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Sovereignty matters! Revisiting the family influence–stakeholder orientation relationship

Baris Istipliler[a], Christian Hauser[b], Andrea Calabrò[c] and Jan-Philipp Ahrens[a]

[a]Chair of SME Research and Entrepreneurship, University of Mannheim, Mannheim, Germany; [b]Department of Entrepreneurial Management, Graubünden University of Applied Sciences, Chur, Switzerland; [c]Department of Strategy and Management, IPAG Business School, Paris, France

ABSTRACT

The relationship between family influence and stakeholder orientation is complex as studies with both positive and negative findings indicate. Thus, understanding the real nature of this relationship requires relaxing linear relationship assumptions and examining underlying mechanisms. By utilizing a unique sample of 445 German firms and invoking a structural functionalist view, we suggest that the relationship between family influence and stakeholder orientation is U-shaped. To deepen our understanding, we introduce the concept of *sovereignty* to family firm theory, i.e., having an illimitable, perpetual, and indivisible power over an organization. We observe that *sovereignty* is a positive mediator of the family influence-stakeholder orientation relationship and this mediation is positively moderated by financial goals. Our results suggest that there are different motives for firms with both high and low family influence to pursue stakeholder orientation. Hence, family influence alone is not adequate to account for the differences among family firms with respect to stakeholder orientation. Accordingly, we show how *sovereignty goals* offer a way to make this distinction in terms of stakeholder orientation between firms with high and low family influence. Finally, our results also suggest that stakeholder orientation and financial goals can be aligned in firms with family influence.

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Entreprise familiale; influence familiale; orientation vers les parties prenantes; souveraineté; objectifs financiers

RÉSUMÉ

Le rapport entre l'influence de la famille et l'orientation vers les parties prenantes est complexe, comme l'indiquent des études dont les conclusions sont à la fois positives et négatives. Ainsi, la compréhension de la nature réelle de ce rapport exige d'assouplir les hypothèses de relations linéaires et d'examiner les mécanismes sous-jacents. En utilisant un échantillon unique de 445 entreprises allemandes et en invoquant un point de vue fonctionnaliste structurel, nous suggérons que le rapport entre l'influence de la famille et l'orientation vers les parties prenantes est en forme de U. Pour approfondir notre compréhension, nous introduisons le concept de *souveraineté* dans la théorie de l'entreprise familiale, c'est-à-dire le fait de disposer d'un pouvoir illimité, perpétuel et indivisible sur

CONTACT Baris Istipliler baris.istipliler@uni-mannheim.de Chair of SME Research and Entrepreneurship, University of Mannheim, Mannheim, Germany

une organisation. Nous observons que la *souveraineté* est un médiateur positif du rapport entre l'influence de la famille et l'orientation vers les parties prenantes, et que cette médiation est modérée positivement par les objectifs financiers. Nos résultats suggèrent qu'il existe différentes motivations pour les entreprises au sein desquelles l'influence de la famille est forte ou faible pour poursuivre l'orientation vers les parties prenantes. Par conséquent, l'influence de la famille ne suffit pas à expliquer à elle seule les différences entre les entreprises familiales en ce qui concerne l'orientation vers les parties prenantes. Aussi, nous montrons comment les objectifs de souveraineté permettent d'établir cette distinction en termes d'orientation vers les parties prenantes entre les entreprises à forte et faible influence familiale. Enfin, nos résultats suggèrent également que l'orientation vers les parties prenantes et les objectifs financiers peuvent être alignés dans les entreprises sous influence de la famille.

1. Introduction

Recently, much attention has been paid to the stakeholder orientation of family firms (e.g., Deferne, Bertschi-Michel, and Groote 2023; Mariani et al. 2023). The majority of the findings suggest that family firm owners value non-economic utilities and pursue goals that benefit their stakeholders for non-financial benefits such as reputation and image (García-Sánchez et al. 2021; Zellweger et al. 2013). However, this view seems to be insufficient to fully explain the stakeholder orientation of family firms, posing a significant gap in our understanding (Le Breton-Miller and Miller 2022; Wu et al. 2022). This is the case since existing views neglect that family influence in *ownership* and *management* alone does not guarantee that a family will reap the benefits of stakeholder orientation in the long run (Chang, Zare, and Ramadani 2022; Scholes et al. 2021). Furthermore, relating family influence on stakeholder orientation in a linear and positive way, neglects the full span of the family firm heterogeneity, and fails to investigate firms with neither a high nor low level of family influence (Basco et al. 2022; Hsueh et al. 2023; Neubaum, Kammerlander, and Brigham 2019). Moreover, this approach fails to integrate arguments resting in the dark side of family influence which might affect the stakeholder orientation negatively due to the self-serving behavior of the family coalitions (Gedajlovic et al. 2012; Temouri et al. 2022).

The aim of this paper is to address this gap by revisiting the relationship between family influence and firm stakeholder orientation (Aguilera et al. 2024). More specifically, we search answers for the following research questions: '*what is the real nature of the relationship between family influence and stakeholder orientation?*' and '*what is the role played by other non-financial and financial goals to explain this relationship?*'. In line with a structural functionalist view (SFV) of organizations (Selznick 1948), we advance current theorizing by introducing *sovereignty goals*. We argue that pursuing these goals enables families to have *illimitable, perpetual*, and *indivisible* power over their firm and ensure its survival in the long-term. This is the case given families who pursue *sovereignty* without benefiting other stakeholders would endanger being a purely self-serving entity, losing the support of their stakeholders, and chances of survival (Barnard 1938; Selznick 1948). Therefore, sovereignty pursuit driven by the family influence also drives stakeholder orientation, suggesting a positive mediator role of sovereignty goals. In addition, we also argue that the sovereignty-mediated link between family influence and stakeholder orientation is moderated by financial goal pursuit. When sovereignty driven firms put high emphasis on financial goals, they would be more likely to pursue stakeholder-oriented goals given they can reap valuable financial benefits from this pursuit in the long term.

Apart from the indirect effects of sovereignty goals and financial goals, we also posit a direct U-shaped relationship between family influence and stakeholder orientation. This suggests a higher stakeholder orientation not only for high levels of family influence, but also for the low levels of family influence. More specifically, we argue that when family influence is high, stronger image benefits would drive stakeholder orientation (Signori and Fassin 2023; Zellweger et al. 2013). On the other hand, when the influence is low, more pluralistic decision-making and stronger governance mechanisms would fuel stakeholder orientation (Chang, Zare, and Ramadani 2022; Harjoto, Laksmana, and Lee 2015). When both mechanisms are absent due to neither high nor low (i.e., moderate) family influence, we expect that stakeholder orientation will be lower.

To test our hypotheses, we employed a unique sample of 445 German firms with differing levels of family influence. German context is especially suitable for our study given the high private ownership culture in this context which helps us to capture higher heterogeneity in terms of family influence (Franks and Mayer 1997). Furthermore, as a developed Western economy, Germany has strong corporate governance mechanisms, a factor which we also consider to be salient in our analyses. We first utilized factor analytic methods to obtain the variables for the multiple goal sets we use in our analyses and ensure their validity. Then, we used OLS estimations with extensive control vectors to test our direct relationship hypotheses. To test indirect (mediation and moderated mediation) effects we rely on conditional process modelling and bootstrapped standard errors of the indirect effect coefficients (Hayes 2017). As a result, we find support for all our hypotheses. Specifically, we show that family influence has a U-shaped relationship with stakeholder orientation and a positive relationship with sovereignty goals. Further, sovereignty goals act as a positive mediator of the relationship between family influence and stakeholder orientation, and this positive mediation becomes stronger as the focus on financial goals increases. We also observed that our inferences are robust to multiple robustness checks we conducted in addition to our main analyses.

Our study bears several important contributions for the literature. By conceptualizing *sovereignty* as a novel and higher-order concept, it facilitates a deeper understanding that families who intend to pursue long-term agendas in their firms have *first of all* to satisfy a ‘basic need’. This need is to achieve an *illimitable*, *perpetual,* and *indivisible* power position. Extending the SFV to family firm theorizing helps to show how sovereignty unlocks and provides a ‘safe setting’ for a more complex long-term agenda. Thereby, we can understand how sovereignty also facilitates long-term investments, such as expenditures guided by stakeholder orientation which are likely to have returns in the more distant future. Indeed, as our results reveal, the sovereignty concept can explain the heterogeneity of stakeholder orientation in family firms better than the family influence construct alone can do. This is the case since firms with very high and very low family influence exhibit nearly similar levels of stakeholder orientation. Therefore, the sovereignty concept offers a reconciliation for the ongoing 'lack of consensus' (Canavati 2018, p. 237) on whether the nature of the relationship between family influence and stakeholder orientation is positive or negative (Aguilera et al. 2024; Diaz-Moriana, Clinton, and Kammerlander 2024).

Our study also offers novel insights on how stakeholder-oriented goal pursuit bears a financial motive in firms that pursue sovereignty. This furthers our understanding of the underlying mechanism through which sovereignty (family) goals and stakeholder-oriented (societal) goals become aligned both with each other and with financial goals (Combs et al. 2023; Scholes et al. 2021). Thus, we think that it is not too far-fetched to state that a firm with high family influence and sovereignty intentions, as an organizational form, might be better for society. In other words, just as the 'invisible hand' of Adam Smith is rooted in selfishness, but also drives societal progress, sovereignty interests could have a positive impact on societal welfare. In particular it addresses the shortcomings associated with basic trade-off assumptions suggesting economically rational behavior is unfeasible in family firms given the prevalence of non-financial objectives (e.g., Vandemaele and Vancauteren 2015).

Finally, our continuous operationalization of family influence poses an innovation advocated by recent researchers (Basco et al. 2022), and reveals that there is merit in going beyond artificially dichotomic family firm operationalizations. Binary conceptualizations may not only create stray oversimplifications (Neubaum, Kammerlander, and Brigham 2019; Rutherford, Kuratko, and Holt 2008; Stewart and Hitt 2012) but may also deprive researchers of available additional analytical tools (Heck et al. 2008). More especially, this may lead them to over-optimism and—as this study reveals in the case of stakeholder orientation—the omission of nuanced aspects visible in non-linearity, such as dark-sided implications that occur in family firms (Gedajlovic et al. 2012; Temouri et al. 2022).

The remainder of the paper is organized as follows: First, we present our theoretical framework and develop our hypotheses in the next section. In the methods section, we provide further details on the study sample, variables, and procedures used for data analysis. Following this, we present the results of our initial analyses, hypothesis testing, and robustness checks. In the discussion, we elaborate on our findings and offer insights regarding our contributions to the theory and practice. Finally, we conclude our study with the limitations, suggestions for future research and key takeaways.

