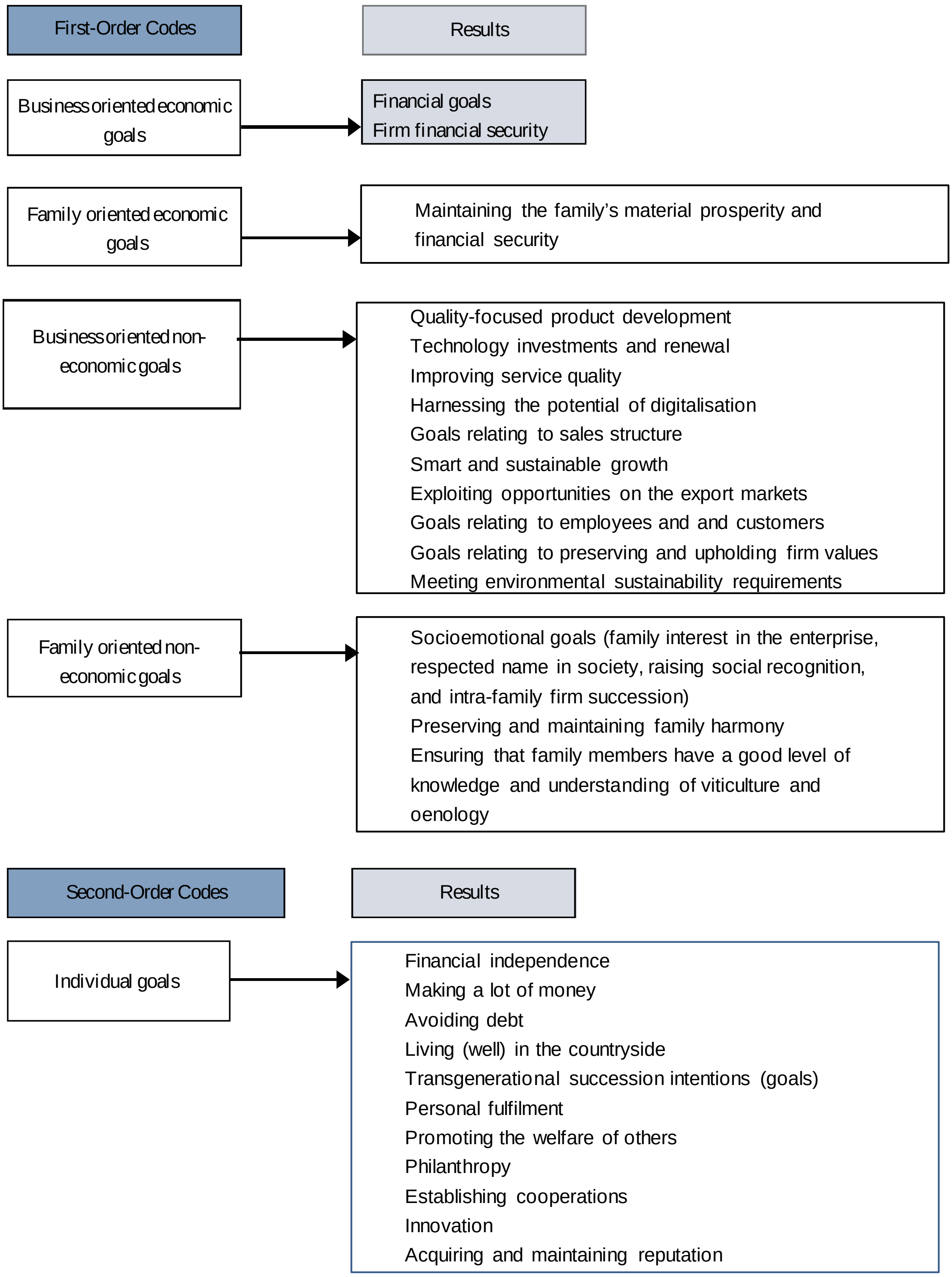

Figure 2. The code structure of the research

Source: own elaboration.

