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Why Do Family Firms Strive for Nonfinancial Goals? An Organizational Identity Perspective

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This paper develops an organizational identity-based rationale for why family firms strive for nonfinancial goals. We 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 influence the importance of identity fit between family and firm as well as the family's concern for corporate reputation. We suggest that the concern for corporate reputation leads the family to pursue nonfinancial goals to the benefit of nonfamily stakeholders. We also discuss reinforcing feedback loops in these processes.

Introduction

The existence of nonfinancial goals related to business activity is acknowledged in various streams of literature. One context where nonfinancial goals are particularly prominent is that of the family firm. A priority for nonfinancial goals is one of the fundamental premises in family business literature (e.g., Chua, Chrisman, & Sharma, 1999; Zellweger & Astrachan, 2008). Family firms pursue nonfinancial goals when powerful controlling families seek particularistic family-centered goals (Carney, 2005), or when controlling families seek to preserve the socioemotional wealth they derive from being in control (Berrone, Cruz, Gomez-Mejia, & Larraza Kintana, 2010). The socioemotional wealth literature touches upon an identity-based rationale for the relevance of nonfinancial goals when it defines socioemotional wealth as the "nonfinancial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty" (Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson, & Moyano-Fuentes, 2007). However, this literature

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does not further engage with organizational identity theory, which is surprising given the relevance of this theory to explain nonfinancially motivated behavior of family firms (Dyer & Whetten, 2006).

Therefore, we utilize organizational identity theory to explore why family firms strive for nonfinancial goals (Albert & Whetten, 1985; Dutton, Dukerich, & Harquail, 1994; Scott & Lane, 2000). Applied to family firms, this theory maintains that an identity fit between family and firm is important to many controlling families, given the close and often inseparable ties between the dominant family coalition and the firm (e.g., Dyer & Whetten, 2006; Sundaramurthy & Kreiner, 2008). We explain how and why family-centered goals can lead a family firm to pursue other-centered nonfinancial goals (i.e., goals that provide benefits to stakeholders outside the family). It is the family-centered importance of identity fit between family and firm, and the resulting concern for corporate reputation, which motivates concerns for the satisfaction of nonfamily stakeholders. This satisfaction of nonfamily stakeholders is achieved through the pursuit of nonfinancial goals. Even though all types of firms exhibit other-centered nonfinancial goals, only family firms exhibit family-centered nonfinancial goals, which are often tied to the family's identity. In addition, unique factors such as 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 often create particularly strong incentives to pursue nonfinancial goals. In this way, our paper explores the unique origins of nonfinancial goals within family firms. We acknowledge the heterogeneity among family firms, and argue that controlling families are not identical in their concern for corporate reputation, which helps explain why they vary in their pursuit of nonfinancial goals (Pearson, Carr, & Shaw, 2008; Westhead & Cowling, 1997).

We contribute to the literature in four ways. First, by establishing linkages among family identity, organizational identity, organizational reputation, and nonfinancial organizational goals, we shed new light on how identity and reputation concerns in family firms produce incentives to pursue nonfinancial goals that satisfy the needs of nonfamily stakeholders. This contributes to a better understanding of the cross-level exploration of goals in family businesses. Second, building on recent works on the heterogeneity of family firm identity (Zellweger, Eddleston, & Kellermanns, 2010), we suggest that family-organization identity significantly differs among family firms. We reach beyond Dyer and Whetten's (2006) premise about the homogenous identity concerns among family firms. Third, our paper adds to the theory of socioemotional wealth in family firms (Astrachan & Jaskiewicz, 2008; Berrone et al., 2010; Gomez-Mejia et al., 2007; Zellweger & Astrachan, 2008). These studies propose a prospect theory argument for why family firms are inclined to strive for socioemotional and nonfinancial goals. We build on these writings and suggest that a socioemotional reference point builds as a consequence of organizational identity considerations. Finally, our paper adds to organizational identity theory by addressing recent arguments that identity concerns may not adhere to traditional economic-based explanations of managerial behavior (Livengood & Reger, 2010).

Our paper is organized as follows. First, we define nonfinancial goals and introduce organizational identity theory. Second, we explore factors that influence family–firm identity fit and corresponding concern for corporate reputation. We demonstrate how nonfamily stakeholder satisfaction is driven by the family's concern for corporate reputation and is accomplished through the pursuit of nonfinancial goals. Third, we discuss reinforcing feedback loops in these processes. We conclude by discussing the contributions, limitations, and implications for research and practice.

Nonfinancial Goals in Family Firms: Review and Clarification

The relevance of nonfinancial goals is one of the most important premises of family business research. Westhead and Cowling (1997) argue that it is unrealistic to assume that profit maximization is the prime objective of a family business. We define a family firm as one controlled by a family through involvement in management and ownership, coupled with a transgenerational vision for the firm (Chua et al., 1999; Habbershon & Pistrui, 2002). Well-documented nonfinancial goals on the family level include: autonomy and control (Olson et al., 2003; Ward, 1997), family cohesiveness, supportiveness, and loyalty (Sorenson, 1999); harmony, belonging, and trustful relations (Sharma & Manikutty, 2005); pride (Zellweger & Nason, 2008) as well as family name recognition, respect, status, and goodwill in the community (Sorenson; Tagiuri & Davis, 1992). Gomez-Mejia et al. (2007, p. 106) recently showed that socioemotional wealth, defined as the "nonfinancial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty" is an important factor in managerial decisions like risk taking. Zellweger and Astrachan (2008) suggest that these socioemotional wealth considerations are reflected in the family's perceived sales price of the firm.