2. Theoretical framework and hypothesis development

In our theorizing, we rely on the structural functionalist view (SFV) of organizations which emerged mainly from the seminal works of Philip Selznick, Chester Barnard, Talcott Parsons, and Robert Merton (Burrell and Morgan 1979). This theoretical view is highly conducive for the purposes of our study given its successful integration of internal and external pressures, role of decision-making authority, as well as importance and ability of establishing goals within organizations (see Gartenberg and

Zenger 2023). Thus, it ensures parsimony in the development of our hypotheses and decreases the need to utilize multiple theoretical premises.

According to SFV, organizations are organism-like structures with specialized functions to fulfill specific goals (Parsons 1956), which are centered around an 'overarching reason of being' (Besharov and Mitzinneck 2023, p. 233). Before attaining these goals however, they are obliged to fulfill the basic need of all organisms: to survive by maintaining their structural integrity and continuity as a system (Selznick 1948). This implies that the integrity of an organization (e.g., as a family firm) can be threatened when its strategy is crippled by external intrusion (see Rust 2023). In addition, it is also threatened when its authority structure fails to ensure the proper distribution of decision rights necessary for stability in strategy making, or when its strategic decisions are impaired and stalled by internal conflicts (Selznick 1948). To prevent this, organizations are obliged to (1) secure their strategy against external intervention, (2) sustain their decision-making authority and its determinants, and (3) eliminate possible internal conflicts and their causes (Selznick 1948).

The second important tenet of SFV for our investigation lies in the analysis of organizations as 'adaptive cooperative' systems where two or more individuals engage in coordinated efforts to reach an objective (Barnard 1938; Merton 1949; Selznick 1948). However, organizations also consist of 'contending groups, each of which had values they would like to see the organization put to use' (King 2015, p. 154). This implies that although structures grant the powerful actors (such as an owner family with high influence on the firm) the ability to set the goals of organizations, the decision of these actors are still bound by the diverging interests of others. This in turn makes strategic decision making 'a problem of social cooperation' (Tennent 2020, p. 786). Barnard (1938) points to 'an equilibrium, the balancing of burdens by satisfactions [for individuals], which results in continuance' (p. 57) of the cooperative action and the functioning of the organization. This also implies that the satisfaction of individuals is a crucial predictor for the extent of their contribution to the organization's functioning, thereby ensuring its survival (Henisz 2023). Accordingly, when the balance tilts against cooperative action for specific individuals inside the organization, incentives should be provided to them to re-gain equilibrium. Similarly, when demands from the external environment clash with the conduct of the organization, the consent of the external stakeholders making these demands is essential to the organization's proper functioning, ultimately even its survival (Burrell and Morgan 1979; Parsons 1956). In this case, in addition to engaging in cooperation with other external organizations for ensuring survival (Diaz-Kope and Morris 2022), the organization can also choose to obtain the consent of external stakeholders by adapting to their demands (i.e., *via* cooptation) (Selznick 1948).

2.1. Revisiting the relationship between family influence and stakeholder orientation

2.1.1. The case of high family influence

Many studies relate high family influence positively to a high stakeholder-oriented performance (Cruz et al. 2014; García-Sánchez et al. 2021; Laguir, Laguir, and Elbaz

2016). Some of these studies explain this by superior relationships of families with stakeholders (Uhlaner, van Goor-Balk, and Masurel 2004), sourced by families' image concerns (Cruz et al. 2014; Dou, Zhang, and Su 2014; Dyer and Whetten 2006), aggravated by higher local embeddedness (Niehm, Swinney, and Miller 2008) as well as higher family-firm identification (Block and Wagner 2014; Déniz-Déniz, Cabrera-Suárez, and Martín-Santana 2020; Zellweger et al. 2013). Similarly, SFV emphasizes the importance of image for the proper functioning and ultimate survival of an organization (Selznick 1948). We do not deny the merits of these arguments and follow the established conjecture that high family influence leads to a high stakeholder orientation. However, we argue that this relationship needs more explanation. Research offers counter-explanations and shows conflicting results (e.g., Abeysekera and Fernando 2020; Amann, Jaussaud, and Martinez 2012; Cruz et al. 2014; Solarino and Boyd 2020). Furthermore, the above arguments only offer explanations regarding stakeholder orientation when family influence is high – and neglect inquiry into moderate or low levels. Considering the heterogeneity of family firms with respect to different degrees of family influence (Neubaum, Kammerlander, and Brigham 2019; Rutherford, Kuratko, and Holt 2008), a careful investigation of cases where the family influence is low or only moderate is warranted.

2.1.2. The case of low family influence

We argue that in firms where family influence is low, boards will be free of a dominant family coalition and be more pluralistic (Molz, 1988). There is evidence that in pluralistic boards, the different needs and requests of various stakeholders such as minority shareholders, worker unions, or NGOs find more audience, leading the firm to adapt to their demands (Harjoto, Laksmana, and Lee 2015; Jizi 2017). Accordingly, in cases of widely held influence 'no particular individual or group can unilaterally dictate an outcome' (Knight and Johnson 1997, p. 279) and therefore groups will 'struggle repeatedly for the realization of their interests' (Przeworski 1991, p. 14). Governance decisions in these organizations might absorb new and pluralistic elements to avert threats to the organizations' stability (Harrison, Torres, and Kukalis 1988; Selznick 1948). Thus, in the case of low family influence we argue that governance structures will reflect more democratic decision-making processes driven by the interests of diverse stakeholders resulting in a high stakeholder orientation.

2.1.3. The case of moderate family influence

We posit that a moderate family influence in a firm enables the family coalition to pursue its interests while the limited nature of its influence veils the family's visibility. Nonetheless, this level of influence should be enough to undermine the emergence of more pluralistic decision-making processes because privileges will be claimed leading to the pursuit of self-interests by the family coalition (Habermas 1997; Merton 1949; Parsons 1956). Moderate family influence may discourage the family from undertaking financially and non-financially beneficial activities (Schulze et al. 2001). For example, due to low governance associated with moderate family influence, a family coalition might choose not to deploy resources towards strategic actions that will benefit the firm, and instead 'tunnel' the firm's resources at the expense of other stakeholders (Johnson et al. 2000). Further, due to the cloaked influence and visibility of the family, image concerns will not be a motivating factor in the pursuit of a higher level of stakeholder orientation. As a result, we argue that firms with moderate level of family influence will pursue stakeholder-oriented goals to a lesser extent than firms with high and low levels of family influence. Hence, we posit:

H1: The degree of family influence has a U-shaped relationship with the pursuit of stakeholder-oriented goals in a firm.

2.2. The basic needs to be fulfilled before following a long-term agenda

'The family is an integral part of the [family firm] system' (Harris 1989, p. 151) and the firm acts 'as a context (or an arena) for the acting out of the family agenda' (Davis and Stern 1988, p. 73). This is often an agenda with commitments and benefits reaching across generations (Chua, Chrisman, and Sharma 1999). However, the pursuit of such a long-term family-centric agenda is viable only if the organization, along with its influential family coalition, endures and remains capable of harvesting the benefits of these long-term commitments (Zellweger et al. 2012). Yet, no amount of ownership stake or managerial influence is enough to safeguard this crucial aspect. This is simply because managers can be replaced and alter the agenda of the firm, or owners' discretion may be restricted by significant debtholders (Rydqvist 1992). Furthermore, intentions of transgenerational control only signal possibility and desire (Zellweger et al. 2012), but do not ensure familial perpetuity in any structural form such as a formal contract or a governing body. An ownership transfer to the next generation of the family may still lead to unresolved disputes, hold-ups, and eventually dissolution (Gordon and Nicholson 2008; Nicholson 2008; Sorenson 1999). Accordingly, family firms require more than family involvement in ownership and management, and more than mere intentions of continuity to (1) secure their distinctive long-term agenda from intervention, (2) sustain the presence of an influential family as the source of decision making, and (3) eliminate possible internal conflicts which can impair the family agenda. Only when such basic needs have been attained will it be secure enough for family firms to pursue a long-term oriented family agenda and fulfill their purpose of benefiting their family coalition on a perpetual basis. We argue that goals aiming to fulfill these basic needs materialize in the form of the pursuit of *sovereignty*.

2.3. Sovereignty pursuit in modern organizations under family influence

The sovereignty concept was introduced by the French philosopher Jean Bodin in the sixteenth century (Bodin and Tooley 1955) and was utilized to explain the nature and characteristics of a coalition's power to govern as well as the conditions on which this power depends. These are *illimitability*, *perpetuity,* and *indivisibility*: (1) *illimitable* in the sense that it is capable of independently deciding on all issues concerning its own interests or those of its constituents; (2) *perpetual* – in the sense that it is permanent unless the sovereign wants to relinquish it, as opposed to an officer having to retire after a certain period of time or a cabinet being dissolved when the jurisdiction period ends; (3) *indivisible* in the sense that no equal or greater power can overrule it (Bodin and Tooley 1955).

We argue that these three principles also apply to a modern business organization with family influence. Specifically, (1) the *illimitability* principle aims to keep the organization's actions and its family driven agenda independent from external forces (e.g., financiers, non-family block holders); (2) the *perpetuity* principle is aimed at the continuity of family control and its determinants regardless of the generation or origin of people at the helm of the organization; and (3) the *indivisibility* principle aims to prevent major internal disputes in decision making which would compromise the fulfillment of the family agenda. Accordingly, a sovereignty pursuit is associated with high equity-low debt financing, prioritization of long-term survival of the firm and the family coalition, and governing bodies enforcing procedures for ownership and management transfer to lessen conflicts and maintain family focus (Block et al. 2020; Lehleiter 1996; Nicholson 2008). Thus:

H2: The degree of family influence is positively associated with the pursuit of sovereignty goals.

2.4. The mediating role of sovereignty goals

The long-term survival of an organization depends on its stakeholders consenting to and accepting the continuation of cooperative action (Barnard 1938; Selznick 1948). Therefore, focusing on stakeholder orientation may help a family coalition with sovereignty intentions to earn the consent of the organization's stakeholders for further cooperation. Similarly, as stakeholder-oriented activities often yield benefits in the long-run (Abeysekera and Fernando 2020; Combs et al. 2023) they are a less attractive investment without sovereignty intentions. In fact, Dou, Zhang, and Su (2014) find that the positive relationship between family ownership and stakeholder-oriented activities becomes weaker if the perpetuity principle of the sovereignty pursuit is compromised.