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

Sample

The 21-item sample established using the snowball technique fulfilled our expectations of diversity with respect to qualitative research, as the sample included family wineries from all seven Hungarian wine regions (Soproni, Észak-dunántúli, Balatoni, Pannon, Dunai, Egri and Tokaji wine regions) and we feel we have reached saturation and a full understanding of the participant's perspective (Legard *et al.*, 2003). After the eighteenth interview, it became obvious that new themes would not be generated from the interviews. Therefore, we established that the data collection had reached a saturation point. We continued data collection for three more interviews to be sure that there were no new themes emerging. In accordance with Saunders *et al.* (2018, p. 1901), 'for completeness, we chose to fully recruit to all participant groups to reduce the chance of missed themes.' A total of 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 we were able to interview both male and female winemakers. A typical common feature of the sampled enterprises was that in all cases the founder of the enterprise was still an active participant (and it was also typical that a family member was responsible for winemaking in the enterprise) (Table 4).

Table 4. Presentation of sample

Wine district	Founder	Winemaker	Size of cultivation area	Interview code	Generation
Balatonboglár	Active	Family member	<20 ha	B20	1
Csongrád	Active	Family member	21-60 ha	B1	2
Eger	Active	Non-family member	61-120 ha	B2	2
Hajós-Baja	Active	Family member	<20 ha	B16	1
Hajós-Baja	Active	Family member	21-60 ha	B13	1
Hajós-Baja	Active	Family member	61-120 ha	B11	1
Mátra	Active	Family member	21-60 ha	B10	3
Mór	Active	Family member	<20 ha	B17	1
Pannonhalma	Active	Family member	<20 ha	B3	2
Pannonhalma	Active	Family member	21-60 ha	B5	2
Pannonhalma	Active	Non-family member	21-60 ha	B4	1
Szekszárd	Active	Family member	<20 ha	B7	2
Szekszárd	Active	Family member	21-60 ha	B18	2
Szekszárd	Active	Family member	61-120 ha	B21	2
Tokaj	Active	Family member	<20 ha	B14	1
Tokaj	Active	Family member	<20 ha	B15	1
Tokaj	Active	Family member	<20 ha	B19	2
Tokaj	Active	Family member	21-60 ha	B12	2
Villány	Active	Family member	<20 ha	B6	1
Villány	Active	Family member	21-60 ha	B9	3
Villány	Active	Family member	61-120 ha	B8	2

Source: own study.

Concerning the characteristics of the sampled enterprises, it is also important to highlight that several of them were partially or fully engaged in organic or biodynamic viticulture and, in the case of several families, their attachment to viticulture and winemaking also means the cultivation of regional centuries-old family and wine traditions.

RESULTS AND DISCUSSION

The function of family businesses rests on two pillars: economic and non-economic goals. It is necessary to examine these two dimensions separately and together to understand the functioning of enterprises. An examination of the interaction between corporate and family orientation and their impacts on the activities of the company can help us understand the goals of family businesses.

The Basco (2017) model was used as a starting point for the formulation of the questions but the analysis of the interviews led to the conclusion that economic and non-economic goals are strongly intertwined, and this division demonstrates, on the one hand, what kind of goals they are (family or business) and, on the other hand, what type of goal (economic or non-economic) is being discussed.

Analysis of Business-oriented Economic Goals

The literature on the entrepreneurial attitudes of family businesses presents two contradictory views: one considers family businesses creative, dynamic, and change-oriented enterprises that support entrepreneurial activity; while the other sees family businesses as conservative, risk-averse, and inflexible organisations in which family and tradition constrain entrepreneurial dynamism (Melin-Nordquist, 2010).

In terms of their economic goals, family businesses did not mention short-term, financial-type goals, and mainly stated long-term, non-financial and economic-professional goals. Based on the analysis of the interview texts, we can say that the most important dimension of the economic goals of the studied family wineries is innovation. In terms of economic goals – even though Basco (2017) includes many of these goals among non-economic goals in his 2×2 model rather than presenting them as economic goals – the respondents mentioned the following (the order reflects the frequency of mention):

1. financial security of the company;
2. quality-focused product development;
3. technology development;
4. improving service quality and customer satisfaction;
5. goals related to sales structure;
6. raising strategic awareness, and
7. smart and sustainable growth.

The following is a detailed overview of the results of each of the economic goals:

(1) Financial Security of the Company

In terms of the financial decision-making process of businesses, 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 that of the business. In many cases, the needs of family members and the family's financial resources override the opportunities of the business or vice versa (Csákné Filep, 2012). In relation to the economic goals of family business, the interviewees consider the issue of financial security to be of fundamental importance, but this is typically a joint expectation and aspiration for the family and business subsystems, and the issue of financial prosperity cannot be separated with regards to 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).

