GOAL SETTING FOR FAMILY FIRM OWNERS: AN AGENCY-STEWARDSHIP PERSPECTIVE

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Abstract

Goal setting for family firms is a vital activity since the performance of businesses is measured against their goals. Using prior research on goal-setting in the context of family firms, this narrative literature review paper aims to bring forth, the importance of goal-setting specific to family business owners who straddle family and business. A review of family-business literature indicates that using the three-circle model comprising family, business, and ownership as the base theory, goal setting in family firms has been examined from the perspective of whether they are economic or non-economic and whether they are family-oriented or business-oriented. Both these approaches to family business goal setting are based on the ideology that the unique feature of family businesses is that they aim to satisfy two groups of stakeholders — family members and business members. While family and business perspectives are captured in these two approaches, goal setting from an owner's perspective has been largely ignored. Rooted in the concept of corporate responsibility, the agency-stewardship framework is emerging as an alternative perspective for family businesses and hence is proposed as a useful dominant logic framework for decisions on goal setting. This conceptual paper based on a narrative literature review aims to present the agency-stewardship framework as a relevant and important lens in the two most important decision contexts of family businesses, i.e., governance and succession. The paper exemplifies how the agency-stewardship continuum can be used for goal setting to nurture next-generation family business leaders and manage family business operations through goal setting in governance policies and succession processes.

Keywords: Family Business, Goal Setting, Agency, Stewardship, Succession, Governance

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1. INTRODUCTION

Unlike non-family firms, family firms are influenced by the most influential shareholder group of the company which, by definition, is usually the family group/founder who owns the business. The existence of such a dominant coalition in a business, who have the incentive and the power to influence how the company behaves and performs, creates a context of concern and curiosity for all the stakeholders. One area of interest and concern is the performance of family firms. Performance assessments distinguish operational efficiency from operational effectiveness. In measuring organizational efficiency, the organization's capacity to maximize output from input is measured and in measuring

effectiveness, the organization's capacity to measure outcomes vis-a-vis organizational goals is measured. Efficiency measures for firms are largely economic measures such as profitability or return on assets (ROA) etc., whereas the effectiveness is measured against specific goals of the organization which can be economic and/or non-economic. Family firms do not operate with the iron logic of profit maximization, shareholder profit or meet only financial ends. Family firms may have other non-financial/non-economic objectives to meet, besides just financial/economic objectives, such as family employment, family control over the firm, family reputation, etc. (Chrisman et al., 2005; Dyer & Whetten, 2006; Gómez-Mejía et al., 2007). Sometimes, they focus on long-term sustainability instead of just quarterly profits (Habberson & Williams, 1999) as well as innovation and adaptability to ensure long-term sustainability and success (De Massis et al., 2016; Le Breton-Miller et al., 2004).

It has become increasingly clear that family firms differentiate from non-family firms based on non-economic goals. For example, one family may want to retain legacy even at the cost of lower economic outcomes while another may choose to focus on economic outcomes over legacy. The roots of such choices may come from the family's economic/non-economic needs, and therefore a source of heterogeneity in family firms, making it difficult to generalize family firm outcomes (Nordqvist et al., 2014). Not only do external stakeholders find it hard to know and understand the goals of specific family firms; but over time, this may not even be clear to the family business owners themselves and sometimes, even becoming the source of conflict.

To illustrate the focus of this paper with an example, consider the Perez family of Peru, who had started in the first generation as agricultural produce sellers and grew to also include meat products by the second generation. In a family of five siblings with the second child being the only male heir, the family had not discussed succession or governance in the lifetime of the founder-leader of the family. On his demise, by which time the business had grown manifold, and Sr. Perez had also entered politics, the entire business was left to the apparent heir, Jr. Perez. None of the other siblings, except one, the penultimate sister had shown interest in being part of the business. Since she was a business school graduate with several years of experience behind her, she was eventually brought into business by her brother. Except for the mother and the son, all other members had non-voting shares. The responsibility left behind by the father, Sr. Perez, was entirely shouldered by the son who, although he had worked in the business for a long time and had grown the meat business, had to suddenly manage the change by himself. The other family members who had, up until that time, not shown any interest in the business, wondered how the compensations were being paid out and what changes were being made in the business. The governance and succession process fell apart when finally, the family first paid off one of the sisters for her shares in the business since she had irreconcilable differences with her brother, eventually the rest of the business was sold with the returns being shared among all other members of the family. The family had to traverse conflict and risk family harmony before the family business was given up. The family as a group, after the first-generation leader passed away, had never come together to understand how they saw their family business and what kind of goals they must accomplish as owners of the family.