However, the pursuit of sovereignty may also have a dark side as an 'unintended consequence' (see Merton 1949; Selznick 1948). There are several reasons why the sole pursuit of sovereignty goals may decrease the consent of stakeholders for cooperative action. For example, a sovereign status potentially enables the pursuit of personal objectives at the firm level at the expense of firm resources and performance (Dick, Wagner, and Pernsteiner 2021; Jara, López-Iturriaga, and Torres 2021). Pronounced pursuit of sovereignty ensuring the family has an illimitable power of decision may result in an excessive emphasis on the family agenda, neglecting other stakeholders (Chung and Luo 2013; Solarino and Boyd 2020). Restricting alternative voices in favor of an indivisible decision-making capacity may also result in groupthinking which may imply neglect of stakeholders (Gordon and Nicholson 2008; Richards 2023). Further, foregoing positive net present value projects to avoid the use of debts could curb innovation and the exploitation of opportunities (Abinzano, Corredor, and Martinez 2021; Hansen and Block 2021). In a similar vein, installing intentionally loose governance structures to entrench the power of the family over the firm can be detrimental for the organization (Aldamen et al. 2020; Mustakallio, Autio, and Zahra 2002). Finally, extensive succession planning may also be similarly adverse for firm performance if favoritism and nepotism occurs during CEO succession (Ahrens et al. 2019; Chen, Chittoor, and Vissa 2021; Jeong, Kim, and Kim 2022). Restricting the participation of non-family members in the top management may demotivate the firm's middle management and employees, since they might perceive perpetual family leadership as a glass-ceiling and unfair for their career (Barnett and Kellermanns 2006; Samara, Jamali, and Parada 2021; Samara and Paul 2019).

We argue that to counterbalance these negative effects emerging from sovereignty pursuit (see Diaz-Moriana, Clinton, and Kammerlander 2024), family firms pursue stakeholder-oriented goals. Such efforts should be made to gain the consent of stakeholders in order to maintain their cooperation and ensure the survival of the organization (Selznick 1948). Thus, the pursuit of sovereignty by a family coalition would increase the stakeholder-oriented goal pursuit of an organization. Hence, we posit:

H3: The relationship between the degree of family influence and the pursuit of stakeholder-oriented goals is positively mediated by the pursuit of sovereignty goals.

2.5. The moderating role of financial goals

We posit that financial goals play a crucial role in the manifestation of the relationship between sovereignty-goal-pursuit and stakeholder orientation as well as for the mediation relationship argued above (H3). As maintaining good stakeholder relations can be seen as a long-term financial investment (Kim 2010), a sovereign family coalition would also invest in their stakeholders to reap financial benefits in the future. Research shows that having good relationships with stakeholders provides access to competitive advantages in obtaining resources (Pfeffer and Salancik 1978). Further, it drives the financial performance of a firm (Torugsa, O'Donohue, and Hecker 2012) and ensure its survival (Selznick 1948). Moreover, a high focus on financial goals coupled with a strong sovereignty pursuit could signal greed (Haynes, Hitt, and Campbell 2015), where the organization appears as its leaders' instrument of financial value extraction (Dyck and Zingales 2004). To alleviate such unintended consequences, family firms which strongly emphasize sovereignty and financial goals simultaneously would increase their stakeholder-oriented goal pursuit. Accordingly, we posit that the more a firm with a sovereignty-seeking family puts emphasis on financial goals, the higher its stakeholder-oriented goal pursuit.

H4: The mediation of sovereignty goals between family influence and the pursuit of stakeholder-oriented goals is positively moderated by the pursuit of financial goals.

Figure 1 summarizes the proposed research framework.

3. Methods

3.1. Sample

To test our hypotheses, we employed a sample of 445 German firms gathered through a telephone survey conducted with CEOs and supervisory/advisory board members

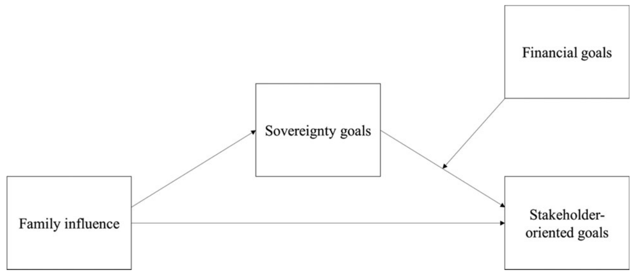

Figure 1. Conceptual diagram of the hypothesized relationships.

Table 1. Descriptive statistics.

Variable	Value	Frequency	Percentage
Family influence	Very low	165	37%
	Low	32	7%
	Moderate	40	9%
	High	45	10%
	Very high	163	37%
Firm age	less than 20 years	73	16%
	20–49 years	111	25%
	50–99 years	138	31%
	100–199 years	112	25%
	200 years or more	11	2%
Number of employees	less than 100	118	27%
	100–249	97	22%
	250–499	88	20%
	500–999	73	16%
	1000 or more	69	16%
Geographical span	International	216	49%
	National	121	27%
	Regional	108	24%
Industry	Manufacturing	227	51%
	Services	104	23%
	Trade	114	26%
Subsidiary	Yes	185	42%
	No	260	58%
Legal form	Corporation	50	11%
	Limited liability	254	57%
	Other	141	32%
A family with at least 20% equity	Yes	247	56%
	No	198	44%
A manager from the family active	Yes	163	37%
	No	282	63%

on family influence, goals, and characteristics of firms. The sample selection process began by filtering active companies in 2013 using the BvD Amadeus Database. 6625 firms were chosen randomly and 5551 of these firms were reached *via* telephone whereas others were not available for various reasons (address/telephone change, target person not available, etc.). 587 firms agreed to take part in the study, yielding a response rate of 10.5%. 142 Observations were dropped from the sample due to missing data.

Table 1 offers a descriptive overview of our sample. 37% of the firms in our sample report very low family influence whereas another 37% report a very high level, indicating a balanced distribution. Our sample includes also both large and old firms as well smaller and younger ones, reflecting the overall firm landscape in Germany.

Specifically, 27% of the firms in our sample are older than one hundred years and 32% have more than five hundred employees. On the other hand, 16% of the sample firms are younger than twenty years, and 27% have less than one hundred employees. Internationally active firms and manufacturing firms make up almost half of our sample. As with the general population, the predominant legal form of our sample firms is limited liability. Finally, more than half of the firms report the presence of a family with more than twenty percent ownership and 65% of these cases also report the presence of a manager from that family.

3.2. Variables

Family influence: We measure family influence as an ordinal variable *via* using the following 5-point Likert scale item: 'To what extent do you consider the firm to be a family firm?' (Birley 2001; Cooper, Upton, and Seaman 2005; Zahra et al. 2008). This is motivated by several concerns. First, similar to prior studies using such an operationalization (for a more exhaustive list, see Roffia et al. 2021), it is appropriate for our research purpose given that component-based measures (e.g., family ownership, managerial involvement) might not cover all the aspects comprising a family's influence (Chua, Chrisman, and Sharma 1999; Litz 1995). Consideration of the firm as a family firm is also shown as a strong indicator of the family's influence (Zellweger, Eddleston, and Kellermanns 2010). Our approach is also in line with the family embeddedness view (Aldrich and Cliff 2003), which considers every firm to have a certain amount of family influence due to the socially embedded nature of organizations and warns about the oversimplifying nature of dichotomized operationalizations (Rutherford, Kuratko, and Holt 2008; Stewart and Hitt 2012). Finally, the self-perception measure we employ has merits since the high private ownership culture in Germany may result in cases where there is a strong owner with no interest in exerting influence over the firm (Franks and Mayer 1997).

3.2.1. Sovereignty goals, stakeholder-oriented goals, and financial goals

To operationalize sovereignty goals, it is crucial to understand how Bodin's sovereignty concept translates into the modern organizational context. Shareholders of modern organizations rely on contractual law, ownership rights and corporate governance measures to ensure sovereignty and the principles of *illimitation*, *perpetuity*, and *indivisibility*. In fact, these three principles manifest in forms such as quests for corporate independence (e.g., through having a strong equity position) (*illimitation*), prioritization of long-term continuity and survival (*perpetuity*), and a unified voting majority free of internal disputes (*indivisibility*).

With this in mind, we utilized a set of items based on the seminal work of Tagiuri and Davis (1992) on family firm goals. These items include attitudes towards independence, longevity, equity ownership and foundations. Accordingly, interviewees rated how important 'staying independent', 'surviving in the long term', 'having a high equity ratio to stay strong', and 'managing the firm with a foundation' to them. These items are then used to form the *sovereignty goals* variable. Eleven further items, which focus on the importance of various stakeholders such as employees, customers,

Table 2. Factors emerging from EFA and factor loadings.

	Factors (Latent Variables)					
	Stakeholder -oriented goals	Financial goals	Sovereignty goals	Uniqueness	KMO	SMC
Observed Variable	$\alpha = 0.90$	$\alpha = 0.70$	$\alpha = 0.63$			
1. Staying independent			0.62	0.58	0.37	0.71
2. Surviving in the long term			0.49	0.67	0.37	0.78
3. Having a high equity ratio to stay strong			0.64	0.61	0.36	0.58
4. Managing the firm with a family foundation			0.54	0.66	0.41	0.47
5. Achieving industry excellence	0.50			0.70	0.37	0.84
6. Offering quality products	0.63			0.54	0.49	0.89
7. Being a firm customers trust	0.56			0.67	0.48	0.74
8. Being responsible to customers	0.66			0.59	0.50	0.83
9. Having a representative company name	0.65			0.54	0.48	0.90
10. Enabling employee development	0.74			0.45	0.63	0.81
11. Having a high moral, contributing society	0.63			0.56	0.47	0.9
12. Ensuring employee satisfaction	0.73			0.45	0.66	0.82
13. Making employees proud	0.70			0.46	0.57	0.89
14. Offering job security to the employees	0.64			0.50	0.48	0.93
15. Being fair to employees	0.81			0.38	0.71	0.78
16. Increasing the profitability of the firm		0.69		0.50	0.43	0.70
17. Ensuring the growth of the firm		0.54		0.67	0.38	0.70
18. Increasing the shareholder wealth		0.52		0.75	0.33	0.52
19. Assuring an appropriate ROI		0.61		0.64	0.34	0.70
20. Considering profitability as a priority		0.54		0.62	0.36	0.68

Loadings < 0.32 are not shown (Tabachnick and Fidell 2007). α indicates polychoric alpha coefficient. KMO and SMC stand for Kaiser-Meyer-Olkin Test Measure and Squared Multiple Correlations respectively.

and society, are utilized to form *stakeholder-oriented goals* variable. Some of the items in this category include 'being fair to employees', 'being a firm customers trust' and 'having a high moral, contributing to the society'. Finally, five items are utilized to measure the importance of *financial goals.* These items rate the importance of goals such as 'ensuring the growth of the firm' or 'increasing the profitability of the firm'. All three scales are formed with the help of a factor analytic procedure described in the next section and rescaled at 0–100 interval (Table 2).