According to Karagozoglu-Brown (1988), openness to change is an element of organisational culture, a prerequisite for innovation and a source of long-term viability. A family business culture facilitates rapid and effective change by default and promotes the continuation of entrepreneurial activities (Zahra *et al.*, 2004). In their research, Upton *et al.* (2001) point out that the fastest-growing family businesses are characterised by a pioneering and early-following market timing strategy, suggesting that flexibility and the pursuit of new ideas play an important role in growth. Unfortunately, not all family firms are characterised by such openness (Beckhard-Dyer, 1983): many see change as a source of conflict (Vago, 2004), and others are simply unwilling to modernise (Stavrou, 1999). Family businesses driven by fear of change are characterized by stagnation and loss of market share (Miller *et al.*, 2003). In many cases, family members' emotional attachment to strategic goals underlies resistance to change (Miller *et al.*, 2003).

In the case of the family wineries included in the research, openness to change is unquestionable, even if in many interviews family wineries demonstrated respect for tradition. Development and openness to new solutions are natural and essential elements in wineries focused mainly on quality objectives.

(2) Quality-focused Product Development

Wine quality is easier to detect than to define. This is partly because quality is primarily subjective. Thus, determining wine quality from a chemical point of view will never be exact (Jackson, 2017).

In the context of subjective quality perception and quality improvement, one of our interviewees formulated the goal of their family winery as follows:

'The goal should be to achieve high quality within a vintage, so that the whole range is of high quality […] measurable by HIRINO scores, by sales volume... It is often the case that a brand is seen to be deteriorating in professional terms in the sommelier community, but the broad consumer base in the supermarket continues buying the product' (B18).

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:

'We only sell bottled wine and we strive to achieve the highest possible quality through our technology and thanks to our strength, because I think that a 10-hectare winery can only survive this way today' (B3).

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 (van Leeuwen-Seguin, 2006). The Hungarian situation in this respect can be seen in the following interview extract:

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

(3) Technology 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 in the research process were unanimous in their support for technological development, but the picture was nuanced by the different perceptions and values that underpinned their interpretation of the form of technological development.

Some wineries are innovating in the direction of traditional – gentle – solutions: 'We don't really want to innovate technologically, as I said, we are trying to keep our machines increasingly out of the way. If we can talk about technological evolution, it's the evolution of our storage vessels. We are very keen to have new amphorae in the cellar: we are still planning this level of development and investment. But we don't want to have our own bottling machine, for example, we are very happy with our manual filling, and manual corking. It has its romantic aspect to it. Obviously, it requires more work and is physically more difficult, but these wines are about personality and about the fact that yes, we do touch every bottle five, ten, or even ten or fifteen times if we have to' (B16).

For many wineries, mechanisation is, however, one of the possible ways to achieve efficiency gains due to the severe labour shortage in the sector, and several interviewees defined impressive goals in this context: 'Mechanisation will be the future and the human factor must be minimised … In the winery it is important to improve bottling, to help us maintain the quality of our reductive batches for longer' (B10).

The technological background of viticulture is conducive to the development of wine quality, as can be seen in the example below, which is a long-term goal, but a feasible ambition if the necessary resources are available:

'There is constant technical innovation, which of course requires a lot of investment, so it's slow to implement. In viticulture, mechanisation is very important, partly in soil cultivation, partly in vine cultivation …, and there is also potential in mechanising pruning and pre-pruning, although the latter is an unattainable goal for us now' (B18).

(4) Improving Service Quality and Customer Satisfaction

The transformation of wine tasting into an increasingly complex customer experience was high on the agenda of many interviewees, adding 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 production, marketing, and the sales of wine are their main activities, and are now also 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 can see constant change. There is a need for an outdoor area because oftentimes people feel safe there … in the middle of our vineyard there was a small separate area, where we created this small festival area, a small cultural space, which we are also constantly developing. Now, for example, we're installing artworks, which are both pleasing to the eye in the long term and constitute permanent development' (B17).

(5) Sales Structure Goals

Although profit motive is not a primary characteristic of most of the wineries surveyed, all interviewees mentioned the following: sales objectives, the key issues of their sales policy in terms of local versus export sales and in terms of bottled wine versus bulk, and sales channels.

Internationalisation was a recurring motive for a number of interviewees. For many, this is the way to grow and maximise profits: 'In Hungary we can sell at the most one-third of our total production volume and we are currently selling our wines abroad, for example in the UK, Poland, and the Czech Republic – they love Tokaj wines. We are trying to build our export market, because you just can't sell so much wine locally, and these countries are very open to these natural wines' (B15).