This paper aims to address two main problem areas related to the foregoing introduction: members of the family business — family members, business members, and owners — are usually busy owing to the multiple activities they are part of and the high stakes they have to deal with. Role ambiguity and conflict, succession planning and leadership transitions, sibling rivalry, conflict between family and non-family employees, external market pressures, cultural and generational differences, emotional dynamics and family conflicts can all be sources of strain and stress within family businesses and lead to communication breakdowns. Relationships fray and become uncomfortable in such contexts (Arregle et al., 2007; Astrachan & Shanker, 2003; Chrisman et al., 2012; Chua et al., 2003; Eddleston & Kellermanns, 2007; Habbershon et al., 2003; Miller & Le Bretton-Miller, 2006; Sharma & Irving, 2005; Ward, 1997).

If family owners had a toolkit with multiple perspectives to choose from to define and focus on their priorities, it could help to reduce the stress and strain in family, owner, and business relationships. Hence, in this study, we examine alternative perspectives on how members of the family firm can align for goal-setting so that conflicts and stress in the family business context can be reduced. Family business goal-setting literature is reviewed to identify existing perspectives and theories that might offer such a roadmap.

An important area of research in family business is the comparison of family firms and non-family firms. The comparison of family firms and non-family firms is usually made on their performance and since the goals of non-family firms are largely economic (profitability, return on investments, etc.), the comparison of performance between family and non-family firms is on economic performance aligned with economic goals. Family firms however are more complex systems as suggested by Tagiuri and Davis (1992, 1996) — the family business system is seen as three overlapping groups of family, business, and owners and a combination of rational and emotional relations. Hence, in examining family firm performance, we must take into consideration the non-economic and emotion-based goals as well. To make effective assessments of family firm performance, there is a need to understand family firm goals more clearly. Family firms themselves must become clear about the approach they want to take towards goal setting.

Literature on family business distinguishes between economic and non-economic goals and between family-oriented and business-oriented goals. In this paper, we discuss the current understanding and state of knowledge of the economic and non-economic goals of family businesses as well as the theories that dwell on family-oriented and business-oriented goals. From a 'systems' perspective of family business, the goal

orientation of ownership logic, distinguished from family or business logic, is the focus of this paper. Intentions and desired goal outcomes of any organization affect the decision-making process. Hence, the agency-stewardship approach in family business orientation is discussed as a dominant logic framework for planning and deciding on the appropriate goals for the family, in the specific context of governance and succession issues. A framework such as the one suggested in this paper can provide direction to family businesses to come together and understand their dominant logic and what kind of goals will support their needs.

The rest of the paper is structured as follows. Section 2 reviews the literature. Section 3 presents the study results. Section 4 discusses these results. Section 5 concludes the paper.

2. LITERATURE REVIEW

2.1. Family business goals

At the outset, it is good to clarify the definition of the subject matter of this paper — the family business. While there are several definitions of family business, this paper is anchored on the one proposed by Chua et al. (1999), which itself is based on the behavior theory of the firm proposed by Cyert and March (1963), "the family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generation of family or families" (p. 25). This definition incorporates the role of the family in the firm and clarifies implicit intents that they may have. The definition also indicates that the family influences the business through governance and management decisions, vision for the business, and intentions of sustainability. To this extent, the goals of the controlling family impact the performance of the firm. Organizational goals in this context can be understood as defined by Kotlar and De Massis (2013) that is desired organizational outcomes that can be used to guide action and appraise organizational performance … but distinct from measurable targets.

Family business scholars have identified that family firm goals tend to differ because of the meaning that family members give to the firm, for example, psychological/emotional ownership (Pieper, 2010). Such thinking shifts the purpose of a firm itself from profit maximization to utility maximization which in turn makes the business a human one, with different possible meanings (Basco, 2017). The foundation of this lies in the fact that family systems and business systems have opposing dominant logic. Families operate on an emotional level whereas businesses operate on a rational level. In family businesses, the overlap of family and business systems leads to an uncomfortable nexus of emotion and reason (Tagiuri & Davis, 1996). Hence, family businesses tend to lean on one side or another depending on the orientation of the specific family business. Hence, there has been a tendency among family business scholars to define family firm objectives as economic and non-economic and with a leaning towards family-oriented or business-oriented goals (Kotlar & De Massis, 2013).

