Strategic Decisions in Family Firms: A Situated Gamble Perspective

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Abstract: This conceptual article explores the psychological processes that underlie the strategic decision-making of family firm CEOs, focusing on how their prioritization of socioemotional wealth (SEW) or financial wealth (FW) relates to strategic risk-taking. Drawing on regulatory focus theory, we propose the Situated Gamble Model (SGM), which posits that CEOs' regulatory focus—prevention-oriented or promotion-oriented—mediates the relationship between their SEW or FW priorities and their strategic decisions. We argue that CEOs emphasizing SEW are more likely to adopt a prevention focus, often linked to risk-averse strategies, while those prioritizing FW are inclined to adopt a promotion focus, associated with riskier strategies. Additionally, we explore how regulatory focus impacts strategic choices in different contexts, such as gain or loss domains, further explaining the paradoxical risk behaviors often observed among family firm CEOs. By uncovering how motivation and self-regulation shape strategic behavior, this article provides new theoretical insights into the micro-foundations of decision-making in family firms and sets the stage for future empirical research.

Keywords: family firms; strategic decisions; self-regulation; risk-taking; socioemotional wealth

Sustainable Development Goals: SDG 9: Industry, Innovation and Infrastructure

1 Introduction

Family firms account for the vast majority of businesses worldwide, representing more than 80 percent of all firms in most countries (Calabrò et al. 2025; Miroshnychenko et al. 2021). Beyond their prevalence, they are also important for the long-term prosperity of their local ecosystems by pursuing goals related to preserving the family reputation and the harmony, which are also essential to ensuring the firm's sustainability across generations (Deephouse and Jaskiewicz 2013). Indeed, family firms are traditionally defined as enterprises "*governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families*" (Chua, Chrisman, and Sharma 1999, p.25). As a result, family firms must constantly navigate the tensions between financial imperatives and family-centered goals such as reputation, legacy, and control. It is precisely this unique intertwining of business and family logics that makes family firms a particularly meaningful setting for studying their strategic decision-making (Diaz-Moriana, Clinton, and Kammerlander 2024).

To explain these tensions, scholars have often drawn on the Behavioral Agency Model (BAM) which integrates insights from prospect theory to highlight the tendency of family firms to make decisions that minimize potential socioemotional wealth (SEW) losses (Gómez-Mejía et al. 2007). SEW refers to "*the stock of affect-related value that a family derives from its controlling position in a particular firm*" (Berrone, Cruz, and Gómez-Mejía 2012, 259) and has been associated with more conservative strategic choices aimed at protecting family-centered goals (Gómez-Mejía, Neacsu, and Martin 2019; Zona, Pesci, and Zamarian 2024; Chirico and Kellermanns 2024). However, other works point out that priority can also be given to financial wealth (FW)—the economic or monetary value generated and accumulated by the business, encompassing profits, assets, and overall financial performance (Martin and Gómez-Mejía

2016)—which aligns with riskier strategies aimed at maximizing financial returns (Strike et al. 2015; Wang et al. 2024; Chirico and Kellermanns 2024). To move beyond this dichotomous perspective, the mixed gamble logic (Gómez-Mejía et al. 2014) extends BAM by suggesting that family firms weigh potential gains and losses across both SEW and FW, and that their ultimate choices may reflect the way these two forms of value are traded off. While scholars acknowledge that SEW or FW is prioritized in trade-offs, there is a lack of studies explaining how these priorities translate into actual strategic decisions, which is necessary to better understand the heterogeneity of strategic decisions in family firms (Cho, De Massis and Kotlar 2025; Jiang et al. 2018).