'In any case, our objective is to export 30-40% in the medium term, because now the breakout points have shifted abroad. Our goal is to make a living from this and to have income in euro, because we have a lot of euro expenditure' (B18).

In terms of the choice of distribution channels, we ended up with a heterogeneous sample, with family wineries selling their wines in a variety of forms. There are wineries that favour distributors, others have developed their own network of shops, while some wines are sold in HORECA[1] areas and in Hungary:

– 'Wine is scarce, and we sell most of our wine through a merchant. Anyway, we are too expensive to serve tourism, so all our neighbours are cheaper than us' (B12).
– 'All of our wine is bottled, we sell it as bottled wine, mainly locally, in the local economy. The rest is sold to the gastronomy industry or the higher segments of the gastronomy abroad, and we supply several restaurants in Hungary as well' (B16).
– 'Our main profile is HORECA and export, we do not deal with supermarkets' (B10).
– '70% of our wines have already been sold here at the Cellar and the rest in these restaurants' (B17).

(6) Smart and sustainable growth

Much of the international literature on the growth of family businesses agrees with Zahra (2005), according to whom the significant feature of family businesses is that family ties are interwoven with the ownership and management structure, and thus family influence has a significant impact on the long-term profitability of the business, its export performance and, in addition, its growth potential through the entrepreneurial orientation of management.

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 as opposed to forcing growth at all costs, even by way of the exploitation of natural resources, which 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 our development from one barrel to the current 15-16 thousand bottles of wine, was a gradual process. Sometimes it would have been easier to make a bigger step. But you must be able to sell the wine if you store it and you don't know what's going to happen to it, that's not reassuring for me' (B17).
– 'We have 120 hectares; we have reached the right size. You must be very realistic in terms of what is the size that one person can still oversee and manage., That's about the upper limit' (B2).

[1] HORECA= HOTELS, RESTAURANTS, CATERING

Analysis of Family-Oriented Economic Goals

In relation to the question of exploring the economic goals of the family, family businesses, as previously laid out in Dyer's (1992) theoretical model, identified the maintenance, and increase of the family's financial well-being as the most important goal.

The following approaches have emerged with respect to the goal of the financial security of the family.

Most family businesses operate for and along objectives that are partly detached from economic performance, and will continue to operate if there is family satisfaction, both in terms of economic and financial performance and in terms of the family-business relationship, with the latter including, for example, social prestige, financial security, and a good working environment that the business brings.

'I'm not an economically minded and rational person. At times my husband taps me on the head and says, 'But is it worth it?' It's okay, he finances it, it's not a hobby, it must be profitable. Of course, we watch the numbers and the stock and it's a very good feeling when, say, a batch of 2.000 bottles is gone and I can say that we have nothing left' (B15).

During the interview, we also identified a stronger economic focus:

- 'I used to tell my son that I don't want to be proud, I want to be rich. … The financial security of a business is very important in one's life and the ability to make decisions, rational decisions, is essential' (B13).
- 'It is essential to grow because when kids move out, we will have three families to support.' (B3).
- 'I'd like to live at a European level, and that's becoming less and less easy I think, especially with the euro exchange rate, but I think this goal is important' (B18).

Analysis of Business-oriented non-economic Goals

The non-economic goals of family businesses are based on the long-term orientation of the family and the desire for generational transitioning. The essence of long-term orientation refers to prioritisation and understanding the effects and consequences of decisions and actions that have a long-term impact (Lumpkin-Brigham, 2011). Accordingly, long-term orientation is particularly important as it serves as a kind of 'compass' to help choose between the complex economic and non-economic goals of an enterprise.

The next group of goals to be analysed is the non-economic corporate goals of enterprises. In this category, we were able to identify four groups. The first (1) is linked to the various groups involved in the enterprise. These include objectives related to employees and consumers. The second group (2) consists of objectives relating to various forms of commitment to society, while the next group (3) consists of objectives relating to responsible behaviour towards the natural environment. Finally, (4) there are objectives concerning the preservation and maintenance of the traditions of the enterprise.

(1) The first category of the non-economic goals of enterprises is linked to various groups of stakeholders. This includes the objective of building long-term relationships with employees. The aim is to select employees who have a long-term view of their work in line with the values that are important to the family. 'Here in Somogy, it has always been difficult to find the right workforce. They always had to be brought from abroad or even further, and we also had to find some way of ensuring that they would stay here. It was also in the interest of the owner that they should feel comfortable here, stay here to work and continue farming' (B20).