3.2.2. Control variables

In our multivariate regression analyses, we employed a set of control variables that are derived from interview data and the Amadeus Database. In line with prior research, we controlled for (1) firm characteristics, (2) institutional forces, (3) industry contingent factors, and (4) the financial situation of the firm (Dou, Zhang, and Su 2014).

Firm size and age are important criteria influencing stakeholder orientation (Cochran and Wood 1984; Gomez-Mejia et al. 2011; Niehm, Swinney, and Miller 2008; Udayasankar 2008). *The firm age* is calculated as 2013 minus the year of incorporation. Further, we included in our models a *founder generation* variable indicating firms less than 25 years old to capture the differential founder effects (Ahrens et al. 2019; Kelly, Athanassiou, and Crittenden 2000). We used the log-transformed *number of employees* to control for size. Controlling for the legal form is also deemed important in similar studies (Jamali, Safieddine, and Rabbath 2008). Therefore, the indicator variables for German legal forms '*Aktiengesellschaft*' (*corporation*) and

'*Gesellschaft mit beschränkter Haftung*' (*limited liability*) were included as controls, and all *other legal forms* were treated as base case. Firms that are subsidiary are controlled for *via* a *subsidiary* indicator. We also controlled for *substantial family ownership* exceeding 20% (King and Santor 2008; La Porta et al. 1999; Singal and Singal 2011) and if there is a *family manager* (in the management or board) belonging to this family (Cruz et al. 2014) and if the survey was answered by a *family respondent* belonging to the owner family.

The geographical span of the firm is controlled given that institutional stakeholders may influence its stakeholder orientation (Husted and Allen 2006). We employed two variables for *internationally* and *nationally* active firms and left *regionally* active firms as a base. Additionally, we controlled for firms located in the former German Democratic Republic (*East Germany*) because development in these states is still comparably low (Federal Statistical Office of Germany 2015, 2019) and may influence decisions (Wang and Qian 2011). Furthermore, we classified firms according to *trade*, *services,* and *manufacturing industries* (Block et al. 2015).

Finally, we included financial controls from the previous accounting period (2012) to control for the financial factors (Bingham et al. 2011). To control for the performance of companies and their aspirations compared to their peers (Gavetti et al. 2012), we added the figure *industry adjusted return on assets* into our models. We used an adjustment sample of 49 thousand German firms and two digit SIC codes for this adjustment (Barber and Lyon 1996). We also included the *sales growth* of the companies (Greve 2008). Further, to control for the solvency of a firm, we added the *liquidity ratio* and *interest coverage ratio*. The *equity ratio* of the firm is also controlled for. For the summary statistics of all variables, please refer to Table 3 (also see Appendix A for the variable booklet).

3.3. Empirical procedures

We used a factor analysis to form our goal variables (see Table 2). We ensured that our data is suitable to factor analytic process given its size, factorability, absence of a considerable amount of multicollinearity, singularity, and outliers (Tabachnick and Fidell 2007). Factors were extracted using the iterated principal factors extraction method and a polychoric correlation matrix since our scale variables are ordinal (Holgado–Tello et al. 2010). Further, we used an oblique rotation method (oblimin) to obtain interpretable factor loadings for correlated constructs. In addition, we ran a battery of ordered logit regressions with each of the goal variables used in the factor analytic process as a dependent variable (see Appendix B). We also conducted a Harman's single-item test to rule out common method bias (Podsakoff et al. 2003).

To test our hypotheses H1 and H2 we employed linear regressions (see Table 4). First, we ensured that Gauss-Markov assumptions are not violated. Further, upon conducting a Breusch-Pagan test of heteroskedasticity and observing that the null hypothesis is rejected for some models – suggesting a heteroskedastic error term distribution – we used heteroskedastic robust standard errors in all our models.

To test H3 and H4, we used conditional process modelling (CPM) with bootstrapped standard errors in line with Hayes (2017). CPM is superior to the classical

Table 3. Summary statistics and pairwise correlations.

Nr.	Variable	Mean	SD	Min	Max	1	2	3	4	5	6	7	8	9	10	11
1	Family influence	2.02	1.77	0.00	4.00	1.000										
2	Sovereignty goals	72.64	15.93	0.00	100.00	0.525***	1.000									
3	Stakeholder-oriented goals	69.95	17.81	0.00	100.00	0.105*	0.234***	1.000								
4	Financial goals	67.75	15.37	0.00	100.00	−0.142**	0.001	0.025	1.000							
5	Firm age	69.86	50.99	2.00	312.00	0.155**	0.052	−0.036	0.003	1.000						
6	Founder generation	0.76	0.43	0.00	1.00	0.191***	0.122*	−0.013	−0.079	0.601***	1.000					
7	Number of employees (log)	5.66	1.18	3.91	8.99	−0.048	−0.000	−0.042	0.015	0.153**	0.151**	1.000				
8	International	0.49	0.50	0.00	1.00	0.017	−0.064	−0.036	0.173***	0.045	0.031	0.138**	1.000			
9	National	0.27	0.45	0.00	1.00	0.010	0.037	−0.048	−0.080	−0.048	0.037	0.001	−0.594***	1.000		
10	Regional	0.24	0.43	0.00	1.00	−0.030	0.036	0.091	−0.119*	−0.003	−0.074	−0.162***	−0.550***	−0.346***	1.000	
11	Services industry	0.23	0.42	0.00	1.00	−0.193***	−0.069	0.043	−0.062	−0.167***	−0.161***	0.104*	−0.196***	0.188***	0.034	1.000
12	Trade industry	0.26	0.44	0.00	1.00	0.057	0.109*	0.041	−0.033	0.013	−0.007	−0.319***	−0.323***	−0.046	0.424***	−0.324***
13	Manufacturing industry	0.51	0.50	0.00	1.00	0.113*	−0.037	−0.072	0.082	0.130**	0.143**	0.190***	0.448***	−0.118*	−0.399***	−0.564***
14	Subsidiary	0.42	0.49	0.00	1.00	−0.389***	−0.293***	0.005	0.217***	−0.199***	−0.155**	−0.024	0.148**	−0.024	−0.148**	−0.003
15	Corporation	0.11	0.32	0.00	1.00	−0.105*	−0.035	−0.054	0.057	0.122**	0.084	0.229***	0.025	−0.010	−0.019	0.056
16	Limited liability	0.57	0.50	0.00	1.00	−0.203***	−0.191***	−0.072	0.021	−0.206***	−0.148**	−0.021	0.134**	0.030	−0.187***	0.093
17	Other legal form	0.32	0.47	0.00	1.00	0.287***	0.226***	0.114*	−0.061	0.137**	0.101*	−0.133**	−0.159***	−0.025	0.212***	−0.136**
18	East Germany	0.08	0.27	0.00	1.00	−0.051	0.008	−0.004	−0.006	−0.106*	−0.148**	−0.015	−0.033	−0.047	0.088	0.016
19	Substantial family ownership	0.56	0.50	0.00	1.00	0.719***	0.400***	0.020	−0.125**	0.122**	0.184***	−0.017	−0.026	0.049	−0.021	−0.189***
20	Family manager	0.37	0.48	0.00	1.00	0.720***	0.369***	0.059	−0.150**	0.112*	0.144**	−0.107*	−0.094*	0.049	0.059	−0.166***
21	Family respondent	0.23	0.42	0.00	1.00	0.485***	0.281***	0.059	−0.086	0.123**	0.097*	−0.084	−0.096*	−0.036	0.149**	−0.089
22	Liquidity ratio	0.52	1.33	0.00	17.93	0.073	0.101	−0.135*	−0.039	−0.088	−0.081	−0.070	0.050	0.055	−0.116*	0.016
23	Interest coverage ratio	463.56	4280.61	−194.88	61313.11	0.038	0.018	0.037	−0.059	−0.057	−0.006	−0.030	−0.045	0.055	−0.005	−0.045
24	Equity ratio	0.36	0.23	−0.84	0.98	0.180**	0.142**	0.108	−0.111*	−0.055	0.037	0.091	0.072	−0.001	−0.083	−0.030
25	Sales growth	0.01	0.17	−0.99	1.37	−0.047	0.016	0.110*	0.075	0.017	0.015	0.088	−0.043	0.034	0.015	0.005
26	Industry adjusted ROA	0.03	0.23	−0.70	0.62	0.174**	0.256***	−0.049	0.016	0.031	0.106	0.108	−0.025	0.055	−0.027	−0.005

Nr.	Variable	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
12	Trade industry	1.000														
13	Manufacturing industry	−0.599***	1.000													
14	Subsidiary	−0.088	0.079	1.000												
15	Corporation	−0.095*	0.036	−0.069	1.000											
16	Limited liability	−0.198***	0.095*	0.335***	−0.410***	1.000										
17	Other legal form	0.275***	−0.125**	−0.310***	−0.242***	−0.785***	1.000									
18	East Germany	0.020	−0.031	−0.009	0.055	0.034	−0.073	1.000								
19	Substantial family ownership	0.059	0.109*	−0.373***	−0.111*	−0.155**	0.240***	−0.024	1.000							
20	Family manager	0.120*	0.036	−0.414***	−0.093*	−0.189***	0.264***	−0.049	0.681***	1.000						
21	Family respondent	0.081	0.005	−0.312***	−0.060	−0.148**	0.199***	−0.022	0.491***	0.434***	1.000					
22	Liquidity ratio	−0.106	0.080	−0.033	0.004	0.092	−0.105	−0.057	0.065	0.078	−0.042	1.000				
23	Interest coverage ratio	−0.005	0.042	0.027	−0.039	0.083	−0.062	0.051	0.092	0.017	0.008	0.090	1.000			
24	Equity ratio	−0.073	0.090	−0.103	0.104	−0.006	−0.068	0.008	0.068	0.106	0.004	0.217***	0.152**	1.000		
25	Sales growth	0.030	−0.031	−0.044	−0.013	−0.054	0.066	−0.017	0.015	0.018	−0.069	−0.060	−0.018	−0.016	1.000	
26	Industry adjusted ROA	−0.029	0.029	−0.078	0.073	−0.127*	0.086	−0.067	0.137*	0.157**	0.053	0.138*	−0.002	0.231***	0.044	1.000

Pearson correlation coefficients of the variables. Stars indicate the significance levels (.
*** $p < .01$, ** $p < .05$, * $p < .1$.

Table 4. Regression models with latent variables emerging from the factor analysis.