The above studies describe the phenomenon and the subdimensions of nonfinancial goals at the family level. However, a compelling theory-based rationale explaining the relationship between nonfinancial goals at the family level and nonfinancial goals at the firm level is lacking. Two considerations are central for our answer to this question: first, the dominant family coalition is most often able to exert strong control in its firm, through ownership and management and often influence on organizational culture (Klein, Astrachan, & Smyrnios, 2005). In turn, the controlling family will be inclined to see the firm as "their" firm, providing the family with the opportunity to seek their particularistic, individualistic family-centered goals (Carney, 2005; Vos & Forlong, 1996). This perspective may entail greater variability in the exercise of authority and related goals, including nonfinancial ones. However, while this first argument captures the wide degree of discretion of the family in terms of setting goals at the firm level, a second argument is needed to explain why the controlling family is motivated to pursue nonfinancial goals at the firm level to the benefit of nonfamily stakeholders. Such an argument must explain why controlling families differ from other powerful owners and managers who exploit their dominant positions to their sole private financial benefit.

As a second consideration, we suggest that the difference among controlling actors is tied to the level of identity overlap between the actor and the firm. Family owner-managers are thought to often tie their family's identity to the identity of the firm (Dyer & Whetten, 2006). Identity overlaps are heightened because of inextricable ties between the family group and the firm. This creates a level of affect and concern for the firm and its perception in the public that is absent among other controlling actors (i.e., nonfamily managers, nonfamily owners). In fact, the strong mutual dependence between family and firm identities create incentives to ensure that the firm is seen in a favorable light by nonfamily stakeholders. An unfavorable corporate reputation spills over to the reputation of the family reducing the likelihood of financially oriented self-centered behavior by the family. Controlling families will strive for a particular set of goals that help them to create a favorable perception of the firm in the public and thus enjoy the benefit of the positive spillover of public perception on the family. Recent literature suggests that combining organizational identity and a goal set, which satisfies a wide set of stakeholders, often occurs through the pursuit of nonfinancial goals (Brickson, 2007).

Our rationale does not imply that controlling families are self-sacrificial in their goals or that they pay exclusive attention to identity fit and/or ignore financial issues. In fact, striving to protect the dominant coalition's own identity claims can be seen as a highly self-serving behavior. Our contention is that when the controlling family emphasizes a family–firm identity fit, it will exhibit a heightened concern for corporate reputation and the firm will have a strong inclination to pursue nonfinancial goals to the benefit of nonfamily stakeholders, ultimately protecting the family's own identity claims.

Based on these considerations, we define nonfinancial goals as those which do not have a direct tangible monetary value, and occur at the family and firm level. At the family level, these goals include: pride in the firm, family status in the community, entrepreneurial tradition, social support among friends, harmony among family members (Chrisman, Chua, Pearson, & Barnett, 2010). Furthermore, family-centered nonfinancial goals shape the identity claims of the family (Berrone et al., 2010). At the firm level, nonfinancial goals include: responsible employee practices, trusting relationships with suppliers and customers, environmental actions, corporate social performance, support for local community, and the like (Gomez-Mejia et al., 2007; Zellweger & Nason, 2008). These firm-level nonfinancial goals are centered on nonfamily stakeholders and are meant to be illustrative rather than exhaustive. We argue that depending on the family's preference for firm identity fit and the corresponding family concern for corporate reputation, it will pursue firm-level nonfinancial goals to the benefit of nonfamily stakeholders.

Accordingly, our definition of nonfinancial goals converges with Chua and Schnabel's (1986) definition of nonpecuniary goals and Berrone et al.'s (2010) definition of socio-emotional wealth. Berrone et al. see the pursuit of nonfinancial goals by the firm as intrinsically motivated, anchored by family owners whose identity is tied to the organization and becoming an end in itself. However, our rationale for nonfinancial goals in family firms diverges from the private benefits of control literature, which stresses the financial benefits for agents tied to a controlling position in an organization (e.g., Dyck & Zingales, 2004). In contrast, we focus on the nonfinancial goals of owners. We build on Dyer and Whetten (2006) and the concept of corporate social goal of families in two ways. First, we acknowledge the relevance of nonfinancial goals across levels of analysis (Klein, Dansereau, & Hall, 1994). Making the distinction between family-centered and other-centered nonfinancial goals tied to the family's identity allows for a cross-level perspective. It is the desire to achieve family-centered nonfinancial goals (i.e., being proud of the firm) that drives the desire for a favorable firm reputation (and hence a favorable family reputation) and leads to the intention to pursue other-centered nonfinancial goals at the firm level. Second, we contend that families vary in the importance they attribute to a fit between family and firm identity. Some families strive for a strong fit between the two identities, while other families seek to maintain separate family and firm identities.

The next section of our paper explores this heterogeneity in the importance of family-to-firm identity fit as sought by the family, starting with an exploration of family identity and organizational identity.

Family Identity, Firm Identity, and Corporate Reputation Concern

Family Identity and Organizational Identity

Family identity can be defined as the meaning that family members attach to the family for internal processes of self-verification (Weigert & Hastings, 1977) and the central statement of character of the family in the social context, where the social context reflects back on the construction of identity (Stryker & Burke, 2000). According to social psychology research, family identity includes specific types of interpersonal relationships and internalized sets of behavioral expectations associated with these relationships (Shepherd & Haynie, 2009; Stryker, 1968; Stryker & Burke). It is suggested that family internal relationships generally require intense and frequent face-to-face interaction, positive affection, mutual support, and altruistic feelings among family members (Schulze, Lubatkin, & Dino, 2003; Weigert & Hastings). Such family-internal processes of self-verification are determined by cues from the broader context, which set an "identity standard" as to the behaviors appropriate for a family (Burke, 2003). These family identity standards may vary with the social context and across cultures (Choi, Nisbett, & Smith, 1997).