Especially, existing research has tended to conceptualize this mixed gamble at the firm level, treating family firms as if they were homogeneous entities (Smajić, Palalić, and Ahmad 2023; Swab et al. 2020). In reality, strategic decisions are made by individuals, whose preferences and interpretations vary considerably (Vandekerkhof et al. 2018; Eddleston and Mulki 2021). Among these individuals, family firm CEOs occupy a uniquely powerful position: they combine executive authority with ownership ties, family identity, and symbolic leadership, giving them disproportionate influence over strategic direction (Seow 2025; Lu, Kwan, and Zhu 2021). The personal prioritization of SEW or FW by the family firm CEOs informed by the context in which they were socialized — within or outside the family firm — strongly conditions how the mixed gamble is interpreted and enacted (Strike et al. 2015; Zona, Pesci, and Zamarian 2024). Placing the family firm CEO at the center of analysis thus reflects the reality of decision-making and provides a finer-grained explanation for the paradoxical risk behaviors frequently observed in family firms.

What remains underexplored is how CEOs navigate these trade-offs in practice. This gap reflects a broader call for micro-foundational perspectives in family business research, which emphasizes uncovering the individual-level mechanisms that underpin firm-level heterogeneity (De Massis and Foss 2018; Jiang et al. 2018). Focusing on micro foundations is particularly valuable for explaining the heterogeneity of macroeconomic outcomes and enables the development of more sophisticated and robust theories to support future research in family business (Ellen III et al. 2024, De Massis and Foss, 2018).While BAM and the mixed gamble logic specify what is being weighed (SEW and FW), they provide limited insight into the psychological processes that guide how CEOs interpret and navigate these priorities (Jiang et al. 2018). To address this gap, we turn to regulatory focus theory (RFT) (Higgins 1997, 1998), a motivational framework rooted in the principle of self-regulation. Self-regulation refers to the psychological processes through which individuals exert control over their cognition and behavior to align with goals and implement strategies for achieving them (Brockner, Higgins, and Low 2004; Tumasjan and Braun 2012). RFT specifies that this regulation can occur through two distinct orientations: a promotion focus, where individuals pursue advancement, growth, and gains, and a prevention focus, where they prioritize security, responsibility, and the avoidance of losses (Higgins and Liberman 2018). In this way, RFT helps to explain how individuals regulate behavior to translate their priorities into specific strategies when making trade-offs.

Applied to family firm CEOs, this motivational framework suggests that SEW and FW priorities may not directly dictate strategic behavior, but instead shape the regulatory orientations through which choices are interpreted and enacted. In other words, RFT offers a self-regulatory lens that explains how CEOs translate value priorities into concrete behaviors. This makes RFT especially promising for extending the mixed gamble logic, as recently suggested by Calabrò et al. (2025). Building on this perspective, we propose the Situated Gamble Model (SGM), which theorizes that the regulatory focus of family firm CEOs serves as the intermediary mechanism through which SEW and FW considerations are transformed into strategic behaviors. Moreover, the model recognizes that regulatory focus may produce different outcomes (risk-aversion or risk-seeking) depending on whether CEOs perceive a situation of loss or of gain. This leads us to our guiding research question: When and why does the regulatory focus of family firm CEOs, informed by the prioritization of SEW or FW, relates to their risk-taking when making strategic decisions?

Answering this question provides a more nuanced interpretation of the paradoxical risk behaviors observed among family firm CEOs (Huybrechts, Voordeckers, and Lybaert 2013; Zona, Pesci, and Zamarian 2024), moving beyond the predictions of prospect theory integrated into the BAM (Kahneman and Tversky 1979). While prospect theory predicts risk-aversion in the gain domain and risk-seeking in the loss domain, it assumes homogeneity in behavioral responses and overlooks the motivational mechanisms that shape individual interpretations. Our model — the Situated Gamble Model (SGM) — instead theorizes that decision-making as guided by motivational orientations activated by situational cues, such as whether CEOs prioritize SEW or FW. These orientations — promotion or prevention — underline how CEOs perceive gain and loss domains differently, and how these perceptions are associated with their preferences for risk-taking. In this way, we extend the prospect theory by highlighting behavioral variations under similar framing conditions, offering a motivational lens that contributes to a more fine-grained, micro-level understanding of strategic heterogeneity in family firms.