Caring for and developing employment opportunities and employees appeared also among the goals of family businesses. 'Agricultural work is one of the most disdained jobs and we are trying to restore its prestige. You can earn as much money working in the vineyards as someone with a degree and a language certificate in Budapest. There are incentives built in, so that those who want to work more can do so, they can improve their standard of living and be proud of the fact that their boots are muddy because they cultivate the St. Thomas plot for the Szepsy brand' (B12).

The other group concerned is the consumers. The goal 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 with their customers as possible, since personal direct contacts lead 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 such a service. Customer satisfaction was also identified as an objective by respondents.

(2) Goals relating to various forms of commitment to society. This commitment was evident from two aspects of the interviews. On the one hand, the aim of social contribution to society and local networks was expressed, and, on the other hand, the aim of enhancing the reputation of the various wine regions was mentioned.

Astrachan (1988) points out that the family business and the local community in which it operates are closely linked. The family nature of the enterprise affects its relationship 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 the only place where a business is located. The network of shops, points of sale, restaurants, etc. is also where business operates. In this respect, family businesses also try to consider the interests of local suppliers. 'We try to take local specifics into account everywhere, and just this morning, for example, I had a conversation with a local soda water producer …. I am also trying to help these guys: come to us. We'll make it work …. For example, we sell local craft beers, brandy, even juices we ourselves don't make' (B5).

Family businesses in the Hungarian family winery sector show exemplary solidarity in working together. In all the studied wine districts (Tokaj, Villány, Mátra, Eger, Mór, Szekszárd, Csongrád, Pannonhalma, Balatonboglár, Hajós-Baja), we could see outstanding examples of cooperation with competitors. The objectives of such cooperation include a commitment to jointly promote the wine region and to share infrastructure.

In the past decade, Szekszárd was one of the first wine districts to show how to think together and implement joint projects including joint tasting and the Szekszárd-Bottle, which brings local varieties and producers on a common platform. 'Because we are talking about a wine region. Now, the image of a wine region is worthless if we producers don't stick together. And, if we are talking about Szekszárd, I really like the Szekszárd bottle, for example. The wine speciality called fuxli was invented a few years ago' (B21).

In the Pannonhalma wine district, PH-value is the result of the 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 develop 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; we considered this the cardinal issue' (B5).

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

(3) Goals relating to responsible behaviour towards the natural environment. The personal values of the founder are fundamental in determining the relationship with the environment, which can override 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 lawns. We try to keep them as they are, we don't cultivate them, we keep them in their natural state, we just mow them. We keep all the pastures and meadows because it's more natural than a plough. And we try to keep the forest in its natural state as well' (B20).

The goal of reducing environmental impact was also 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. 'I hate plastic, although unfortunately a lot of consumers choose it, but we try to train them – in fact, it is not really the right word for that – to use the one-litre swing top bottles, because they are beautiful and we give these bottles to them at exactly the same price as we buy them... and we also give them a storage wooden box, which is great to carry them in. … They get a damn good product: they're happy, I'm happy, and we don't end up polluting the environment, because our customers are actually taking home a repackaged product' (B5).

The approach to innovation was strongly emphasized in the responses to the questions concerning the objectives of environmental responsibility. 'Or meteorological forecasting: there are now vineyard to spray when you need to. 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 algorithms to tell you when to spray so that we know if the day after tomorrow or three days from now is enough' (B21).

The respondents pointed out that in their experience, environmental aspects and organic farming are not a source of motivation for consumers in Hungary. 'The majority of Hungarian consumers are not [interested]. One reason for this is that organic wines perhaps do not yet have a distinct image, they are not well-marketed, and consumers are not yet looking for organic products' (B19). However, Hungarian entrepreneurs whose aim is to enter foreign markets or increase sales volumes consider a shift to organic farming inevitable.

Our research has shown that environmental sustainability and the protection of the environment are important goals for Hungarian family wineries. In addition to preserving the environment, we also found a noble goal that goes beyond the business and is linked to the Hungarian wine sector. 'We have an important task: to keep the best and oldest Furmint types alive. It's a constant process … it never stops, but this wine region does not really assume this task and in the meantime, Furmint varieties are becoming extinct. We are doing this conservation project together with Eszterházy University of Eger' (B12).