Nevertheless, a family identity is always distinctive to a certain degree, given the family's unique history, which is commonly memorized through a family's archival function (Weigert & Hastings, 1977). Identity-forging elements of family history include memories of happy and sad times, anecdotes, artifacts from earlier times, signs of achievements, or inherited possessions. Through the retention of these symbols, a family serves as a unique biographical museum for its members. A family is a "world" of its own, in which selves emerge, act, and acquire a stable sense of identity built by the particular common history. In other words, in the identity of a controlling family, the firm may play a relevant role. This is the case when the families' goals reflect the family's identity and are strongly associated with the firm (e.g., pride in the firm, tradition as entrepreneurs, status as employer in the community, harmony among family members involved in the firm; Berrone et al., 2010).

Organizational identity encompasses the core values and beliefs of an organization that its members deem to be the most central, distinctive, and enduring (Albert & Whetten, 1985). Through communication, behavior, and symbolism, an organization reveals its identity to stakeholders (Leuthesser & Kohli, 1997; Van Riel & Balmer, 1997). Organizational identity reflects members' consensual view of "who we are as an organization" and "what we do as a collective" (Nag, Corley, & Gioia, 2007). In this way, it serves both sense-making and sense-giving functions, providing meaning to members' organizational experiences as well as a guide for how organizational members should behave and how other organizations should relate to them (Ravasi & Schultz, 2006; Whetten, Felin, & King, 2009). The continuity and coherence of organizational identity enables organizational members "to satisfy their inherent needs to be the same yesterday, today and tomorrow and to be unique actors or entities" (Whetten & Mackey, 2002, p. 396).

In sum, in both cases, identity serves as a statement of central character (Albert & Whetten, 1985). Family business research argues that family and organizational identity tend to be overlapping creating a mutually shared understanding of "who we are" and "what we do" in "our family's business." It is suggested that the overlap of people who are members of both the family and the firm, the integral role of the business for the family's biography, and inability of the family to leave the firm entirely should lead to a congruence of identities (Dyer & Whetten, 2006). This implies that the family and the firm should be harmonious in terms of goals, values, beliefs, norms, interaction styles, and time horizons (Ashforth, 2001). It follows that controlling families should display a heightened concern for a strong identity fit between family and organization.

Heterogeneity in the Importance of Family-to-Firm Identity Fit and Corporate Reputation Concern

In contrast to the above arguments that controlling families will consistently seek harmony in family and firm identity (O'Reilly, Chatman, & Caldwell, 1991), recent research drawing on organizational identity theory suggests that family firms may widely differ in the degree to which they strive for identity fit between family and firm (Zellweger et al., 2010). Acknowledging the variation in identity overlap seems logical given the empirical findings by Westhead and Cowling (1998) showing that 17% of the families in their sample did not perceive themselves to be a part of a family firm even though they were majority family controlled. Additionally, these authors showed that 15% of the families perceived their firm to be a family firm, despite a low level of family control. Recent research acknowledges that family firms have two relevant identities—the family and the business—that can be separated or integrated to various degrees (Shepherd & Haynie, 2009; Sundaramurthy & Kreiner, 2008). While some families may be defined by their affiliation with the firm, other families may separate their identities and instead define themselves through their association in other groups. In a similar way, Sorenson, Goodpaster, Hedberg, and Yu (2009) note that "the pursuance of a family business does not guarantee the development of a family point of view." This reflects Pearson et al.'s (2008) contention that family firms with weak family relationships may closely resemble nonfamily firms. Therefore, just as there is variability in the degree of family involvement and essence in family firms, there is also variability in the degree to which a family firm chooses to integrate the family into organizational identity (Zellweger et al.).

Central to our arguments thus far is the role of the family in determining the degree to which it strives for a fit between family and firm identity. In case of a strong desired identity fit, the family would be particularly concerned about the overall impression the company makes on nonfamily stakeholders, and hence corporate reputation (Fombrun & Shanley, 1990). In the case of weak identity overlap, the controlling family's concern for corporate reputation would be more limited. While organizational identity is what the members of an organization perceive as the central, distinctive, and enduring features of the organization (Albert & Whetten, 1985), organizational reputation is comprised of the stakeholders' perceptions of the firm, its products, strategies, and employees (Fombrun & Shanley). Therefore, an organizational identity may be transferred into corporate reputation when attributes of organizational identity become so widely accepted among the constituents of a firm that they are largely taken for granted (Scott & Lane, 2000). As such, organizational identity provides the context within which nonfamily stakeholders interpret and assign meaning to firm behavior (Ravasi & Schultz, 2006) and ultimately define its organizational reputation.

In line with Scott and Lane (2000), we argue that depending on the extent to which the family seeks identity fit between family and firm, the controlling family will be concerned with the firm's reputation. Building on these observations and organizational identity theory, we suggest that identification and corresponding corporate reputation concern should be particularly strong when the organization satisfies three principles of self-definition: self-distinctiveness, self-continuity, and self-enhancement (Albert & Whetten, 1985; Dukerich, Golden, & Shortell, 2002). Following the organizational identity literature, we suggest that the importance to the family of firm–family identity fit and the family's concern for corporate reputation will depend on three factors: (1) visibility of the family in the firm, (2) the transgenerational sustainability intentions of the family, and (3) the capability of the business to give family self-enhancement. These determinants of the family's concern for corporate reputation will be explored in the next sections of our paper.