This article makes three key contributions to the literature. First, it responds to recent calls for the integration of psychological perspectives into family business research (Jiang et al. 2018; De Massis and Foss 2018; Picone et al. 2021; Pieper 2010) to better understand the mechanisms through which family firm CEOs' prioritization of SEW or FW shapes strategic decisions (Smajić, Palalić, and Ahmad 2023). We address this research gap by proposing a conceptual model, the SGM, that links family firm CEOs' prioritization of SEW or FW with distinct motivational mechanisms that shape strategic behavior. Second, it offers a more nuanced perspective on risk-taking in family firms by introducing a situated interpretation of gain and loss domains. Rather than relying on the assumptions of prospect theory, our approach emphasizes how family firm CEOs interpret these domains on the basis of their regulatory focus. This allows for a more detailed understanding of how context-specific self-regulatory processes may be associated with specific strategic choices. Third, it advances understanding of family firm heterogeneity by theorizing how family firm CEOs' prioritization of SEW or FW interacts with their regulatory focus to explain divergent strategic behaviors. Thus, regulatory focus is highlighted as a key psychological mechanism linking SEW or FW priority to strategic decision-making, enriching the family business literature.

The article is structured as follows. We begin by reviewing key models that inform risk-taking in family firm strategic decisions, which leads to a consideration of regulatory focus theory. Next, we introduce the Situated Gamble Model, outlining its primary antecedents and outcomes. Finally, we discuss the theoretical and practical implications of our conceptual model and suggest directions for future research.

2 Literature Review

Family firms exhibit unique strategic decision-making patterns due to their dual pursuit of financial wealth (FW) goals and socioemotional wealth (SEW) goals. This section first reviews how family business scholars have explained strategic decision-making in family firms through the behavioral agency model (BAM), SEW perspective and mixed gamble logic, before turning to regulatory focus theory (RFT) as a useful complementary lens.

2.1 Strategic Decision and Risk-Taking in Family Firms

The BAM builds on prospect theory to explain the conditions under which managers are willing to take risks (Wiseman and Gómez-Mejía 1998). Prospect theory (Kahneman and Tversky 1979) departs from classical utility theory by suggesting that decision-makers evaluate outcomes relative to a reference point—often their current state of wealth or performance—

rather than in absolute terms. Outcomes above this reference point are framed as gains, whereas outcomes below it are framed as losses. Tversky and Kahneman (1989) emphasize that decisions are anchored in this neutral reference point (typically zero), leading individuals to focus on changes in wealth rather than end-states. As a result, individuals tend to be risk-averse in the domain of gains ("+1" or above the reference point; see Table 1), seeking to secure favorable positions and avoid potential losses (Thaler and Johnson 1990; Kahneman and Tversky 1979). In contrast, within the domain of losses ("−1" or below the reference point), individuals are more inclined to take risks to reverse unfavorable outcomes and recoup their losses (Lude and Prügl 2019). This asymmetry reflects the principle of loss aversion: losses weigh more heavily than equivalent gains, which explains why decision-makers may reject opportunities for future benefits if they entail a potential reduction in current wealth, while embracing risk more readily when they perceive themselves to be in a loss position (Lude and Prügl 2019).

[INSERT TABLE 1 HERE]

BAM extends this reasoning to organizational contexts by suggesting that managers' risk preferences depend on how they frame their current endowment of wealth and control. From this perspective, strategic choices are shaped less by objective payoffs than by whether managers perceived them as potential gains or potential losses relative to their existing position (Wiseman and Gómez-Mejía 1998). This helps account for managerial behaviors that deviate from classical agency theory, which assumes that managers consistently avoid risks to protect their wealth.

In family firms, scholars have further refined BAM by emphasizing that SEW represents their primary reference point (Cennamo et al. 2012Gómez-Mejía et al. 2007; Berrone, Cruz, and Gómez-Mejía 2012). SEW encompasses a set of nonfinancial firm aspects that fulfill the family's social and emotional needs, such as preserving family identity, maintaining control, fostering strong social ties, and ensuring generational continuity (Gómez-Mejía et al. 2007; Berrone, Cruz, and Gómez-Mejía 2012). As such, SEW is widely regarded as a defining feature of family firms, and its preservation is said to represent a key goal in and of itself (Chirico and Kellermanns 2024; Berrone, Cruz, and Gómez-Mejía 2012). When SEW is threatened, family firms exhibit strong loss aversion, often privileging the protection of these emotional endowments even at the expense of financial gains (Smajić, Palalić, and Ahmad 2023).