Probst (2018) lists the classification of family business goals based on extensive literature study. He identifies family-centered economic (FCE) goals and family-centered non-economic (FCNE) goals as well as non-family-centered economic (NFCE) goals and non-family-centered non-economic (NFCNE) goals. Basco (2017) addresses the empirical validity and operationalization of such classification. Table 1 provides a summary of the exhaustive classification based on Probst (2018) and Basco (2017) with some of the broader goals of each of the classifications in the 2x2 framework presented in Table 1.

In the discussion about the economic and non-economic goals of family business firms, economic goals have been assumed to be similar for family and non-family firms. These are aspects related to the financial health and growth of businesses. The differentiation between family and non-family firms appears in the comparison of non-economic goals. Chrisman et al. (2012) point out that family firms may have FCNE goals and that these goals could influence firm behaviors. The authors find that the essence of family influence partially mediates the relationship between family involvement and family firms' adoption of FCNE goals, through a study of 1060 firms. Chrisman et al. (2012) point out that family involvement and level of influence drive the nature of goals within family firms, and this is one of the important causes of heterogeneity in family firms.

Table 1. Economic and non-economic goals versus family-centered and non-family/business-centered goals

		Goal recipient	
		Family-centered	***Non-family/business-centered***
Goal content	***Economic***	Family-centered economic goals: • Family control over the firm; • Family wealth; • Family security; • Family income, financial security, employment; • Desirable lifestyle.	Non-family/business-centered economic goals: • Firm survival; • Firm growth; • Firm economic performance; • Firm financial health.
	Non-economic	Family-centered non-economic goals: • Family identity; • Family harmony; • Family social status; • Community image and reputation; • Family legacy.	Non-family/business-centered non-economic goals: • Firm internal relations; • Firm external relations; • Environmental sustainability; • Product/service development; • Business operations.

Source: Adapted from Probst (2018) and Basco (2017).

Kotlar and De Massis (2013) not only distinguished between economic and non-economic goals and the family-centered and business-centered orientation of these goals, but they also go further to discuss how these goals get operationalized within the family business context. In their study of 19 family businesses, where they interviewed over 75 members, they identified that goal setting in family firms is complex and diverse owing to the interaction between the family, business, and ownership system. Their findings suggest that different types of social interactions lead to different behaviors, with familial social interactions being more effective than professional social interactions in managing goal diversity toward the formation of collective commitment to family-centered goals. Hence, Kotlar and De Massis (2013), in their study, establish the process for goal identification and adoption through the process of garnering collective commitment to family-centered goals through a family social process — a way of forming a dominant coalition within these businesses.

Zellweger et al. (2013) suggest that concern for corporate reputation leads the family to pursue non-financial goals to the benefit of non-family stakeholders. In their study, they show that the visibility of the family in the firm, the transgenerational sustainability intentions of the family, and the capability of the firm for self-enhancement of the family positively influences the importance of identity fit between family and firm. Through this study, Zellweger et al. (2013) bring forth an important organizational identity-based view of why and how family businesses may focus on non-economic goals.

For family firms, organizational identity driven through family involvement and family essence is of considerable importance in comparison to non-family firms. Gómez-Mejía et al. (2007) explain thus: "The socioemotional wealth of family firms come in a variety of related forms, including the ability to exercise authority; the satisfaction of needs for belonging, effect, and intimacy; the perpetuation of family values through the business; the preservation of the family dynasty; the conservation of the family firm's social capital; the fulfillment of family obligations based on blood ties rather than on strict criteria of competence; and the opportunity to be altruistic to family members. Losing this socioemotional wealth implies lost intimacy, reduced status, and failure to meet the family's expectations" (p. 3).