(4) Preservation and maintenance of the traditions of the enterprise. Our interviewees were keen to talk about family traditions and the importance of local roots. It was interesting to see how important it was for them to mention family traditions going back to several generations or even younger roots in the case of wineries that were founded in the 1990s, after the political changes. Some considered it important to pass on the knowledge of viticulture and winemaking and the knowledge left behind by previous generations, while others bequeathed knowledge of the love of the vine and nature. 'I had some insight into agriculture, I grew up in it, we had our greenhouses and orchards. … And I think everyone has their own paths in life. An agrarian interest has always been in me, but for me, the grape meant wine. Maybe as an analogy, it is like in a family of artists: one becomes a magician, another becomes a violinist, a third might work in a circus' (B6).

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

Analysis of Family-oriented non-economic Goals

Families' non-economic goals reflect families' values and non-economic intentions, which are promoted primarily for the benefit of the family. In this category, we can distinguish three groups. The first (1) were socio-emotional wealth-related goals: *i.e.*, preservation of the family's interests, preservation of the family's reputation, and the intention of generational transitioning. The second group of goals (2) aimed at maintaining family unity and harmony. The third group (3) was related to the next generation, which was partly expressed in terms of education and the next generation's opportunities in entrepreneurship.

(1) From among the socioemotional wealth-related goals on the FIBER scale (Berrone *et al.*, 2012) three of the five dimensions identified were also expressed as objectives in the interviews. The first dimension is family control and influence, *i.e.*, maintaining the family's interests. 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: namely, the family and/or owners' desire to retain total control over the firm. It should be emphasised that the objective of retaining family control was observed in all the businesses studied. Outsourcing management was mentioned but generally not as a real option. This may be due to the size of the companies surveyed, the number of family members working in the companies, or the wish to maintain absolute control. In one company, an attempt was made to employ a non-family member manager but this also failed within a short time: 'It was very interesting and important, we recently hired a colleague to take over operational management tasks. We

failed in three months, although we don't have any prejudices but somehow it didn't work. Obviously, with my father, we have an invisible link between us, and so it works. Apart from the fact that he is obviously my father, I think, we are also very good friends. We see things in a very similar way and the fact that he has been able to ingrain the worldview into me that I need to have is one of his greatest successes. How will I manage to do it in the case of my own son…? That is a good question' (B5).

The second dimension is the identification of family members with the company, which is the goal of maintaining a good reputation. Many researchers have concluded that the interconnectedness of the company and the family is what makes family firms unique and this can as often have a positive effect as a negative one. The identity of the family in its ownership is inseparable from the company, so the company often appears as an 'extension' of the family (Bingham *et al.*, 2011). The reputation and image of the family are also of paramount importance, as the product and the business often bear the family name. 'I want it to be damn good, because we attach our name to this story' (B5). The image in business circles and the recognition of the family are also of paramount importance. 'Every single bottle of wine reminds me that it is the name of my father's family that goes on the label. As I have no sons, the name can't survive in any other way but through the winery. Quality is very important; I really want to bottle the best in every respect' (B17).

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

In 20 out of the 21 conducted interviews, 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 encountered the drafting of a family constitution 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 soon about handing over the business to the next generation 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 have never sat down to talk about it. We have never discussed who can assume responsibility for what. But it would be good to do it while he still has the time, energy, and mental agility to pass on these thirty years of experience. I think in the case of a family business like this, which you have planned for the long term, when you set the business up, the emphasis is on passing it on. Unfortunately, this has not happened in our case' (B2).

Long-term orientation is particularly important for agricultural businesses. Specific farming knowledge and practices have a greater incentive for intergenerational transfer. Family firms tend to pay more attention to water and soil conservation and energy efficiency than non-family firms (Tweeten, 1987; James, 1999). 'If you want to pass it on to your children and grandchildren in this form, you have to think about it. If you overfertilize the soil, and you use fertilizer as if it was salt, what will your grandchildren produce on that land? A person who thinks this way is ruining the future of their descendants in the long term' (B19).

For long-term sustainability, it is important that both the transferring and the receiving generation have a shared goal of running the family business together: 'Whoever passes things on to the next generation, I think the most important thing for this person is to accept that they will not be around forever. Because if that doesn't happen, confidence is lost in the next generation. And the other important thing is that you cannot develop family businesses in terms of income infinitely, so a family business will not sustain everybody. … a family business is like a tractor in that you can attach different farming equipment to it depending on who wants to do what. And the family business is the power machine, the equipment is the individuals and if one of the grandchildren wants to be an artist, it can give them inspiration. But future generations are not going to make a living out of wine. But if one wants to be a cooper or a chef, then that's where they should draw their motivation from and help the brand to assert itself. This way new brands can be created, which by brand linkage will keep the whole thing moving upwards. To finance this, you need to push your siblings out of the family business, because you will not be able to make a living out of it' (B12).