The mixed gamble logic builds on this refinement by arguing that strategic decisions in family firms are rarely evaluated in purely socioemotional or economic terms, but rather as tradeoffs involving potential gains and losses in both SEW and FW simultaneously (Gómez-Mejía et al. 2014; Bromiley 2009). In this view, decisions are framed as complex evaluations that integrate expected financial returns with implications for family-centered goals (Bauweraerts, Cirillo, and Sciascia 2024; Chirico and Kellermanns 2024). Such dual evaluations complicate predictions: some family firms privilege SEW, rejecting financially attractive options that threaten SEW preservation, while others emphasize FW, which means accepting financial risks even if it threatens SEW preservation. Hence, the mixed gamble between SEW and FW goals often causes lose-win outcomes, or vice versa (Cho, De Massis, and Kotlar 2025). Variation across firms thus reflects differences in how SEW and FW are weighted in the mixed gamble calculus (Chirico and Kellermanns 2024; Cho, De Massis, and Kotlar 2025).

Despite these advances, much of the literature continues to treat the mixed gamble at the firm level (Smajić, Palalić, and Ahmad 2023; Swab et al. 2020), overlooking the heterogeneous SEW and FW preferences of individual decision-makers (Eddleston and Mulki 2021). In reality, strategic decisions are made by individuals who prioritize either SEW or FW, treating these preferences as reference points that guide their choices (Gómez-Mejía et al. 2023). Since CEOs hold disproportionate power in shaping strategic outcomes, their personal framing of SEW and

FW becomes especially consequential (Corten, Vandekerkhof, and Steijvers 2021; Vandekerkhof et al. 2018). Family firm CEOs, in particular, can steer their organizations toward opportunities that align with their personal priorities, meaning they do not simply implement a firm-level calculus but actively shape it (Seow 2025). Accordingly, this article places the family firm CEO at the center of the decision-making process, emphasizing how their SEW and FW considerations shape the mixed gamble logic that underpins corporate strategy (Strike et al. 2015; Zona, Pesci, and Zamarian 2024).

Taken together, prospect theory provides the psychological foundation for understanding risk asymmetry in the loss and gain domains, BAM translates these ideas into the realm of managerial decision-making, and SEW and mixed gamble logics adapt them to the particularities of family firms. Yet, without incorporating the micro-level framing of CEOs, these perspectives remain incomplete. For family firm CEOs in particular, whose decisions hinge on SEW and FW, uncertainty remains about how they navigate these priorities in the mixed gamble of decision-making at the micro-level of analysis (Jiang et al. 2018; Rovelli, Massis, and Gómez-Mejía 2023). To address this gap, Calabrò et al. (2025) have proposed RFT as a promising extension of the mixed gamble to examine how family firm CEOs are motivated to set and pursue goals, offering deeper insights into the psychological processes underlying their SEW and FW prioritization and how this shapes strategic choices (Bammens, Hünermund, and Andries 2022; Jiang et al. 2018; Jaskiewicz and Luchak 2013).

2.2 Regulatory Focus Theory and Family Firms

Regulatory focus describes an individual's approach to self-regulation by distinguishing between two independent orientations: promotion focus and prevention focus (Higgins 1997, 1998). These orientations differ systematically along four dimensions: (1) the underlying motives, or needs, that people try to satisfy, (2) the framing of the goals they try to reach, (3) the outcomes (or end-states) that they desire or avoid, and (4) the types of strategies that they favor for reaching their goals (Higgins 1997, 1998). This distinction has proven particularly relevant for understanding heterogeneity in managerial behavior, as it links motivation to goal framing and strategic choices.