The Visibility of the Family as the Controlling Coalition and the Family's Concern for Corporate Reputation. Albert and Whetten (1985) suggested that members will more likely emphasize an identity fit with an organization if they perceive membership contributing to their distinctiveness from others. Dutton et al. (1994) took this thought a step further by suggesting that visible affiliation with an organization should increase concerns for identity fit, and ultimately corporate reputation.

Within organizational identity theory, it is argued that when people are visibly associated with an organization, they are more frequently reminded of their organizational membership. Visible affiliations, such as those made through public organizational roles as for example family members occupying chief executive officer and/or president of the board positions, serve as vivid reminders of organizational membership and increase the potency of the organization as a source of self-definition (Brown, 1969). These reminders make the family's membership in the organization accessible and salient (Turner, 1982) and it is more likely that the family will emphasize the link between family and firm and raise their concern for corporate reputation.

Beyond this self-perception logic, visibility is likely to motivate impression management, since public knowledge that a person is affiliated with an organization creates expectations about how he or she is likely to behave and the types of attitudes he or she is likely to hold (Dutton et al., 1994). These expectations, and members' awareness of them, encourage members to take on the qualities embodied in the perceived organizational identity. Family firms sometimes actively build on these impression management mechanisms in their branding campaigns ("our family serving your family for the last three generations"; Zellweger et al., 2010). Following such impression management logic, it is anticipated that the family firm will act accordingly and deliver proven quality and services, given the expectations in the public.

In this context, it is important to acknowledge that the visibility of controlling families implies a particular exposure to public expectations. Highly visible controlling families are easy targets for institutional pressures. One example is when the local community—in which many family firms are deeply embedded—sees the firm as a bad corporate citizen (Berrone et al., 2010). In case of high visibility of the family, as for example in the case of identical family and business names, the distinction between family and business becomes blurred. In consequence, social monitoring and expectations are strengthened, whereby resulting sanctions may not be limited to the firm and its assets, but may spill over to the family.

Accordingly, when defined along the lines of organizational identity theory and its application to the family firm context, visibility of the family is seen broadly and can be the result of family involvement in management and boards of the firm, the local roots of the family and firm, the social ties of the family, as well as congruent family and firm names. Therefore, the visibility of the family varies with the occurrence of these elements. While nonfamily owners may also be visible controlling actors in a firm (e.g., private equity companies being board members), the family as a controlling coalition is unique because of the limited buffering between family and firm. Taken together, we therefore argue that the visibility of the family as the controlling coalition positively impacts the family's concern for corporate reputation. More formally:

> **Proposition 1:** The visibility of the family as the controlling coalition of the firm is positively related to the family's concern for corporate reputation.

Transgenerational Sustainability Intentions for Family Control and the Family's Concern for Corporate Reputation. Albert and Whetten (1985) argue that attaining some degree of sameness or continuity over time is critical for an identity to form. Steele (1988) suggests that self-continuity and defense against threats to the self are among the strongest mediators for social psychological phenomena. In the eyes of self-affirmation theory, people exhibit constant explanations and rationalizations of themselves. The purpose of these explanations is to maintain a stable experience and image of the self as morally adequate, that is, competent, good, coherent, stable, and capable of controlling outcomes across time (Bandura, 1997; James, 1915; Staw & Ross, 1980; Steele). To fulfill this enduring integrity goal, a perceived organizational identity is attractive to a member if it contributes to self-continuity and the opportunity to maintain a consistent sense of self across time (Albert & Whetten; Dutton et al., 1994). In other words, people who strongly identify with an organization seek to maintain a strong identity fit. They are also concerned about the organization's reputation in case their sense of self resembles what they believe is enduring about their organization (Dutton et al.).

Building on this reasoning and its application to family firms, we suggest that expressing the intention to pass on a firm within a family is a way to maintain a stable self-concept of the family over time. Within organizational identity theory, exhibiting a strong intention to assure a continued family legacy can be seen as equivalent to the wish to make the family an enduring element of the firm. Through strong transgenerational sustainability intentions, a controlling family is able to maintain a coherent prior and future appearance. The controlling family will consequently attribute high importance to family–firm identity fit and be concerned about the firm's reputation.

While the intention to transfer the firm to future family generations is a unique feature of family firms, the strength of this intention varies significantly among this type of organization. For certain families, passing on the baton is an undesirable goal; for example, parents may not want their children to take over a small family firm that hardly assures the subsistence of the family. In contrast, for other families, the intention of passing the firm to a subsequent family generation becomes the actual raison d'être of the firm and the family's engagement in the firm. Also, transgenerational sustainability intentions may vary with the size of the business since larger firms make it easier to accommodate the next generation's future involvement. Moreover, such intentions may change within families over time: some family firms are "born" and therefore endowed with immediate transgenerational sustainability intentions (Chua, Chrisman, & Chang, 2004). In other family firms, however, such intentions are developed by the birth of a child or when a family member becomes involved in the firm, or expresses a desire to do so on a permanent basis (Hoy & Verser, 1994). Alternatively, these intentions may disappear in case of the death or disinterest of a potential successor to take over.

Critical to the understanding of these consistency mechanisms in family firms are the consequences for the family in case of loss of the firm (Shepherd, 2009).[1] In case the firm was intended to be passed on to a next family generation, and the firm was an essential component of a family's identity, giving up this identity component can be harmful and induces a time-consuming reconstruction of an alternative identity. In the case of unfulfilled transgenerational sustainability intentions, this would mean that a cherished possession nurtured for the benefit of a next generation would lose much of its distinctiveness to the family. The family then has to de-emphasize the value congruence between family and firm and start distancing itself and its identity from the firm in order to restore a sense of consistency in the face of the changing circumstances. In this case the concern for the firm's reputation would decrease.