Research and subsequently family business practitioners, including family members and advisors have focussed on the dichotomous and potentially opposing rational and emotional logic of the business and family subsystems. The third overlapping system, i.e., the ownership system has been overlooked in the discussion on family business goals and their antecedents except in a few early studies (Tagiuri & Davis, 1992). The ownership subsystem in a family business straddles the family and business systems and is best positioned to influence the decision-making process owing to its vested powers from shareholding. However, it has largely been ignored, perhaps based on the assumption that family business owners' concerns are either borrowed from either the family or the business. However, given that family business owners comprise family and non-family members and are members of boards where the executive managers of the firms may be family or non-family members, it is important to focus on this important group. Even if there is a family-dominant coalition, non-family stakeholders cannot be ignored in such a context. Their perspective in such contexts may not be entirely family-influenced or entirely business-influenced and may be more balanced. Understanding the dominant logic of family business owners would perhaps be a useful pursuit for both family business researchers and practitioners. In the next subsection, we briefly discuss what we know about family business owners' logic.

2.2. Ownership logic

Brundin et al. (2014) have developed a set of family owners' logic to contribute to knowledge in this area, where logic refers to "cultural values, assumptions, beliefs and norms that shape a line of reasoning and acting in a field" (p. 7). They identify four forms of logic. First, judicial ownership logic and second, the financial ownership logic which is closely related to the dominant idea of ownership, i.e., shareholder value. The third logic suggested by the authors is industrial logic which has to do with the knowledge that the owners have about the industry in which they operate — the technical and operational knowledge as well as resources, experience, and skills possessed by the owners. The fourth logic is the psychological or socio-symbolic relationship logic, which is linked to job satisfaction, organizational commitment, employer-employee relationship, organizational citizenship behavior, etc. As described by the authors, it is the state in which individuals feel as though the target of ownership (material or immaterial in nature) or a piece of it is "theirs" (i.e. "It is MINE!"). People investing energy and emotions into a creation process develop feelings of possession that eventually form and become an important part of the identity of the individual accompanied by emotions of pride, joy, and loyalty, but also feelings of accountability and responsibility. They also include the concept of socio-emotional goals in this category.

Family ownership logic suggested by Brundin et al. (2014) provides a good framework for thinking about the most important concerns of family business owners. However, it may not suffice as an overarching dominant logic for the family business owners to drive decision-making in their role as a major coalition group in the family business. Therefore, for this paper, the financial and legal ownership are classified as economic goals, and industrial and psychological aspects are classified as non-economic goals of a firm. Since the ownership system defines the governance processes within family businesses and makes most of the strategic decisions, it is important to consider a dominant logic paradigm that can drive family business owners' decision-making.

2.3. Agency-stewardship continuum

The stewardship theory contrasts the 'stewards' who view the business as a cherished entity serving a social cause for all stakeholders against 'agents', who are more opportunistic and financially driven.

Agency theory assumes that: 1) owners and managers have conflicting goals; 2) managers may pursue their own goals even to the detriment of owners; 3) owners have difficulty observing some aspects of managers' behavior; and 4) owners have bounded rationality (Jensen & Meckling, 1976). Such behaviors may manifest in family businesses as generations advance and the individual share of family members reduces, thereby leaving few family members in control of the business. The family and business base expansion could lead to ownership-management distance.

The type of goals set by a family business based on an agency perspective could be quite different from one based on a stewardship perspective. One with agency-dominant logic would ensure very strong controls and governance mechanisms in favor of owners, thereby opting for family/non-family managers who perform as agents rather than as stewards. Decision making processes and outcomes expected from such managers would be self-serving and opportunistic, to maximize benefits for shareholders. If family businesses have agency goals, they may wish to strengthen governance protocols to ensure maximum profits for the shareholders, ensure that non-economic goals yield personal benefits, and may not be particularly inclined to sustain the business in the long run, instead opting to pursue profit maximization and avoiding personal risk.

In comparing stewardship with the agency principle, the stewards are only expected to ensure that they take into consideration others' interests besides their own. Stewards tend to subordinate personal goals to business goals, give importance to non-financial goals, and see the nature of relational contracts between family business owners and family managers as the sources of stewardship. Block (1993) points out that stewardship motivations go beyond self-interest, involve self-sacrifice and service to others, and include rewards that encompass the social and spiritual. Hence, in family businesses that are largely driven by stewardship logic, the members expect to be involved in the businesses over generations. This may come naturally to family owners as they may choose self-actualization through achieving business goals or consider business goals as more important than personal goals. When family businesses focus on stewardship goals, they hope to preserve the business for the long run through long-term relationships, generous investments, and cohesive corporate cultures (Arregle et al., 2007). Those with stewardship-dominant logic may want to focus on how the children in the family learn the ropes to become ideal stewards. Miller and Le Breton-Miller (2006) point out that a desire to pass on a healthy business and its reputation to heirs motivates executives of successful family firms to be good stewards.