People who experience a prevention focus are motivated to satisfy their need for security and safety. In that respect, they frame their goals as responsibilities and duties that they want to respect (Higgins 1997, 1998). Given this concern for obligations, individuals with a prevention focus are sensitive to the presence and absence of negative stimuli (i.e., losses and non-losses; Higgins and Pinelli 2020; Förster, Higgins, and Bianco 2003), which are, respectively, undesired and desired end-states. The prevention focus is linked to vigilant and conservative strategies that are likely to avoid losses and, thus, to maintain the status quo that represents non-loss (Higgins and Cornwell 2016). Indeed, CEOs with a prevention focus seek to reduce vulnerability and uncertainty in order to avoid failures (Gamache et al. 2015). Therefore, people who regulate their behavior according to a prevention focus act primarily to ensure security: they are motivated to avoid losses and to approach non-losses (Higgins and Pinelli 2020).

On the other hand, people who experience a promotion focus are motivated to satisfy their needs for growth and advancement. In this regard, they frame their goals as ideals and aspirations that they want to achieve (Higgins 1997, 1998). Given this concern for progress, individuals with a promotion focus are sensitive to the presence and absence of positive stimuli (i.e., to gains and non-gains; Higgins and Pinelli 2020; Förster, Higgins, and Bianco 2003), which are, respectively, their desired and undesired end-states. The promotion focus is linked to eager and risky strategies that are likely to approach gains and, thus, to improve the status quo (Higgins and Cornwell 2016). Indeed, CEOs with a promotion focus seek to seize opportunities in order to maximize hits (Gamache et al. 2015). Therefore, people who regulate their behavior according to a promotion focus act primarily to ensure progress: they seek to approach gains and to avoid non-gains (Higgins and Pinelli 2020).

Building on this distinction, RFT has become an important lens in entrepreneurship and management research to explain variation in goal pursuit, strategic attention, and resource allocation (Johnson et al. 2015; Daspit, Fox, and Findley 2023; Wallace, Johnson, and Frazier 2009). In particular, regulatory focus helps account for why some CEOs adopt risky strategic actions while others act conservatively (Kammerlander et al. 2015; Mount and Baer 2022; Gamache et al. 2015; Barber III, Peake, and Harris 2024; Scoresby, Withers, and Ireland 2021). This evidence highlights regulatory focus as a salient motivational mechanism that shapes strategic heterogeneity.

Surprisingly, this insight has been only marginally applied in the family business field (Li et al. 2023). This gap is striking because family firm CEOs are particularly susceptible to self-regulatory processes: their embeddedness in ownership and governance structures ensures that personal values, family obligations, and emotional ties directly influence their regulatory orientation (Bammens, Hünermund, and Andries 2022). As Jaskiewicz and Luchak (2013) argue, ties to the controlling family act as a situational factor that strengthens the salience of obligations, fostering prevention focus and conservative strategies that prioritize risk aversion, control retention, and financial stability. By contrast, nonfamily CEOs—whose career trajectories often extend beyond the firm—are more likely to exhibit a promotion focus, emphasizing bold strategies aimed at performance maximization.

Taken together, this literature suggests that RFT provides a promising micro-foundational complement to the mixed gamble logic. While the latter emphasizes the dual prioritization of SEW and FW, it remains underdeveloped in explaining how these goals are translated into actual strategic choices (Cho, De Massis, and Kotlar 2025). We argue that family firm CEOs' regulatory focus fills this explanatory gap by acting as the motivational mechanism that connects SEW and FW reference points to decision-making. In other words, regulatory focus shapes how reference points are interpreted in terms of gains and losses, thereby explaining how different regulatory foci can generate heterogeneous patterns of strategic decision-making across family firms. This reasoning underpins the Situated Gamble Model (SGM), which conceptualizes family firm CEOs' regulatory focus as the motivational link through which SEW or FW priorities are transformed into distinct patterns of strategic decision-making. By shifting attention from outcomes to motivations, the SGM extends the mixed gamble logic and opens new avenues for theorizing strategic heterogeneity in family firms. Section 3 outlines the building blocks of this model and develops its conceptual structure.