In sum, we suggest that transgenerational sustainability intentions are a way for the family to maintain a stable self-concept over time, which ultimately raises the family's concern for corporate reputation.

1. In the context of identity loss, Albert and Whetten (1985) even talk about identity funerals.

Proposition 2: Transgenerational sustainability intentions are positively related to the family's concern for corporate reputation.

Self-Enhancement Capability of the Firm and Corporate Reputation. Following organizational identity theory (Albert & Whetten, 1985), self-enhancement is another antecedent to increasing identification with a firm. Within organizational identity theory, it is argued that "when members associate with organizations that have an attractive perceived identity, it enhances their self-esteem as they acquire a more positive evaluation of self" (Dukerich et al., 2002, p. 508). Members are likely to want to be associated with a firm that has qualities such as power, competence, efficiency, or moral worth (Gecas, 1982) because this association allows them to view themselves with such qualities and increase their self-esteem.

Given this direct link between organizational identity attractiveness and personal self-esteem, we can infer that families will follow a similar path. In case the firm has self-esteem-enhancing qualities for the family, this will lead to a stronger inclination among the family to seek an identity fit between the family and the firm. A strong self-enhancement capability of the firm for the family, due to the firm's central role as a community employer and philanthropist for instance, will increase the family's desire to merge family and firm identity, because the family is able to bask in the reflected glory of the firm (Cialdini et al., 1976). In contrast, if the association with the firm confers negative attributes on the family, due to social, ecological, or corruption concerns for instance, potential glory is replaced with embarrassment and discomfort (Cable & Turban, 2003). In this case, the family will be more likely to hide or loosen its ties with the firm, to avoid the family name being soiled (Dyer & Whetten, 2006).

In this way, we see that the stronger the self-enhancement capability of the firm is for the family, by having attractive qualities which can be attributed to the family, the more the importance of family–firm identity fit increases and consequently, the more the family's concern for corporate reputation increases. More formally stated:

Proposition 3: The self-enhancement capability of the firm for the family is positively related the family's concern for corporate reputation.

Stakeholder Satisfaction Activity and Pursuit of Nonfinancial Goals

In light of the concerns for corporate reputation in many family firms, it is essential to consider how organizational reputation forms. As outlined above, reputation is described as the feedback a firm receives from its stakeholders regarding its identity claims. Freeman (1984, p. 6) defines a stakeholder as "any group or individual who can affect, or is affected by, the achievement of a corporation's purpose."[2] In line with Freeman's definition, we argue that if any person or group is able to form a perception of a particular organization, and contribute to the formation of its reputation, that person or group is considered a stakeholder.

In family firms, the family represents a definitional stakeholder category. In the extreme case, when a family totally controls ownership, supervisory, and management

2. In Freeman's (1984) definition, the term stakeholder refers to both individuals and groups who can be internal or external to the organization. One may contend that non-stakeholders and ex-stakeholders may also contribute to the formation of reputation. For example, loyal Macintosh users arguably contribute significantly to the reputation of a Macintosh competitor, Microsoft, whose products they do not use. Another example might be a former supplier to a business who significantly impacts that business' reputation by talking about his experience with the firm, even though a former supplier could be considered by some to be an ex-stakeholder.

functions the family's potential power and legitimacy can be considered as high (Zellweger & Nason, 2008). While this exposure means an extreme supremacy over other stakeholders, paradoxically, it is the concern for reputation on the side of the family tied to this heightened exposure that strengthens the inclination to satisfy reputation forming nonfamily stakeholders. In that sense, family identity and reputation concerns serve as disciplining countermeasures against expropriation of nonfamily stakeholders.

In light of these incentives to satisfy nonfamily stakeholders, family firms need to recognize how their most relevant nonfamily constituents can be best satisfied. Fombrun and Shanley (1990, p. 234) stress the importance of how different goals satisfy different stakeholders with the following: "A theoretical articulation of reputation as a construct should anticipate the multiple economic and non-economic criteria different constituents are likely to use in assessing firms." Freeman (1984) notes that since different publics attend to different features of firms' goal sets, reputations reflect firms' relative success in fulfilling the expectations of multiple stakeholders.

While managing stakeholder perceptions may happen through organizational communications (Suchman, 1995), firms often engage in meaning-laden actions, such as supporting the local sports team, underwriting respected nonprofit groups, championing worthy social issues, or nurturing relationships providing personalization, understanding, and empathy (Brickson, 2007; Scott & Lane, 2000). These impression management tactics are conditioned on the anticipated reactions of others (Mead, 1934; Schlenker & Leary, 1982) and they are often nonfinancial in nature (Fombrun & Shanley, 1990). In a more general way, Clarkson (1995, p. 112) states that firms that strive to satisfy primary stakeholders need to balance the financial and nonfinancial concerns of these stakeholders: "wealth and value are not defined adequately only in terms of increased share price, dividends, or profits." As such, nonfinancial goals play a crucial role in satisfying critical stakeholders. This perspective is in line with recent discussions in organizational identity theory highlighting that identity-dependent organizational behavior should lead to nonfinancial goals which satisfy stakeholders (Brickson).