(2) The goal of family unity, harmony. The three dimensions of the Three Circles model (Davis-Tagiuri, 1982) drawn up by Tagiuri-Davis (1992) include the triad of family, business, and property, which overlap. One of the authors, Davis also developed a triple model of family business sustainability based on the Three Circles model (www.johndavis.com/family-sustainability). Studies spanning across 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 number of resources (financial, reputation, talent, strong allies) to build the business.

There are at least 15 years in the life of a family business when at least two generations need to work together and share management: this means thinking of the family as a unit is particularly important in times of transition (www.johndavis.com/qa-john-davis.com). Family unity is not always about harmony, but it does imply the unity of the Three Circles (Davis-Tagiuri, 1982) and the alignment of sub-units in the family's goals and approach.

The third component described by Davis, *i.e.* the aim of creating family unity and harmony, is also supported by data in our study. The importance of family loyalty and support emerged as a fundamental topic throughout the interviews.

(3) The third family-related non-economic category is linked to the next generation, which was partly expressed in terms of education and the opportunities for the next generation. The development of children's skills and the creation of entrepreneurial opportunities linked to the business was a clear objective 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 *et al.*, 2007). In the absence of a successor with the leadership skills mentioned above, and as the firm grows and becomes more complex, it is often not a family member who takes the top position. Non-family managers may make decisions based on financial priorities that may threaten the sustainability of family firms (James, 1999).

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

However, the importance of experiential learning, and personal example was seen as a very important goal. 'I've been teaching her [my child] about smells since she was very young, with the help of scent-pattern games that I use to prepare for wine competitions myself. We've been playing with these since she was two weeks old, when she was strapped to me in a carrier, wherever I went in the vineyard or in the cellar, she came with me so it's a natural thing for her. We don't force anything, if she feels like going to a wine tasting, she just runs there with all the guests, when we have tasting events. The other day she said 'Mum, I'm not going to be a winemaker, because it's too much work, I'm going to be a kindergarten teacher.' I said, well Fannika, that's very good, too. But I think she'll be able to make wine by the age of 18: she'll get the hang of it' (B17).

Summary and Discussion

Focusing on the distinction between family and business goals based on the Basco (2017) model, our research to understand the economic and non-economic goals of family wineries generated the following results:

1. the goal system of family wineries includes economic and non-economic goals along both the family and business dimensions;
2. the strong pattern within the time dimension can be identified with respect to goals: the dominance of long-term goals is observed in the case of both family and business goals;
3. the sustainability aspects and goals are strongly focalised in the case of family wineries, both in the family and in the business subsystems. Thus, we can most aptly summarize the goal system of family wineries with the help of the further development of the Basco (2017) model:

Table 6. The goal system of family wineries

Dimensions	Business goals	Family goals
Short-term goals	Harnessing the potential of digitalisation to tackle crises Financial security of the company	Preserve the family's financial well-being and financial security
Long-term goals	Exploiting export market opportunities; Market development; strengthening market positions Quality-focused product development Increasing strategic awareness Goals related to sales structure	Socio-emotional goals (maintaining family interest, increasing family reputation and social recognition, generational transitioning) Preserving and renewing family traditions
Sustainability goals	Improving service quality Technological development, innovation Smart and sustainable growth Mainstreaming environmental sustainability	Training and education of family members in the wine sector Maintaining a family unit Goals related to employees and consumers Commitment to society

Source: own study.

Family vs. Business-oriented Goals: Short-term vs. Long-term Goals

One of the findings of this study is related to the limitation of the otherwise well-formulated Basco (2017) model as far as its application to traditional businesses like wineries is concerned. Throughout the interviews, the separation of business and family goals remained an unresolved challenge. Almost all of our interviewees stated that the two groups of goals are very much intertwined.

A similar overarching dilemma appeared when short-term and long-term goals were discussed. However, this has manifested in a different way. On the level of espoused values, family business wineries (FBW) wineries strongly emphasized the importance of long-term goals: this, however, happened on a practical level, therefore short or middle-term concerns were expressed.

Innovation vs. Tradition

These seemingly contradictory values (Vrontis *et al.*, 2016) were well demonstrated by these FBWs. Innovation was interpreted as technological innovation with a focus on viticulture and wine production. Elements of marketing and service-package augmentation (*i.e.*, adding a restaurant and other tourism-related services to the core business) were also mentioned.