	Sovereignty goals	Stakeholder oriented goals				Sovereignty goals	Stakeholder oriented goals			
Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Family influence	**4.517***** **(0.548)**	**−5.701**** **(2.535)**		**−7.281***** **(2.555)**	**−7.498***** **(2.529)**	**3.977***** **(0.704)**	**−11.481***** **(3.227)**		**−12.315***** **(3.246)**	**−12.029***** **(3.199)**
(Family influence)^2		**2.000***** **(0.653)**		**2.077***** **(0.641)**	**2.091***** **(0.634)**		**3.181***** **(0.782)**		**3.134***** **(0.779)**	**3.025***** **(0.766)**
Sovereignty goals			**0.296***** **(0.066)**	**0.285***** **(0.064)**	**−0.302*** **(0.163)**			**0.254***** **(0.078)**	**0.255***** **(0.078)**	**−0.410***** **(0.157)**
Financial goals					**−0.622***** **(0.176)**					**−0.720***** **(0.173)**
Sovereignty goals x financial goals					**0.009***** **(0.002)**					**0.011***** **(0.003)**
Firm age	−0.027* (0.014)	−0.018 (0.021)	−0.010 (0.021)	−0.010 (0.020)	−0.011 (0.020)	−0.006 (0.020)	−0.018 (0.030)	−0.023 (0.031)	−0.016 (0.029)	−0.018 (0.028)
Founder generation	2.357 (1.873)	0.302 (2.514)	0.290 (2.490)	−0.393 (2.505)	−0.528 (2.480)	0.703 (2.478)	1.006 (3.574)	2.809 (3.481)	0.856 (3.457)	0.738 (3.379)
Number of employees (log)	0.662 (0.566)	−0.178 (0.802)	−0.280 (0.818)	−0.370 (0.801)	−0.428 (0.796)	0.694 (0.754)	−1.203 (0.995)	−1.067 (1.040)	−1.376 (0.980)	−1.337 (0.964)
International	−0.965 (1.575)	1.154 (2.195)	1.789 (2.179)	1.420 (2.176)	0.891 (2.193)	3.650* (2.046)	4.717* (2.709)	4.604* (2.668)	3.800 (2.706)	3.159 (2.715)
Regional	−0.759 (2.069)	3.905 (2.434)	4.185* (2.464)	4.115* (2.413)	3.080 (2.408)	0.968 (2.770)	5.678* (3.133)	6.821** (3.255)	5.451* (3.005)	4.122 (2.955)
Services industry	−1.640 (1.914)	2.859 (2.831)	3.455 (2.897)	3.322 (2.799)	2.802 (2.747)	−4.650* (2.672)	5.350 (3.686)	7.030* (3.808)	6.543* (3.647)	6.026* (3.553)
Manufacturing industry	−3.408* (2.019)	−0.380 (2.393)	0.708 (2.487)	0.590 (2.420)	0.717 (2.385)	−4.975* (2.619)	0.870 (3.162)	1.925 (3.335)	2.135 (3.119)	1.861 (3.054)
Subsidiary	−2.648* (1.547)	2.598 (1.993)	3.587* (2.016)	3.342* (1.979)	3.543* (1.959)	−3.295 (2.030)	3.367 (2.805)	4.872* (2.827)	4.216 (2.749)	4.606* (2.701)
Corporation	−0.896 (2.229)	−3.259 (2.918)	−4.412 (2.899)	−2.957 (2.826)	−3.048 (2.794)	−1.565 (3.119)	−1.849 (3.805)	−3.353 (3.774)	−1.480 (3.644)	−1.349 (3.462)
Limited liability	−2.173 (1.367)	−3.100 (2.049)	−3.328 (2.028)	−2.454 (2.010)	−2.238 (1.994)	−0.736 (2.146)	−5.610** (2.559)	−6.739*** (2.567)	−5.443** (2.532)	−4.717* (2.439)
East Germany	1.940 (2.358)	0.376 (3.342)	−0.491 (3.195)	−0.166 (3.192)	0.284 (3.164)	1.015 (3.043)	1.920 (4.087)	−0.236 (3.927)	1.634 (3.828)	2.044 (3.814)
Substantial family ownership	1.296 (2.071)	−2.891 (2.753)	−3.380 (2.585)	−3.228 (2.717)	−3.063 (2.711)	1.552 (2.413)	1.830 (3.416)	0.380 (3.121)	1.425 (3.333)	1.371 (3.231)
Family manager	−2.450	−1.779	1.620	−1.150	−0.900	−2.589	−1.614	1.039	−0.919	−0.662

(*continued*)

Table 4. Continued.

	Sovereignty goals	Stakeholder oriented goals				Sovereignty goals	Stakeholder oriented goals			
Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	(1.519)	(2.990)	(2.513)	(2.908)	(2.920)	(1.915)	(3.678)	(3.078)	(3.649)	(3.651)
Family respondent	0.724	0.131	0.955	−0.103	0.093	−0.809	−2.231	−1.192	−2.010	−1.823
	(1.389)	(2.416)	(2.330)	(2.348)	(2.345)	(1.850)	(3.139)	(3.102)	(3.094)	(3.056)
Liquidity ratio						1.798**	−0.835	−0.917	−1.289	−1.081
						(0.856)	(1.080)	(1.224)	(1.157)	(1.218)
Interest coverage ratio						0.000	0.000**	0.000*	0.000**	0.000***
						(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Equity ratio						−5.692	7.397	9.911	8.867	8.472
						(5.232)	(6.024)	(6.284)	(6.038)	(5.975)
Sales growth						−2.681	20.324**	17.993**	20.961**	19.897**
						(5.689)	(8.345)	(8.430)	(8.717)	(8.771)
Industry adjusted ROA						13.135***	−3.724	−10.022**	−7.115	−6.769
						(4.658)	(5.103)	(4.725)	(4.851)	(4.583)
Constant	64.943***	70.364***	49.481***	51.930***	92.978***	65.711***	72.416***	49.839***	55.582***	100.214***
	(3.977)	(4.729)	(6.377)	(6.185)	(13.093)	(5.134)	(6.310)	(7.877)	(7.459)	(11.629)
Observations	445	445	445	445	445	249	249	249	249	249
R-squared	0.307	0.071	0.087	0.116	0.140	0.324	0.157	0.127	0.193	0.231
Adj. Rsqr	0.282	0.036	0.055	0.081	0.101	0.265	0.079	0.051	0.114	0.148
F test	11.61	2.025	2.801	2.996	3.791	5.524	2.423	2.469	2.796	3.239
Prob F	0.000	0.011	0.000	0.000	0.000	0.000	0.001	0.001	0.000	0.000

Dependent variables for each model can be seen on the top row. Robust standard errors in parentheses. Stars indicate significance levels.
***$p < .01$, **$p < .05$, *$p < .1$.

causal steps approach advanced by Baron and Kenny (1986) given its ability to calculate magnitudes for the (moderated) mediation effects and derive statistical inferences for those, unlike the causal steps approach. Accordingly, unconditional and conditional indirect effects need to be quantified using the linear model estimations below and tested for being significantly different from zero (Hayes 2017)[1].

I. $\widehat{\boldsymbol{SOVGOALS}} = \gamma_1 + a_1 \times \boldsymbol{FAMINF} + \sum_{i=1}^{N}(z_{1i} \times CONTROL_i)$

II. $\widehat{\boldsymbol{SHGOALS}} = \gamma_2 + a_2 \times \boldsymbol{FAMINF} + b_2 \times \boldsymbol{FAMINF}^2 + c_2 \times \boldsymbol{SOVGOALS} + \sum_{i=1}^{N}(z_{2i} \times CONTROL_i)$

III. $\widehat{\boldsymbol{SHGOALS}} = \gamma_3 + a_3 \times \boldsymbol{FAMINF} + b_3 \times \boldsymbol{FAMINF}^2 + c_3 \times \boldsymbol{SOVGOALS} + d_3 \times \boldsymbol{FINGOALS} + e_3 \times (\boldsymbol{FINGOALS} \times \boldsymbol{SOVGOALS}) + \sum_{i=1}^{N}(z_{3i} \times CONTROL_i)$

According to Hayes and Preacher (2010), unconditional and conditional indirect effects can be quantified as functions of the coefficients as follows:

$$\text{Unconditional indirect effect of the mediation}: (IV)\ \boldsymbol{a}_1 \times \boldsymbol{c}_2$$

$$\text{Conditional indirect effect of the mediation}: (V)\ \boldsymbol{a}_1 \times (\boldsymbol{c}_3 + \boldsymbol{e}_3 \times \boldsymbol{FINGOALS})$$

To obtain the standard errors and test for the significance of the effects above, we employed the bootstrapping technique with 5000 repetitions. Given that the bootstrapping estimation method frees us from the assumptions related to the statistical distribution of the indirect effect, it is deemed the most robust way to derive statistical inferences in such cases (Hayes 2017). Finally, the conditional indirect effect was probed with mean, mean ± standard deviation and mean ± two standard deviation values of the moderator variable (*financial goals*), and an index of moderated mediation ($\boldsymbol{a}_1 \times \boldsymbol{e}_3$) was calculated.

4. Results

4.1. Factor analysis

Table 2 Presents the results of the factor analysis. This table provides factor loadings, squared multiple correlations (SMC) and Kaiser–Meyer–Olkin (KMO) test results. Further, we report polychoric alphas given these have increased reliability for ordinal scales (Gadermann, Guhn, and Zumbo 2012). Alpha values of our scales exceed the 0.60 threshold (Malhotra et al. 2006; Nunnally 1978; Robinson, Shaver, and Wrightsman 2013) and are considered to be adequate for a self-developed scale (Churchill and Peter 1984) with five or fewer items (Klein, Astrachan, and Smyrnios 2005). To further verify the reliability of our sovereignty goals construct with four items, we utilized a confirmatory factor analysis to assess the fit for our latent variable model to data (Hinkin 1995). As a result, we found significant factor loadings and a non-significant chi-squared test along with root mean squared error

[1]Following abbreviations are used in equations to facilitate reading: *SOVGOALS*: sovereignty goals, *SHGOALS*: stakeholder-oriented goals, *FINGOALS*: financial goals, *FAMINF*: family influence, *CONTROL*: control variables.

approximation lower than 0.05 (0.037), a comparative fit index exceeding 0.90 (0.99) and a root mean squared residual below 0.08 (0.021) to be indicators of good model fit (Hooper, Coughlan, and Mullen 2008; Kline 2015). In addition, the polychoric inter-item correlations of the scale items within the 0.15–0.50 range (Clark and Watson 1995) support our assessment of reliability for each construct.

4.2. Hypothesis testing

Before testing our hypotheses, we inspected pairwise correlations (see Table 3). In line with our conjectures, these bivariate results suggest that there is a significant association between *sovereignty goals* and *family influence*. Further, we also observe that although *family influence* is related to *stakeholder goals*, the relationship between *sovereignty goals* and *stakeholder goals* seems to be stronger. We also observe a negative bivariate association between *family influence* and *financial goals*. In line with expectations, *substantial family ownership*, *founder generation*, the existence of a *family manager* as well as *equity ratio* is positively associated with *sovereignty goals*. Finally, *other legal forms* (i.e., different forms of partnerships) seem to be positively related to the sovereignty goals, given the higher governance requirements of corporations and limited liability firms.