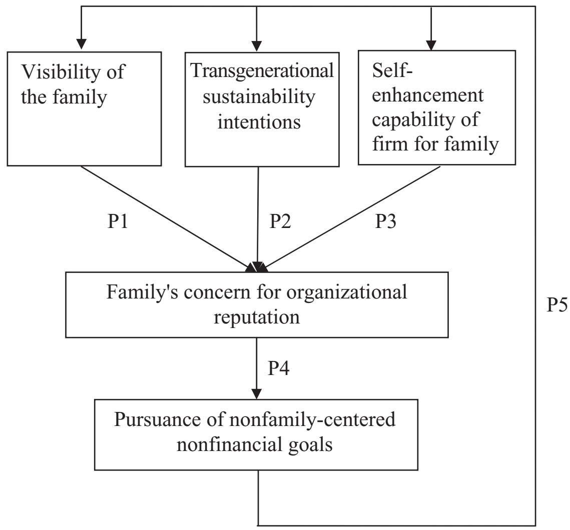
Regarding satisfaction of nonfamily stakeholders, such as nonfamily employees who represent critical internal stakeholders, researchers have found causal links between integration and workload and employee satisfaction (e.g., Curry, Wakefield, Price, & Mueller, 1986). Indeed, researchers suggest that family firms often exhibit trustful, long-term, and often empathic relationships with key employees (Miller & Breton-Miller, 2005). Family firms also tend to have responsible work practices that support the satisfaction of these critical constituents (Strong, Ringer, & Taylor, 2001). In light of our conceptual model, we reason that since nonfamily employees are critical for establishing a favorable corporate reputation and ultimately the family's self-worth, family firms should be particularly inclined to satisfy nonfamily employee demands through the pursuit of responsible work practices. A similar argument applies to the satisfaction of the community. We argue that to the extent the family emphasizes an identity fit between family and firm the inclination to be a respected member of the community, a goal often assigned to family firms (Miller & Breton-Miller), is nurtured by the importance the family attributes to being seen that way.

In sum, we argue that key nonfamily constituents express their judgments about family firms based on judgments about the relative success of these firms in meeting nonfamily stakeholders' expectations, with nonfinancial criteria playing a crucial role in this process. More formally stated:

Proposition 4: The family's concern for organizational reputation creates incentives to pursue nonfamily-centered nonfinancial goals.

Figure 1

Research Model



With the above considerations, we have laid out a justification for why and under which conditions family firms should be inclined to pursue nonfinancial goals. Figure 1 summarizes our reasoning.

Closing the Loop: Strengthening the Antecedents of Family-to-Firm Identity Fit

Research on self-affirmation and self-justification processes (Staw & Ross, 1980; Steele, 1988) shows that people attempt to preserve a sense of integrity and self-worth by positively evaluating the groups with which one identifies (Dutton et al., 1994). As the level of identification with an organization grows, a member is more likely to believe that this organization is producing valuable outputs. This belief creates a reinforcing effect in which the antecedents of organizational reputation concerns, including self-continuity, self-distinctiveness, and self-enhancement are strengthened (Dutton et al.).

In our model, the family pursues nonfinancial goals to satisfy a wider range of stakeholders because of concerns for reputation. It is therefore likely that family firm members will perceive these nonfamily-centered nonfinancial goals as positive. This positive belief in the output of the family firm is likely to increase the antecedents, which lead to corporate reputation concerns. As the family firm is engaged in nonfamily-centered nonfinancial activity that is positively perceived by stakeholders, the family is more likely to make their affiliation with the firm more visible. As a result, the controlling family may be more inclined to present itself on corporate communication materials or represent the firm among the wider public at corporate events.

In a similar manner, we suggest that nonfinancial outcomes of the firm should strengthen the family desire to perpetuate family control over the firm (transgenerational sustainability intentions). As with individuals who generally want to maintain continuity of their self-concept across time (Steele, 1988), a family will desire to maintain continuity of their firm as the positive outcomes from the firm increase. For families, this idea is strengthened since selling the firm outside the family would mean losing an important source of socioemotional wealth, which is nurtured by the pursuance of non-financial goals that is idiosyncratic to the family and unlikely be paid for in case of a sale outside the family.

Nonfamily-centered nonfinancial goals are also likely to increase the self-enhancement capability of the firm. Such outcomes will increase the perceived virtue and moral qualities of a firm (Gecas, 1982), which will increase attractiveness of being associated with such an organization. The family will see the firm as a means to create a more positive evaluation of self and thus increase self-esteem (Brockner, 1988). Accordingly, we suggest a reinforcing feedback loop where nonfamily-centered nonfinancial goals positively impact family visibility, transgenerational intentions, and self-enhancement capability.

> **Proposition 5:** The pursuit of nonfamily-centered nonfinancial goals will strengthen the (1) self-enhancement capability of the firm, (2) the visibility of the family in the firm, and (3) the transgenerational sustainability intentions of the family.

Discussion

Our paper focuses on the question of why family firms strive for nonfinancial goals. While the moral, personal goal-based, and even financial motivations of nonfinancial goals on the individual and societal level are well documented in previous research (Brickson, 2007; Margolis & Walsh, 2003), there is little theory explaining why family firms should be particularly inclined to strive for nonfinancial goals. This is surprising given that family firms' motivation to seek nonfinancial goals is one of the most prominent premises in family business literature (e.g., Chua et al., 1999).