3 Conceptual Model: The Situated Gamble Model

3.1 Antecedents in the Situated Gamble Model

3.1.1 Antecedents of Situated Regulatory Focus: Theoretical Building Blocks

To understand the antecedents of regulatory focus in family firms, and thus the contextual factors that can shape them, it is important to distinguish between chronic regulatory focus and its situational counterpart.

According to the early development of the RFT by Higgins (1987, 1997), prevention and promotion focus first develop in individuals from an early age through interaction with their educators and surroundings in childhood (Higgins 1987, 1997; Keller 2008). These principles are then reinforced as individuals use them successfully and value them, eventually becoming habitual and almost automatic (Higgins et al. 2001). As such, regulatory focus is first considered in terms of *chronic* self-regulation principles, which are most likely to be used spontaneously by individuals and to determine the habitual and valued way they define their goals and strive to achieve them. Because chronic regulatory focus is shaped by early socialization and reinforced through successful applications in life (Higgins et al. 2001), it is considered context-invariant and can be measured with instruments such as the Regulatory Focus Questionnaire (RFQ) (Higgins et al. 2001), which is used widely in psychology and applied fields such as education, management, healthcare, and entrepreneurship (Kammerlander et al. 2015; Summerville and Roese 2008; Wallace, Johnson, and Frazier 2009).

However, subsequent research has highlighted the role of context in shaping the experienced regulatory focus. In social psychology, lab experiments demonstrate that regulatory focus can be induced situationally through priming (Crowe and Higgins 1997; Friedman and Förster 2001; Molden and Hui 2011; Zhou and Pham 2004), showing that the regulatory focus experienced in context can be different than the individual's chronic focus. Therefore, situational self-regulation refers to a contextualized regulatory state (Higgins et al. 2001; Higgins 2002) determined by signals from the environment in which individuals operate (Förster, Higgins, and Idson 1998; Trevelyan 2011).

Especially, Higgins and Pinelli (2020) argues that although individuals develop a chronic regulatory focus based on early life experiences, situational factors—such as job instructions or organizational culture—can shift the focus in context (Brockner, Higgins, and Low 2004). Those conditions can be temporary (i.e., specific instructions during a work assignment, such as a due diligence mission, or market dynamics) (see Graf-Vlachy et al. 2024) or more stable (i.e., due to a specific organizational culture or structural job demands) (see Roczniewska, Retowski and Higgins, 2018; Scholer and Higgins, 2011). For instance, Park et al. (2015) suggest that the industry in which the company operates can influence the regulatory focus of the workers through socialization. As such, various domain-specific measures have emerged, such as the General Regulatory Focus Measure (Lockwood et al., 2002) and the Work Regulatory Focus Scale (Wallace, Johnson, and Frazier 2009), which consider the variability of self-regulation in context (Graf-Vlachy et al. 2024).

While family businesses scholars point out that family firm CEOs can exhibit both chronic and situational regulatory focus (Bammens, Hünermund, and Andries 2022; Kammerlander et al. 2015), emerging research recognize that situational self-regulation is particularly relevant in management research that wants to pay more attention to the context in which decisions makers operate (Ramoglou, Gartner, and Tsang 2020; Gartner 1988), exploring its antecedents and consequences.

In particular, the emphasis on SEW or FW within family firms is portrayed as a key contextual factor that shapes the regulatory focus experienced by their CEOs (Li et al. 2023; Jaskiewicz and Luchak 2013), ultimately influencing their strategic decision-making. In line with that view, this research focuses on the situational self-regulation of family firm CEOs to consider the specific context in which they are socialized. Thus, we theorize how the contextual emphasis on SEW or FW acts as a situational antecedent that influences the self-regulation of family firm CEOs to provide a more fine-grained understanding of their strategic decision-making