The results of the main hypothesis testing are presented in Table 4. Models 1–5 are predicted using 445 observations along with control variables excluding the financial controls which are included in models 6–10. To test the U-shaped relationship hypothesized in H1, we include the squared *family influence* variable in model 1 and observe that the coefficient of the quadratic term is significantly ($p < .01$) positive. In the margins plot for *family influence* (see Figure 2), the marginal effect on the linear prediction turns to positive starting from 2, and at some value between 3 and 4, the total effect turns positive which supports the accordant *U*-shape hypothesis. To test our H2, we utilize model 2 in which the significant positive coefficient of *family influence* confirms a significantly ($p < .01$) positive relationship with sovereignty goals offering support for our hypothesis.

Before testing our H3 and H4, we present model 3 which indicates a significant relationship between *sovereignty goals* and *stakeholder-oriented goals* ($p < .01$) for informative purposes. To test the H3 and H4, we utilized the coefficients of unconditional (*sovereignty goals*) and conditional mediators *(sovereignty goals x financial goals)* in models 4 and 5 respectively and inserted those in the unconditional and conditional indirect effect equations displayed above (equation IV and V). Bootstrapping resulting effects with 5000 repetitions and taking the 95th percentile of the results yields the respective confidence intervals presented in Table 5. We find evidence for H3 since the unconditional indirect effect has a 95% confidence interval in the positive area. The same is valid for the conditional indirect effect since the index of moderated mediation calculated is significantly positive at a 95% confidence interval. The effect of *sovereignty goals* on *stakeholder-oriented goals* also increases significantly with higher levels of moderator *financial goals* (see Figure 3), validating H4 by demonstrating a significant mediation for high levels of sovereignty pursuit.

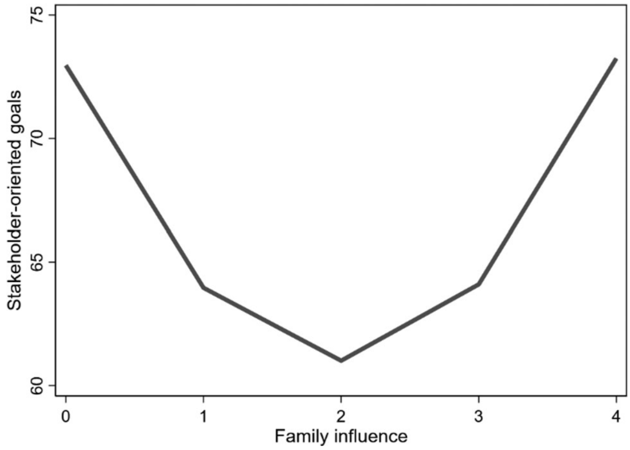

Figure 2. Marginal effects graph showing the linear predictions. Marginal effects of *family influence* on the linear prediction of *stakeholder-oriented goals* are demonstrated. The graph demonstrates full model with financial controls (Model 10). All other independent variables of the model are treated at their means.

Table 5. Effect sizes and confidence intervals of the bootstrapped indirect effects.

	Models without financial controls ($N = 445$)				Models with financial controls ($N = 249$)			
	Unconditional Indirect Effect				Unconditional Indirect Effect			
	Coefficient	SE	95% CI		Coefficient	SE	95% CI	
	1.288	0.315	0.670	1.905	1.014	0.369	0.290	1.737
	Conditional Indirect Effect				Conditional Indirect Effect			
Financial goals	Coefficient	SE	95% CI		Coefficient	SE	95% CI	
$\mu - 2^*SD$	0.171	0.423	−0.658	1.001	−0.036	0.391	−0.803	0.730
μ - SD	0.796	0.316	0.178	1.415	0.614	0.330	−0.032	1.259
μ	1.421	0.314	0.806	2.037	1.264	0.406	0.467	2.060
$\mu + SD$	2.046	0.420	1.224	2.869	1.913	0.568	0.801	3.026
$\mu + 2^*SD$	2.672	0.576	1.542	3.801	2.563	0.762	1.070	4.057
Index of moderated mediation	**0.041**	**0.013**	**0.016**	**0.066**	**0.043**	**0.015**	**0.014**	**0.071**

Table demonstrates statistics for unconditional and conditional effects from models without financial controls (445 observations) and with financial controls (249 observations). Effect sizes are bootstrapped 5000 times to obtain the standard errors and 95% confidence intervals. To check the conditional indirect effects, effect sizes are probed with different levels of *financial goals*. Significantly positive index of moderated mediation along with significantly different effect sizes with changing levels of *financial goals* indicate support for a moderation of the mediation.

Including the financial controls leads to the loss of 196 observations due to data unavailability. After investigating the missing data pattern and conducting required diagnostics we conclude that it is also appropriate to test our hypotheses *via* models 6–10 with financial controls. After calculating the effect sizes *via* the bootstrapping technique, we observe that our results demonstrated above hold for these models as well. Hypotheses 1–4 are thus borne out by the data (See Tables 4 and 5).

4.3. Collateral robustness checks

We used our control variables *substantial family ownership* as well as the existence of a *family manager* as alternative variables of interest to test the robustness of our

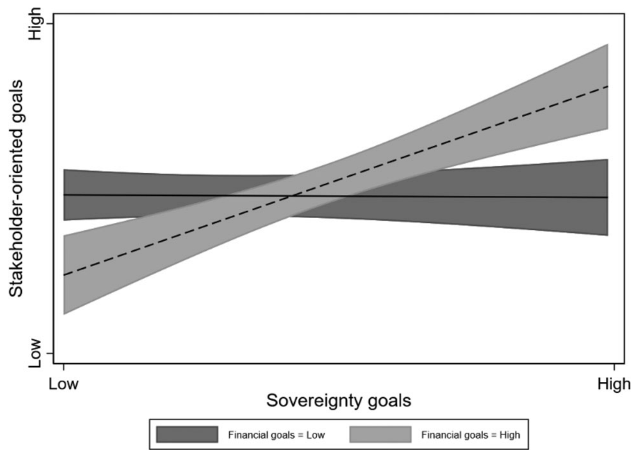

Figure 3. Interaction plot for the argued moderation of financial goals. Effect of financial goals on sovereignty goals and stakeholder-oriented goals is demonstrated. The graph demonstrates full model with financial controls (Model 10). High (Low) represents the mean + (–) 2* standard deviation of the respective variable. Areas indicate the 95% confidence interval.

results. The positive relationship between these variables and sovereignty goals (H2) offers further support for our conjectures. Since both our respective interview questions have dichotomous answers regarding at least 20% family ownership (King and Santor 2008; La Porta et al. 1999; Singal and Singal 2011) or if there is also a top manager from that family in the firm (Cruz et al. 2014), we are not able to test a non-linear relationship (H1) between stakeholder oriented goals and these variables. However, running the regression with these alternative family involvement indicators resulted in very low F-Statistics of the OLS overall and non-significant coefficients, which could well be explained by the underlying non-linear relationship we hypothesize. We replicated models 4 and 5 from Table 4 using the alternative dichotomous variables. Bootstrapped results of these models yield significant effects indicating that family ownership and management exerts its effect on stakeholder orientation through sovereignty goals. Finally, we also ensured the robustness of the *U*-shaped relationship argued in H1 in line with the suggestions of Haans, Pieters, and He (2016), by conducting slope tests, running different models for both sides of the inflection point, as well as investigating the non-linear estimation results and estimations with alternative transformations.

5. Discussion

Bodin's longstanding and vital concept of *sovereignty* (Bodin and Tooley 1955) has helped thinkers to understand the nature of relationships among some of the oldest coalitions and organizations. Building on the structural functionalist view (Selznick 1948), we use the sovereignty concept to analyze the stakeholder-oriented behavior of firms with family influence. Our findings show that the sovereignty concept can unequivocally explain heterogeneous firm behavior in terms of stakeholder orientation. This finding is especially important when considered together with the U-shaped nature of the direct relationship between the family influence and the stakeholder orientation. In fact, this direct relationship shows how firms ranking very high and very low in family influence do not differ from each other in terms of their stakeholder orientation when the mediation of sovereignty is neglected. In a similar attempt to capture a non-linear relationship, Labelle et al. (2018) use an international sample and show an inverted *U*-shaped relationship. One reason for this divergence might be the inclusion of countries in which the corporate governance landscape as well as culture is substantially different, making our argued mechanisms obsolete. Moreover, they use voting rights to operationalize a continuous family control variable, which differs from our family influence variable based on perceptions. This also highlights the recent importance of the discussions centering around the operationalization of family firms and the family effect (see Roffia et al. 2021).

Furthermore, our findings show that the mediation of sovereignty is in turn conditional on the level of pursuit of financial goals by the firm. This suggests that stakeholder-oriented goal pursuit might indeed bear an economic motive in firms where a family coalition seeks sovereignty. Put differently, firms with influential families also care about their stakeholders because it is incentive compatible for them to do so, or as Robert Bosch, a famous German family entrepreneur whose company is now headed by a family foundation, noted: '*I don't pay good wages because I have a lot of money; I have a lot of money because I pay good wages*' (Abelshauer 2010). According to this, statements such as 'family firms may not be economically rational because nonfinancial objectives prevail' (Vandemaele and Vancauteren 2015, p. 167) may be oversimplifications neglecting the interactions between divergent goal sets in family organizations (Vazquez and Rocha 2018; Williams et al. 2018). Thus, unlike suggested by some of the prior studies (eg Abeysekera and Fernando 2020), societal interests and family interests can be aligned given this would ensure the achievement of financial goals (Combs et al. 2023).

5.1. Contributions to theory and practice

This article delivers several important contributions to family business theory and practice. First, our findings show that sovereignty is important for family coalitions as the sovereign status ensures and safeguards a family-centric agenda-setting and decision-making process that is paramount to the preservation of the familial focus of the firm. We thus clearly distinguish sovereignty from other concepts such as family influence, family involvement in ownership or management, which may very well also occur without sovereignty. Put differently, the desire for an *illimitable*, *perpetual,* and *indivisible* power position for a family coalition goes beyond mere influence or control. However, unlike what Richards (2023) posited, our results show that power and care seem to go hand in hand in family businesses which pursue sovereignty. Thus, as opposed to their study's propositions, we do not observe a negative relationship between sovereign intentions and stakeholder orientation. This may be also the case given our conceptualization of sovereignty also incorporates future oriented guardianship mechanisms such as foundations and a strong long-term orientation, which limits the agency of family coalition to pursue immediate gains (Scholes et al. 2021).