Building on organizational identity theory (Albert & Whetten, 1985), we show that a family firm's pursuit of nonfinancial goals can be explained by the varying degrees to which a controlling family strives for a fit between family and organizational identity. The importance of strongly overlapping identities motivates controlling families to strive for a favorable organizational reputation, which is achieved through nonfinancial goals intended to satisfy nonfamily stakeholders. By reaching beyond the view that any family firm should exhibit integrated family and business identities (Dyer & Whetten, 2006), we discuss how controlling families differ in terms of (1) the family's visibility as the controlling coalition of the firm, (2) the intention of the family for transgenerational sustainability of family control, and (3) the salience of the business for family self-enhancement. These factors alter the family's concern for corporate reputation and ultimately the pursuance of nonfinancial goals. Moreover, we suggest a feedback loop through which positively perceived nonfinancial goals increase the attractiveness of the firm and strengthen the family's transgenerational sustainability intentions, the visibility of the family, and the salience of the firm for family self-enhancement.

Applying this perspective moves the discussion away from whether or not family firms should strive for nonfinancial goals to a view that family firms actually do strive for these goals, and answers the question of what causes such behavior (Brickson, 2007). Our inclusion of multiple levels of corporate performance is in line with a growing stream of research that considers micro and macro goals and incorporates multiple levels of analysis (Brush, Manolova, & Edelman, 2008; Davidsson & Wiklund, 2001; Venkatraman & Ramanujam, 1986).

This paper makes four contributions to the literature. First, we contribute to the understanding of a central phenomenon in family firms, their inclination to strive for nonfinancial goals (Chua et al., 1999). Previous research has proposed an idiosyncratic goal-based rationale for such behavior (Gomez-Mejia et al., 2007), or the particularism of controlling a family's utility function enabled by the extended power of controlling families (Carney, 2005). While Carney adds an essential element to the understanding of nonfinancial performance goals, we show that it is actually the motivation on the side of the family not to exploit the family's power in a self-oriented financial way but to strive for nonfamily-centered nonfinancial goals, driven by family-centered identity and reputation concerns. We also extend Dyer and Whetten (2006) by showing that identity fit may not be the only driver of corporate social performance, rather there might be a wider array of nonfinancial goals in family firms. Further, we flesh out how identity fit and related reputation concerns are tied to nonfinancial goals, namely through stakeholder satisfaction activity.

As a second contribution, our model accommodates arguments about the heterogeneity of family firm identity (Westhead & Cowling, 1998; Zellweger et al., 2010). We propose that the extent of a family's corporate reputation concern varies depending on the antecedents outlined above. We believe this is relevant in light of behavioral differences among family firms (Dyer & Whetten, 2006). We suggest that the extent to which family firms strive for nonfinancial goals such as corporate social actions to nurture a favorable corporate reputation, depends on the three antecedents to corporate reputation concern identified in this paper. When these antecedents are weak, family firms will behave more like nonfamily firms and will have fewer incentives to actively pursue heightened levels of nonfinancial goals. This is not to say that nonfamily firms do not face incentives to pursue nonfinancial goals. In fact, a manager in a nonfamily firm may assure his/her firm pursues nonfinancial goals for a variety of reasons. However, family firms are further motivated to pursue nonfinancial goals because they have unique family-centered nonfinancial goals (e.g., entrepreneurial family tradition, social status in the community, or harmony among family members). Furthermore, family firms often face particularly strong incentives to pursue nonfinancial goals given the extended visibility of the family, transgenerational sustainability intentions, and the role the firm plays in family self-enhancement.

Third, we contribute to a theory of socioemotional wealth in family firms (Astrachan & Jaskiewicz, 2008; Berrone et al., 2010; Gomez-Mejia et al., 2007; Zellweger & Astrachan, 2008). The socioemotional wealth literature argues that nonfinancial goals shape the reference point from which owners frame business decisions. Even though this core argument is solidly rooted in prospect theory and the behavioral agency model (Tversky & Kahneman, 1991; Wiseman & Gomez-Mejia, 1998), the socioemotional wealth literature partly falls short of clarifying the drivers that lead to such a reference point, beyond the mental accounting of nonfinancial benefits and costs. The socioemotional wealth literature touches upon the identity argument when it defines socioemotional wealth as the "nonfinancial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty" (Gomez-Mejia et al., 2007, p. 106). However, the socioemotional wealth literature does not deal with organizational identity theory itself, which leaves the identity argument underexplored. It is in this context where we see our contribution to the socioemotional wealth literature.

Finally, the addition of a social dimension to the discussion of nonfinancial goals in family firms is important for organizational identity theory itself. Through an exploration of controlling families' motives in organizational identity construction and the ties to nonfinancial goals, we follow recent suggestions that identity concerns may not adhere to traditional economically based explanations of managerial behavior (Brickson, 2007; Livengood & Reger, 2010). Implicit in the observation that family firms seek nonfinancial goals is the argument that family firm behavior reaches beyond traditional economic theory. Organizational identity theory helps in explaining why this is the case and offers alternative explanations.

Limitations

We acknowledge limitations of our conceptual contributions. For example, some might argue that we have taken a too managerial- or family-centered approach in this article. Scholars, particularly those adopting an institutional perspective on organizations, question an organization's ability to manipulate its identity at will. Many organizational activities are routinized and constrained by mimetic, coercive, and normative forces in the institutional field (DiMaggio & Powell, 1983). However, "at the margin, managerial initiatives can make a substantial difference in the extent to which organizational activities are perceived as desirable, proper, and appropriate within any given cultural context" (Suchman, 1995, p. 586). It is at this margin that we see the family's scope of action based on the importance of identity fit between family and firm.