However, social and especially organisational innovation was hardly or not at all mentioned. This might impede the development of these first-generation FBWs.

Traditions were the focal point of most interviews and the source of emotional attachment to the enterprise (some claiming centuries of family traditions of winemaking) and provided a perspective of future decades to come. This seemingly future-oriented thinking lacked any strategic basis or framework: it rather served as a sacred, almost religious affection (see the motto of the study) for grape as an ancient plant and an emotional attachment to the thousands of years of the history of wine-making.

The analysis of this level (*i.e.*, quasi-religious) of attachment in the business sector, however, falls outside the scope of this study.

Sustainability-locality

Strong concerns were expressed on the issue of sustainability in relation to the environmental friendliness of viniculture and wine production technology. The natural environment at the core of winemaking (see the idea of sacredness above) was very much in focus with perspectives of decades, perhaps even centuries in mind.

The following topics were referred to: level of organizational culture, attitudes of employees and non-family members, and how loyal and proud they are to be part of the family business. The identification of the family members with the business in question was taken for granted. The concept of the familial nature of businesses was present in all of the interviews. Both environmental and organisational sustainability were framed on the local level in the narrowest sense.

CONCLUSIONS

The objective of our study was to analyse the goals and goal systems of Hungarian family business wineries. The research was based on the family business goals dimensionality model of Basco (2017). As a result of the qualitative analyses carried out in 21 wineries, a Model of Organizational Goals of Family Businesses was developed as an elaboration and further development of the original model.

The aim of the study was to identify what are the short- and long-term goals, and organizational, family, and individual goals of family wineries according to first- and second-generation owners.

It has been proven that the individual, family, and organizational level analysis provides a deeper understanding of the complex goal systems of family businesses.

Three dilemmas have emerged as novelties of the research. Firstly, family businesses found it very challenging to distinguish between short- vs. long-term as well as between financial vs. family goals. Secondly, there has been a limited concern with innovation, which solely focuses on wine as a product and production technology. Thirdly, sustainability issues regarding the natural environment of viticulture were very much in line with perspectives of hundreds of years in mind.

As a result of the above-mentioned dilemmas, a development challenge occurs. Namely, the lack of organizational development perspective, which – considering the growth need of family businesses at this stage – could appear as a major obstacle in the near future.

The wineries in the sample were all first, second, or – rarely – third-generation family businesses. In a few cases, the generational transition has explicitly taken place. However, on the governance and strategic level hardly any attempts could be detected with respect to the development of a new organizational and business model. External investment and external management were not considered at all by owners or managers. These otherwise logical steps of family firm development were not even mentioned as options. Considering the development stage (Miller-Friesen, 1984; Quinn-Cameron, 1983; Gersick *et al.*, 1997) of these wineries, the current approach w understandable; however, there seems to be a lack of possible future organizational and business development paths.

Our study further supports the arguments for the need of future research in longitudinal studies in the field of family business succession in the Central Eastern European region. This research gap is especially wide because of the relatively short history of generation change in family businesses in Central Eastern Europe.

The ambiguity of the goals appeared in many cases as the root of organizational problems, like loosely planned generation change, family conflicts, and unclear distribution of responsibilities. As for managerial implications, a complete lack of planning in terms of professional family governance and management structures appears as a main hindrance to the development of family businesses. We strongly agree with Beattie (2018) and Kane (2007) on the recommendation for managers of family businesses, who state that it is never too early to start dealing with governance structures when planned growth is ahead or when organic growth is under way.

This phenomenon is strongly supported by the findings of Makó *et al.* (2020), who found that innovation is typically understood and implied in its old-fashioned and narrowest sense focusing on product and technology. Furthermore, this limited understanding seems to be a major obstacle to organisational learning, which is a prerequisite for growth in Hungarian SMEs. Managers and owners of FBWs should consider improving organisational knowledge (*i.e.*, consultancy) with the support of internal or external resources.

There are two explicit limitations to this study. One is the limited number of wineries in the interview sample, which is due to the exploratory qualitative research paradigm. This could serve as a constraint to the generalizability of the results. This might give rise to a further research direction with a research focus exhibiting a positivist paradigm, which is not aimed at cognition but the exploration of an objective system of relations using the quantitative research paradigm. The second one is the very unique traditionality of the wine sector, in which all actors expressed almost religious attachment to the thousand years old processes of viticulture and grape production, winemaking, and wine as a product itself. This level of emotional attachment and faith might not appear in other less traditional businesses.

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