Second, we contribute to the debate on both streams of literature arguing for either a positive relationship (e.g., García-Sánchez et al. 2021) or a negative one (e.g., Solarino and Boyd 2020; Temouri et al. 2022) between family influence and stakeholder relationship by showing the importance of considering sovereignty given its role as a linear mediator. This view can leverage differences in terms of stakeholder orientation among firms with different levels of family influence and is in line with the recent attempts to have a more granular look at the nature of family influence (see Richards 2023). In other words, our study underlines that 'it is *sovereignty pursuit* that *really* matters', and not only whether the family influence is high or low, in understanding heterogeneity in respect of stakeholder orientation. Therefore, its inclusion in the equation can reconcile the puzzling and divergent results of extant literature (Canavati 2018; Ramos-Hidalgo, Orta-Péréz, and Agustí 2021).

Third, the demonstrated non-linear relationship between family influence and stakeholder-oriented goal pursuit implies another important contribution in line with the recent emphasis this issue received (Basco et al. 2022). The use of a dichotomic family influence scale along with frequently used family-firm-related constructs such as socioemotional wealth (SEW) (Gómez-Mejía et al. 2007) or family centered non-economic (FCNE) goals (Chrisman et al. 2012) may not be the appropriate choice for understanding heterogeneity of stakeholder orientation among firms with different levels of family influence. In fact, these theories are *ipso facto* agnostic towards the mechanisms which could drive stakeholder orientation in their absence when a dichotomic operationalization is chosen. Namely, suggesting a lower stakeholder orientation for a 'non-family firm' because SEW and FCNE are non-extant (eg Berrone et al. 2010) may be an oversimplification. This is the case since a low family influence may have other consequences (beyond lack of SEW and FCNE), which should not be neglected in the analysis of stakeholder orientation. For instance, the SFV—and its capability to predict a more pluralistic decision making and therefore a higher stakeholder orientation when the family influence is low—yields an entirely different perspective. This also brings our findings in line with the recent studies focusing on the role of professionalization as well as governance structures and how it would affect the family firm behavior (Aguilera et al. 2024; Chang, Zare, and Ramadani 2022; Scholes et al. 2021). Accordingly, drawing parallels with theories with a broader view or combining them with family business theories may prove conducive to a complete analysis of phenomena in the family business field (Heck et al. 2008). Moreover, constructs like SEW and FCNE are overly optimistic regarding the role of family in an organization and neglect the dark-sided repercussions of family involvement underlined by recent literature (Le Breton-Miller and Miller 2016). Therefore, our study supports the recent attempts (eg García-Sánchez et al. 2021; Temouri et al. 2022) by contributing to the awareness of such negative effects and how their incorporation may offer a more complete picture. Researchers may in fact find that these possible 'dark-sided' implications of family influence may be anticipated by family coalitions and direct them to 'light-sided' firm behavior for restitution. This may ultimately be beneficial to society; just as our study demonstrates that concerns of slipping to the dark side due to a high-sovereignty pursuit result in a high stakeholder orientation. Therefore, our study also provokes a rethinking of the concept of dark-sided repercussions of family influence.

Our paper also offers concrete contributions to the literature which previously analyzed stakeholder orientation in firms with family influence. It answers an important call for research by identifying important antecedents of stakeholder orientation (Broccardo, Truant, and Zicari 2019). In line with calls to action and recent attempts (Fehre and Weber 2019; Mendez and Maciel 2020; Prigge and Thiele 2019), it also integrates recent literature focusing on the dark-sided effects of family firm on stakeholder orientation (Jin, Lee, and Hong 2021; Kidwell, Eddleston, and Kellermanns 2018) with the common views focusing on the positive effects of family coalition on stakeholder orientation (Lamb and Butler 2018; López-González, Martínez-Ferrero, and García-Meca 2019; Patuelli, Carungu, and Lattanzi 2022). By also allowing a non-linear operationalization of the influence of the family coalition to give a clearer picture regarding family firm heterogeneity (Miller and Le Breton-Miller 2021), our results offer a reconciliation of the mixed results documented (Ramos-Hidalgo, Orta-Pérez, and Agustí 2021). Our work extends the literature focusing on the complex goal structures of family firms by delineating the interactions between non-financial goals pertaining to different levels and their relations to the financial goals (Astrachan et al. 2020; Déniz-Déniz, Cabrera-Suárez, and Martín-Santana 2020; Diaz-Moriana, Clinton, and Kammerlander 2024; Zellweger et al. 2019).

Finally, this research has beneficial implications for practitioners. By highlighting adverse effects that arise from the pursuit of sovereignty goals, this article may be useful for family owners and managers to prevent and overcome these. Investors planning to invest in firms under family influence may better understand the goals of these firms and thus adjust their expectations regarding the returns on their investments, as such firms often pursue a long-term strategy that includes expenses for a stakeholder orientation. Firms, consumers, and employees might also find our results useful when they use family influence as a criterion to choose their next supplier, product, or employer.

5.2. Limitations and future research

Sovereignty-based considerations and conceptualizations may create new avenues of research dedicated to deciphering family firm heterogeneity. Such considerations—which target the necessary preconditions for a long-term agenda—may also unlock progress in our understanding of other types of idiosyncratic family firm behavior for which there is ambivalent evidence rooted in differences in mere family involvement or influence. For example, the puzzling and conflicting research results surrounding the relationship between entrepreneurial risk-taking and family involvement (see Huybrechts, Voordeckers, and Lybaert 2013; Memili et al. 2010) might benefit from an analysis that also includes sovereignty goals. Similarly, scholars facing conflicting results regarding family influence and financial performance (see Rutherford, Kuratko, and Holt 2008) or innovativeness (see Neubaum, Kammerlander, and

Brigham 2019) might find more harmonious results if they include idiosyncratic goals of family firms such as the ones related to sovereignty.

While we put forward the theoretical aspects surrounding sovereignty pursuit in family firms, our initial operationalization of the sovereignty construct with the help of and on the basis of the goals provided by Tagiuri and Davis (1992) highlights another aspect which is open to improvement. Accordingly, future research endeavors focusing on developing a validated operationalization of the sovereignty construct, with a higher reliability by potentially including other items not discovered in this article would benefit the field. Furthermore, the idea that sovereignty pursuit may also become pronounced in other types of organizations where an influential non-family coalition strives to fulfill a divergent agenda deserves scholarly attention. Therefore, the possibility of the proposed effects emerging in those firms with a coalition with sovereign intentions (e.g., institutional block holders) should also be investigated.

Although we use inherently causal mediation analysis and discuss the causal implications of the results, there is no experimental design in place that would ensure the temporal ordering and the elimination of competing explanations which a truly causal interpretation requires (Hayes 2017). Thus, our analysis should be read with this in mind. Moreover, it is probable that mechanisms argued in this article regarding stakeholder consent are divergent in other, non-Western settings. For instance, choosing a son with inferior human capital as the next successor might cause concern amongst stakeholders in a meritocracy-driven Western culture such as Germany, but it may not be the case in a more hierarchical culture where patriarchy is the norm. Furthermore, in contexts with less developed mechanisms for protecting minority shareholders or employees, the bargaining power of these actors may be significantly lower. This, in turn, would call into question the applicability of our arguments concerning the need for the consent of these stakeholders in these contexts. Therefore, we believe that it is fruitful to test our assumptions in different settings, and with mixed samples if possible.

6. Conclusion

In this study, we investigate the non-linear relationship between family influence and stakeholder-oriented goals and examine sovereignty goal pursuit as a mediator. Moreover, we identify financial goals as a moderator of this mediation relationship. Our non-linear conceptualization of the family influence-stakeholder orientation relationship offers a more nuanced understanding of inconclusive evidence in the literature. Furthermore, by introducing sovereignty goals, we offer a factor differentiating firms with family influence in terms of their stakeholder orientation. This is especially important as our results show that firms are not different with regards to their stakeholder orientation for low and high levels of family influence. Finally, our findings concerning the moderator role of financial goals contribute to the discussions concerning the economic motives of stakeholder orientation in firms with family influence. We believe that these coherences are especially evident in Germany, a democratic, meritocracy driven and less patriarchal society (see Gruber and Szołtysek

2016), given sovereignty intentions may decrease the consent of stakeholders for cooperative action in this context. Further, given the pervasiveness of family firms in this context (see Benz et al. 2024), the results of our study bear high importance to understand the stakeholder-oriented behavior in the German economic landscape. Thus, despite its limitations pertaining to the cross-sectional design, lack of direct measures for various mechanisms, and its restricted generalizability beyond the German context, we believe that our study offers valuable insights.

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ORCID

Baris Istipliler http://orcid.org/0000-0001-8648-6002

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Appendix A. Variable booklet

Variable	Type	Source	Description
Family influence	Ordinal	Survey	Answer to the 5-point Likert scale question "To what extent do you consider the firm to be a family firm?"
Sovereignty goals	Continuous	Survey	Answers to five 5-point Likert scale questions (concerning the importance of "staying independent", "surviving in the long term", "having a high equity ratio to stay strong", and "managing the firm with a foundation") are formed to a scale using factor analytic procedure. The emerging scale is rescaled at 0–100 interval.
Stakeholder-oriented goals	Continuous	Survey	Answers to eleven 5-point Likert scale questions (concerning the importance of issues such as "being responsible to customers", "having high moral, contributing to the society", "being fair to employees"; see Table 2 for the full list) are formed to a scale using factor analytic procedure. The emerging scale is rescaled at 0–100 interval.

(*continued*)

Continued.