We provided only a brief overview of the strategic function of impression management. For example, impression management may help in acquiring resources, since the legitimacy and reputation that are built up over time may be helpful in brand building, allowing the firm to charge price premiums, attracting better applicants, or even having access to lower-cost financing (Anderson, Mansi, & Reeb, 2003; Fombrun & Shanley, 1990). However, the ties between identity, impression management, and competitive advantage, and the relationships between financial and nonfinancial goals in family firms, are discussed in great depth elsewhere (Ashforth & Mael, 1989; Dutton et al., 1994; Milton, 2008; Sundaramurthy & Kreiner, 2008; Zellweger & Nason, 2008; Zellweger et al., 2010).

Finally, we need to acknowledge that there may be discrepancies within families about the importance of identity fit between family and firm. In this paper, we see controlling families as dominant coalitions, which will, almost by definition, have very similar views on the appropriate relationship between the family and the firm and where the latter should be heading (Chua et al., 1999). In this multilevel approach, we followed Klein et al.'s (1994) advice on multilevel studies by limiting and specifying the levels we are referring to (i.e., the family and firm). Also, we outlined our assumptions about and sources of heterogeneity of family firms. This limitation should in the end increase the parsimony of our model (Whetten, 1989).

Guidance for Future Research

One way to build upon our research is to empirically test its validity. To this end, researchers can build on the definitions we have provided for our three antecedents to the importance of family-to-firm identity fit. When intending to tie them to organizational behavior, their impact on the various dimensions of corporate social performance (for example, as proxied by the Kinder, Lydenberg, and Domini dimensions) could be tapped. In a similar way, it is likely that these antecedents have an impact on other identity-forging incidents, such as mergers, acquisitions, divestments, alliances, and firm closures. Those represent rich areas for future research.

It is reasonable to assume that even the most nonfinancially motivated family firm will strive to survive as an organization and must perform a kind of "hedonic calculus" (Brickson, 2007) to evaluate the potential harm incurred in the process of focusing on these goals, for example, in terms of hindering growth and access to financial capital. In fact, such an extended goal set may push family firms to stay private and not to go public, since the stock market introduction could mean accepting a narrower and more financially driven definition of goal. Indeed, nonfinancial goal considerations are mostly associated with inefficient behavior (e.g., excessive risk taking, biased information processing, unwillingness to grow, inertia; Berrone et al., 2010; Dutton et al., 1994). However, besides the aforementioned strategic advantages of impression management, the positive entrepreneurial potential of seemingly inefficient behavior deserves further investigation. As such, we expect that our organizational identity rationale could add to the understanding of entrepreneurial portfolios and the survival of family firms.

Our paper focuses on the degree of importance of family and firm identity fit; however, we do not discuss the content of that identity. As with individuals, families and firms will differ in the content of the identity, which they wish to have for themselves. One promising area for further study is to explore organizational identity orientation (Brickson, 2005, 2007) in the family firm context. It would be interesting to test if the degree of concern with corporate reputation is linked to personal, relational, or collectivistic identity orientations. While outside of the scope of our research, indeed, exploring the content of family firm identities is a logical next step after measuring the importance of their identity fit.

Another important consideration that may be addressed in future research is the question of credibility. Family identity and reputation as an intentional driver for nonfinancial goals may carry with it a stigma of selfishness and even questionable moral motivation. Accordingly, if stakeholders consider that a family firm's nonfinancial goals are primarily sought for selfish purposes, they may be hesitant to attribute a positive reputation to the firm. Then, the pursuance of nonfinancial goals could result in undesired reputation effects. However, much of what we know about family firm behavior and their particularism (Carney, 2005) is that their goals are often intuitive in nature. For this reason combined with the observation that families can hardly escape the identity assessment conducted by nonfamily stakeholders, family firm identity claims may lend themselves to being considered more natural, intuitive, and credible. In either case, we believe that a further exploration of the credibility of identity claims has intriguing implications for a deeper understanding of family firms.

In future studies, one may also explore how the degree of family involvement in ownership and management may influence concern for corporate reputation. We pursued an identity-based approach following previous studies (Albert & Whetten, 1985; Dutton et al., 1994), but degree of family involvement for instance may be an additional variable to be considered.

Implications for Practice

A theoretical articulation of why firms strive for nonfinancial performance is beneficial to practitioners as a way of understanding the root cause of a core part of their behavior. In a practical sense, our model provides a tool to reflect on the sources, degrees, and consequences of identity overlap between family and firm. This is relevant since nonfinancial goals often conflict with financial goals (Berrone et al., 2010).

In a recent study, Shepherd and Haynie (2009) discuss how identity conflicts between family and business can be resolved by building a "family-business meta-identity." We propose an alternative way to manage such conflicts, namely through adaptation of the discussed antecedents to corporate reputation concern. For example, in case of deep identification with the firm, the parties are obligated to one another, which constrains the future action of both parties (Sheppard & Tuchinsky, 1996). The drivers of corporate reputation concern therefore should be understood and managed lest they stand in the way of important identity-affecting events such as rapid growth and decline, mergers, acquisitions, or retrenchment that may be needed for the long-term prosperity of the firm and the family (Albert & Whetten, 1985; Dutton et al., 1994).

Moreover, both family and nonfamily firms could benefit from understanding the outlined relationships in terms of anticipating competitive reactions to events that might affect reputation since if our theory is correct, family firms are likely to seek to respond more quickly and forcefully to reputation-affecting actions.

Conclusion

In sum, our paper offers a new conceptual framework that proposes antecedents to nonfinancial goals in family firms. In light of the prominence of this observation, the economic relevance of this type of firm and the assumed importance of pursuing mainly financial goals for long-term corporate success, providing a rationale for why family firms are striving for nonfinancial goals is critical, both for theory and practice. With our paper, we hope to inspire further works in a fascinating field.

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