Chrisman (2019) suggests that we see agency and stewardship perspectives as two ends of a continuum, with family owners and managers falling, not necessarily at any end of the continuum, but somewhere in between. He argues that this may have implications for how the owners perceive family managers vs. non-family managers and the control and governance system may develop accordingly. However, notwithstanding whether the managers are family or non-family, the agency-stewardship perspective taken by the owners would influence the nature of the goals pursued by them and the consequent governance, control, and succession processes they pursue.

Madison et al. (2016) discuss the idea of viewing family business governance through the lens of agency and stewardship. They describe agency governance as putting in place governance mechanisms to curb opportunistic behavior which includes the presence of the board of directors, monitoring activities, compensation and incentive plans, etc. They also discuss the existence of non-traditional governance mechanisms in family businesses, such as entrenched family ownership (to reduce separation of ownership and control). However, family ownership also has its negative consequences especially when there are family conflicts when there are disproportionate compensation plans for family members, or when there are no suitable successors in the family. Hence, agency governance mechanisms are necessary to alleviate these issues. Hence other types of performance parameters have also been added to examine family business performance, for example, relationship with society. Investment and dividend distribution decisions, innovation, and risk-taking can also be examined from the agency perspective. Under the stewardship governance, the mechanisms differ from the agency mechanisms. Rather than taking a control approach, the mechanisms take a motivational approach to allow for cooperation and empower and motivate employees. They have organizational cultures that support inclusiveness, flexibility, strategic decision-making responsibilities, and participative management and are linked to higher levels of corporate entrepreneurship.

In the next section, the summarized results of the narrative literature review are presented.

3. STUDY RESULTS

The preceding presentation is a narrative literature review of the goal-setting literature in a family business. Based on our gleanings from the literature, the following findings can be listed as follows.

1) Family firm goals tend to be heterogeneous because of the meaning that family members give to the firm, for example, psychological/emotional ownership, and owing to this the goals can shift from profit maximization to utility maximization. The idea of utility maximization makes the types and goals a family business pursues varied and multifaceted.

2) Families operate at both a rational level and emotional level and the nature of goals adopted by the family business will depend on the family's business vs family orientation.

3) The goals of family businesses have been defined broadly as economic and non-economic (sometimes seen as the source of socioemotional wealth of family businesses) as well as family-centered or business-oriented (as presented in Table 1).

4) Different types of social interactions lead to different behaviors within the family business with different levels of effectiveness. For example, familial social interactions are seen to be more impactful on the attainment of goals compared with professional social interactions.

5) Corporate reputation, transgenerational sustainability intentions, and capacity for self-enhancement impact the identified fit between family and firm.

6) The ownership subdivision of the family business system suggested by Tagiuri and Davis (1992) is often overlooked in the goal-setting literature of family business.

7) Family ownership bridges the family and firm and provides a good framework to think about the most important concerns of the family business.

8) The agency perspective of family business and the stewardship theory of family business can be seen as a dichotomous contrast or a continuum.

9) Both the agency and stewardship perspectives have their merits and the family can choose the degree to which they want to adhere to one or the other.

10) The goals that are aligned to the agency vs stewardship perspective can be quite different and hence confusion among family owners as their position on the continuum of agency stewardship can lead to confusion in goal setting.

11) Understanding the nature of goal setting in family firms and the agency-stewardship perspective taken by the members across all three pastures of the family business system can provide a useful framework for goal-setting.

This study differs in its approach to examining goal setting in family business by using the agency-stewardship perspective to integrate the types of goal setting. In the following section, we discuss the agency-stewardship perspective in goal setting in the context of governance processes and succession. This exemplifies the usefulness of the framework in operational policies and intergenerational sustenance of a family firm. It also provides an integrated approach to goal-setting against which the performance of family firms can be examined.

4. DISCUSSION

In this section, we discuss the outcome of the literature review within two important decision-making contexts, i.e., governance and succession, in family businesses and suggest how the agency-stewardship framework can help to set goals for these two areas.