Variable	Type	Source	Description
Financial goals	Continuous	Survey	Answers to five 5-point Likert scale questions (concerning the importance of "increasing the profitability of the firm", "ensuring the growth of the firm", "increasing the stakeholder wealth", "assuring an appropriate ROI" and "considering profitability as a priority") are formed to a scale using factor analytic procedure. The emerging scale is rescaled at 0–100 interval.
Firm age	Count	Survey	Calculated by deducting the year of incorporation from the year of data collection (ie 2013).
Founder generation	Indicator	Survey	Takes the value 1 for firms which are younger than 25 years old and 0 otherwise.
Number of employees (log)	Continuous	BvD Amadeus	Log transformed number of employees.
International	Indicator	Survey	Takes the value 1 for firms which are internationally active.
National	Indicator	Survey	Takes the value 1 for firms which are nationally active.
Regional	Indicator	Survey	Takes the value 1 for firms which are regionally active.
Services industry	Indicator	Survey	Takes the value 1 for firms which are active in the service industry.
Trade industry	Indicator	Survey	Takes the value 1 for firms which are active in the trade industry.
Manufacturing industry	Indicator	Survey	Takes the value 1 for firms which are active in the manufacturing industry.
Subsidiary	Indicator	Survey	Takes the value 1 for firms which are a subsidiary of another organization.
Corporation	Indicator	Survey	Takes the value 1 for firms which have the corporation (*Aktiengesellschaft*) legal form.
Limited liability	Indicator	Survey	Takes the value 1 for firms which have the limited liability (*Gesellschaft mit beschränkter Haftung*) legal form.
Other legal form	Indicator	Survey	Takes the value 1 for firms which have another legal form than the corporation or limited liability.
East Germany	Indicator	Survey	Takes the value 1 for firms which are located in the states belonging to the prior German Democratic Republic.
Substantial family ownership	Indicator	Survey	Takes the value 1 for firms which have a family with at least 20% ownership.
Family manager	Indicator	Survey	Takes the value 1 for firms which have a family manager belonging to the family with substantial ownership.
Family respondent	Indicator	Survey	Takes the value 1 if the survey respondent is from the family with substantial ownership.
Liquidity ratio	Continuous	BvD Amadeus	Calculated by dividing the 2013 value of the balance sheet item "cash and cash equivalents" by 2013 value of "short term debt".
Interest coverage ratio	Continuous	BvD Amadeus	Calculated by dividing the 2013 value of the income statement item "earnings before interests and taxes" by 2013 value of "interest expenses".
Equity ratio	Continuous	BvD Amadeus	Calculated by dividing the 2013 value of the balance sheet item "equity" by 2013 value of "total assets".
Sales growth	Continuous	BvD Amadeus	First, 2013 value of the income sheet item "sales revenue" is divided by the 2012 value of the same variable. The growth ratio is then calculated by deducting 1 from the emerging result.
Industry adjusted ROA	Continuous	BvD Amadeus	First, "return on assets (ROA)" is calculated for each firm by dividing the 2013 value of the income sheet item "sales revenue" by 2013 value of balance sheet item "total assets". The industry adjustment is then conducted by deducting the average ROA of all the firms in the two-digit SIC the respective firm belongs to.

Appendix B. Ordered logit models with observed variables as dependent variable

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Family influence	0.548***	0.420***	0.262***	0.567***	0.010	−0.045	−0.068	0.096	0.054	0.062	0.315***	0.130	0.143	0.144*	0.130	−0.094	0.179**	−0.073	−0.165**	−0.173**
	(0.089)	(0.113)	(0.100)	(0.135)	(0.092)	(0.107)	(0.108)	(0.087)	(0.090)	(0.088)	(0.088)	(0.089)	(0.087)	(0.086)	(0.093)	(0.085)	(0.084)	(0.081)	(0.081)	(0.087)
Firm age	−0.003	−0.003	−0.002	−0.001	0.001	0.004	−0.000	−0.000	0.000	0.001	−0.001	−0.003	−0.002	−0.003	−0.001	0.001	−0.002	0.003	0.004*	0.004*
	(0.002)	(0.003)	(0.003)	(0.003)	(0.002)	(0.003)	(0.003)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Founder generation	0.231	0.236	0.026	0.928**	0.326	−0.497	−0.275	−0.009	0.010	0.140	−0.056	0.359	0.119	0.229	−0.160	−0.768***	0.192	−0.180	−0.279	−0.463*
	(0.267)	(0.330)	(0.304)	(0.442)	(0.284)	(0.343)	(0.342)	(0.273)	(0.279)	(0.280)	(0.266)	(0.280)	(0.272)	(0.272)	(0.288)	(0.270)	(0.261)	(0.258)	(0.261)	(0.263)
Number of emp. (log)	0.144*	0.052	0.041	−0.133	0.044	0.137	0.116	−0.143*	−0.089	−0.042	0.174**	−0.096	−0.104	−0.041	−0.014	0.030	0.026	−0.134	−0.056	0.052
	(0.085)	(0.102)	(0.094)	(0.130)	(0.088)	(0.107)	(0.107)	(0.085)	(0.086)	(0.087)	(0.085)	(0.088)	(0.086)	(0.086)	(0.090)	(0.085)	(0.081)	(0.083)	(0.082)	(0.085)
International	0.220	−0.317	−0.342	−0.608*	0.457*	−0.279	0.283	0.427*	0.113	0.357	0.197	0.211	0.253	0.062	0.000	0.166	0.489**	0.383*	0.490**	0.214
	(0.229)	(0.279)	(0.266)	(0.320)	(0.239)	(0.289)	(0.280)	(0.226)	(0.235)	(0.235)	(0.227)	(0.236)	(0.231)	(0.228)	(0.239)	(0.230)	(0.224)	(0.217)	(0.224)	(0.225)
Regional	−0.125	0.204	0.054	−0.553	0.213	−0.237	−0.062	0.208	0.260	0.288	0.079	0.630**	0.186	0.481*	0.713**	−0.364	−0.238	0.241	−0.033	0.046
	(0.271)	(0.341)	(0.328)	(0.411)	(0.283)	(0.338)	(0.338)	(0.270)	(0.284)	(0.282)	(0.267)	(0.280)	(0.276)	(0.273)	(0.300)	(0.268)	(0.262)	(0.256)	(0.264)	(0.266)
Services industry	−0.140	−0.066	−0.063	−0.028	1.101***	0.338	−0.779**	0.318	0.033	0.216	0.090	0.680**	0.131	0.287	0.341	−0.190	−0.169	0.115	−0.218	−0.409
	(0.286)	(0.355)	(0.320)	(0.449)	(0.309)	(0.341)	(0.361)	(0.285)	(0.303)	(0.297)	(0.287)	(0.299)	(0.294)	(0.289)	(0.314)	(0.283)	(0.280)	(0.272)	(0.279)	(0.288)
Manufacturing ind.	−0.510*	−0.116	0.228	0.311	0.376	0.563*	−0.334	0.426	−0.453	−0.488*	−0.134	0.067	−0.320	0.037	0.155	−0.037	−0.327	0.112	−0.044	0.139
	(0.271)	(0.331)	(0.303)	(0.378)	(0.276)	(0.314)	(0.339)	(0.262)	(0.279)	(0.270)	(0.260)	(0.269)	(0.266)	(0.261)	(0.283)	(0.261)	(0.259)	(0.247)	(0.257)	(0.258)
Subsidiary	−0.139	0.132	−0.518**	−0.370	0.838***	0.161	−0.328	−0.191	0.016	0.400*	0.033	0.351	0.541**	−0.203	0.264	0.491**	0.627***	0.131	0.650***	0.503**
	(0.218)	(0.264)	(0.242)	(0.337)	(0.233)	(0.272)	(0.275)	(0.220)	(0.226)	(0.224)	(0.221)	(0.223)	(0.225)	(0.219)	(0.233)	(0.220)	(0.214)	(0.208)	(0.212)	(0.214)
Corporation	−0.061	−0.608	−0.344	−0.212	−0.412	−0.577	−0.728*	−0.177	−0.390	−0.133	−0.335	−0.612*	−0.070	−0.710**	−0.789**	0.171	0.519	−0.516	−0.032	0.368
	(0.335)	(0.389)	(0.386)	(0.509)	(0.354)	(0.387)	(0.407)	(0.323)	(0.345)	(0.343)	(0.334)	(0.343)	(0.329)	(0.333)	(0.353)	(0.334)	(0.325)	(0.315)	(0.330)	(0.323)
Limited liability	−0.241	−0.084	−0.588**	0.153	−0.565**	0.079	−0.333	−0.134	−0.414*	−0.303	−0.026	−0.293	−0.358	−0.427*	−0.674***	−0.288	0.103	−0.374*	−0.229	0.152
	(0.227)	(0.285)	(0.276)	(0.298)	(0.236)	(0.278)	(0.290)	(0.223)	(0.234)	(0.230)	(0.223)	(0.229)	(0.226)	(0.227)	(0.246)	(0.223)	(0.218)	(0.212)	(0.215)	(0.219)
East Germany	−0.042	0.089	0.319	1.059**	−0.182	0.970*	0.636	−0.381	−0.018	−0.025	−0.010	−0.056	−0.017	0.140	0.367	−0.128	−0.039	−0.013	−0.048	−0.123
	(0.330)	(0.418)	(0.405)	(0.483)	(0.366)	(0.555)	(0.508)	(0.344)	(0.349)	(0.359)	(0.340)	(0.354)	(0.334)	(0.347)	(0.383)	(0.344)	(0.335)	(0.330)	(0.335)	(0.336)
Substantial family ownership	−0.277	0.002	0.915***	0.229	0.152	−0.170	−0.121	−0.155	0.284	0.062	−0.576**	−0.377	−0.128	0.047	−0.845***	−0.453	−0.482*	0.305	−0.005	0.286
	(0.283)	(0.345)	(0.337)	(0.473)	(0.304)	(0.358)	(0.372)	(0.285)	(0.302)	(0.297)	(0.284)	(0.299)	(0.286)	(0.289)	(0.307)	(0.283)	(0.280)	(0.271)	(0.274)	(0.286)
Family manager	−0.114	−0.724*	−0.689*	0.090	0.068	0.253	−0.318	−0.352	−0.068	0.075	−0.403	0.228	−0.029	0.091	0.218	0.420	−0.022	−0.406	−0.162	−0.235
	(0.296)	(0.407)	(0.396)	(0.373)	(0.311)	(0.364)	(0.372)	(0.295)	(0.307)	(0.302)	(0.301)	(0.301)	(0.295)	(0.294)	(0.309)	(0.294)	(0.286)	(0.270)	(0.278)	(0.289)
Family respondent	0.188	−0.118	0.271	0.260	−0.223	0.023	0.121	−0.055	−0.266	0.199	0.287	0.036	0.151	−0.413	0.276	0.172	−0.022	0.026	0.181	0.144
	(0.260)	(0.335)	(0.351)	(0.309)	(0.270)	(0.316)	(0.315)	(0.257)	(0.266)	(0.265)	(0.257)	(0.265)	(0.260)	(0.254)	(0.272)	(0.253)	(0.248)	(0.238)	(0.243)	(0.251)
Observations	445	445	445	445	445	445	445	445	445	445	445	445	445	445	445	445	445	445	445	445
Pseudo R-sqr.	0.084	0.041	0.093	0.219	0.044	0.032	0.028	0.015	0.024	0.020	0.022	0.030	0.020	0.029	0.042	0.031	0.029	0.013	0.035	0.034

Ordered logit regression results for the models in which observed goal variables treated as dependent variables. Please refer to Table 1 for the full list of the observed goal variables with respective numbers. Stars indicate significance levels.

***$p < .01$, **$p < .05$, *$p < .1$.