4.1. Family business governance

Business systems have been assumed to have agency problems, the agents, different from the owners act in self-interest rather than in the interest of the principles. The assumption, therefore, is that businesses need to be controlled to ensure that stakeholders' interests are protected against such self-interested behavior of the agents (Jensen & Meckling, 1976). Hence, the governance of businesses is ensured through protocols of control and transparent processes and policies that protect stakeholders' interests. This is done through the appointment of independent directors, clear leadership structure vs management, and legal processes such as corporate governance requirements laid down by the regulatory bodies of governments. These largely apply to businesses with multiple stakeholders such as companies listed on stock exchanges and public companies.

It is presumed that, in family businesses where the agent and principal differentiation is limited, the agency issues are limited — so long as the owner and manager are the same person (usually possible in the founder's generation). However, agency problems may crop up in family businesses when they expand their ownership base in subsequent generations and when the company goes large enough to raise funding from multiple stakeholder groups (Madison et al., 2016).

Table 2 provides a scheme for how governance mechanisms may differ by the dominant logic of agency and stewardship and the possible issues that might arise in time.

Table 2. Governance approach and expected issues in stewardship and agency approach

	Stewardship	*Agency*
Expected governance approach	• Emotional investment in the company and its people. • Collaborative, participative, decision-making responsibilities, inclusive, flexible, wider responsibilities. • Choice of family and non-family directors as informed stewards. • Long-term tenures, learning and far-sighted investments, commitment to building capacity, innovation, and entrepreneurial orientation. • When more members are involved, more multifaceted stewardship — owner factions elevate local interests and bring them into the business. • Multi-generational stewardship — conservative financing, investment in competencies, relationships, reputation, apprenticeships, and human resources.	• Knowledge and incentive to monitor managers — may have power and incentive to exploit minority shareholders. • Entrenched family ownership. • Board of directors, monitoring activities, compensation incentive plans. • Avoid excessive personal risk. • If there is a family CEO, there is alignment of manager and owner interests and there is knowledge and incentive to monitor other managers in the business and may have power and incentive to exploit minority shareholders inside or outside the family. • When more members are involved, there is broader knowledge and deeper capability for monitoring. • Multiple generations — the incentive to monitor.
Expected issues	• Dilution of stewardship over time. • Succession problems. • Resource depletion.	• Potential conflict. • Strong family owners can exploit weaker shareholders and other minority shareholders.

Source: Adapted from Miller and Le-Breton Miller (2006) and Madison et al. (2016).

4.2. Family business succession

Succession in family business has been seen not as an event, but as a process that spans years of nurturing and development. Lambrecht (2005), from his study of 10 family business cases shows "that transfer of family businesses is a lifelong, continuous process, in which the family must address and foster the soft elements of the transfer process: entrepreneurship, freedom, values, outside experience, upbringing, and education" (p. 267). This usually involves the preparation of the family in nurturing heirs, the transition into management and leadership roles of family and/or non-family members, and the transfer of shares of the business as a financial transaction or legal inheritance.

Ownership and management succession in family businesses are seen as the defining moments in family businesses and this is with good reason. If family businesses would like to retain control and influence over the business they own, they must focus on the ownership aspect of the family business system as much as they have to focus on the business and family aspects. As families grow and the family tree spreads, the families holding on to the business can get fragmented and may lose interest owing to the size of the stake (Thomas, 2002). Hence, families need to focus on how ownership can be retained in the family business.

Drewniak et al. (2020) point out that as the family's ownership in the business reduces, so does their role in management and the board, thereby reducing their overall influence over the firm. This also indicates that, for family businesses to perpetuate as family businesses or become business families, ownership and ownership goals are very important in maintaining their identity. Drewniak et al. (2020) conclude that "Thoughtfully planning and carrying out the succession process to maintain the family's ownership seems to be crucial" (p. 638). Wiatt et al. (2022) find that "business characteristics affect both management and ownership transfer, whereas family characteristics are only significant to ownership transfer" (p. 506). Hence, it is important not to think of ownership transfer just as a matter of legal or financial transfer of assets and inheritance. Families drive their familiness and perpetuation through their ownership. Ownership goals may hence be different from family-oriented goals and business-oriented goals.

Based on the review of literature on family business goals as well as agency-stewardship paradigms, the various economic and non-economic goals are parsed by aligning them to the dominant logic on the agency-stewardship continuum. Table 3 provides a 2x2 matrix representing the framework which includes succession outcomes for the approaches.

Table 3. Aligning family owners' goals with the agency-stewardship continuum

Goal alignment	*Agency theory*	*Stewardship theory*
Economic goals — Legal and financial	• Income for capital/remuneration as owner-manager — profits. • Profitability. • Liquidity. • Dividend distribution.	• Transgenerational wealth/share transfer. • Transgenerational sustainability intentions. • Growth. • Income continuance. • Entrepreneurial orientation — innovation and risk.
Non-economic goals — Industry and psychological/socio-symbolic	• Image/reputation — status. • Lifestyle. • Industry value.	• Business control, legacy preservation. • Philanthropic value. • Social embeddedness, social responsibility. • Industry and skill transfer over generations.
Succession outcome and governance policies	• Expect to transform, sell, liquidate, restart, etc. • Low personal risk. • Expect to diversify as the opportunity arises. • Open to non-family management. • Independent business development. • CSR through business/business rather than family.	• Expect to retain and preserve the legacy. • Expect to focus on innovation and sustainability. • Entrepreneurial exploration. • Growth of existing business. • Attempt to groom and retain family leadership. • Family philanthropy.

5. CONCLUSION

This paper aims to bring out the use of the agency-stewardship perspective in providing goal-driven direction for family firms regarding governance and succession. Scholars and practitioners of family business have distinguished family-oriented and business-oriented goals and identified that both these groups may have different economic and non-economic goals. Hence, there is increasing research and practice around family-oriented non-economic goals. Further, it has been found that non-economic goals are an integral part of family business decision-making and that they are a major source of heterogeneity contributing to socio-emotional wealth and competitive advantage.

While family and business are two systems with opposing orientations (emotional vs rational) that interact to cause complexities, the role of the ownership system must not be ignored. In family businesses, by its very definition, the involvement of family in ownership and management must be high. Hence, the goals of the owners that straddle those of family (their blood ties/relations) and business (their asset/possession) and have the most power to impact outcomes must be taken into consideration in understanding the family business decision-making process. For example, while family goals may be to ensure employment in the business and business goals may be to employ the best talent, owners may want the best talent from the family to be part of the businesses and therefore plan for appropriate strategy and execution to attain such an outcome. However, to understand the perspective of the family business owners and their dominant logic for decision-making, the agency-stewardship continuum may be a suitable framework to examine the context of family business owners' goals. Governance and succession issues may be understood better by understanding where the owners of the business fall in the continuum of agency-stewardship and then decide upon the goals they want to achieve, which will in turn help to design governance mechanisms and plan for succession.

This paper aims to contribute to existing literature in two ways. An important focus area in family business research is the comparative performance of family firms vs non-family firms. Non-family firms are less complex systems compared with family firms and adopt a narrow perspective of economic goals. Hence family firms are compared with non-family firms only based on profitability and financial outcomes. However, this might not be an accurate way to measure

the performance of family firms. Family firms have a much wider range of goals compared with non-family firms and the assessment of their performance must be based on the goals adopted by specific family firms. The ambiguity in goal-setting for family firms can lead to confusion regarding the same. The agency-stewardship perspective helps to clarify goal-setting for family firms which can help to assess their performance properly. Hence the approach to goal-setting is critical for an accurate assessment of firm performance.

While several studies have focused on the economic and non-economic goals of family firms as well as business vs family orientation as reviewed in this paper, discussions around integrating these perspectives have not been explored. In this study, as Table 2 and Table 3 indicate, the economic, non-economic, and family dynamic issues such as succession and governance can be integrated using the agency-stewardship perspective. This study differs from all the previous contributions to the domain of goal-setting in family business by integrating multiple perspectives using an inclusive theory such as the agency-stewardship theory. It also provides a useful framework for decision-making and goal-setting.

By way of limitation, it should be pointed out that the theoretical observations in this and earlier cited studies do not indicate that a family business will follow only one logic or the other. The point is that by recognizing organizational environments as multiple and fragmented, in this case, regarding different ownership ideals, one can better appreciate heterogeneity, succession, and governance patterns in family firms.

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