3.1.2 Antecedents of Situated Regulatory Focus in Family Firms

In family firms, where multiple goals coexist, SEW goals and FW goals can be framed according to a distinct regulatory focus (Jiang et al. 2018). Thus, researchers call for a focus on the socialization process of family firm CEOs and the way goals are informed (Jiang et al. 2018; Chirico and Kellermanns 2024). For instance, Jaskiewicz and Luchak (2013) suggest that prevalent family ties make duties and obligations toward family more salient, leading to stronger concern for SEW preservation. As a result, they theorize that CEOs with family ties, compared to nonfamily CEOs, tend to experience a stronger prevention regulatory focus (and weaker promotion focus), as this orientation is more aligned with the objective of SEW preservation. This theorized predominance of one motivation over the other is in line with RFT. Although promotion and prevention are theoretically distinct principles, several researchers have highlighted that the relative weight accorded to promotion and prevention is likely to determine which focus becomes predominant and to drive behavior (Camacho, Higgins, and

Luger 2003; Molden and Higgins 2004), including in family businesses (Bammens, Hünermund, and Andries 2022).

While Jaskiewicz and Luchak (2013)'s argument relies on the distinction between family and nonfamily CEOs, family business scholars suggest that not all families have the same concerns for SEW preservation and, thus, not all family firm CEOs are socialized in a context that values a predominant preventive orientation. For instance, a firm's generational stage could condition whether SEW preservation or FW maximization serves as the primary reference point. In that regard, prior research has consistently shown that family CEOs from later-generation family firms tend to place less emphasis on preserving SEW compared to their earlier-generation counterparts (e.g., Chirico and Kellermanns 2024; Belda-Ruiz, Sánchez-Marín, and Baixauli-Soler 2022; Sciascia, Mazzola, and Kellermanns 2014; Gómez-Mejía et al. 2011). In the early generational stages, CEOs—typically the family founders—often place strong emphasis on SEW preservation, as they identify closely with the firm and experience a deep sense of emotional attachment to the business they hope to pass on to future generations (Zellweger and Astrachan 2008; Chirico and Kellermanns 2024).

Conversely, although later-generation family CEOs may still feel a strong attachment to the firm, this connection is often weaker because of their greater generational distance from the firm's founders. As a result, they are generally less concerned with preserving SEW and place greater emphasis on maximizing FW (Chirico and Kellermanns 2024; Belda-Ruiz, Sánchez-Marín, and Baixauli-Soler 2022; Sciascia, Mazzola, and Kellermanns 2014). For instance, Gómez-Mejía et al. (2007) found that in the context of Spanish olive mills, the willingness to join cooperatives—which entailed a loss of family control (SEW) but offered greater financial returns—increased with each successive generation. Consequently, CEOs with family ties evaluate and prioritize SEW and FW differently depending on their generational stage (Gómez-Mejía et al. 2007; Salvato, Chirico, and Sharma 2010: Chirico and Kellermanns 2024).

In a similar vein, nonfamily CEOs may prioritize FW over SEW, or vice versa. While nonfamily CEOs are often hired in family firms for their strong orientation toward FW maximization (Jaskiewicz and Luchak 2013), Huybrechts, Voordeckers, and Lybaert (2013) highlight that they can also develop a sense of psychological ownership toward the firm, which may lead them to adopt behaviors more focused on preserving the family's SEW. This shift occurs because nonfamily CEOs are socialized into the values and priorities defined by the family, which often includes SEW preservation. Thus, we argue that not all family firm CEOs are socialized around the same primary reference points, and, as a result, they experience different predominant regulatory focus.

Building on these elements, we argue that family firm CEOs will experience a predominant prevention focus when they have been socialized in a context that prioritizes SEW preservation over FW maximization. This is because prevention focus is particularly effective in safeguarding SEW. Indeed, SEW is perceived as imperative for ensuring the transgenerational continuity of family firms (Berrone, Cruz, and Gómez-Mejía 2012), leading family firm CEOs to adapt their behavior in ways that help secure SEW preservation over time. Consequently, we suggest that family firm CEOs who prioritize SEW are more inclined to adopt a predominant prevention focus, as this regulatory orientation aligns with goals perceived as a responsibility or a duty. Indeed, a prevention focus is appropriated to guarantee greater stability and security, which are necessary to preserve SEW and, thus, to ensure the transgenerational continuity of the firm. In addition, prior research indicates that family firm CEOs tend to frame strategic decisions by putting stronger emphasis on limiting SEW losses (Gómez-Mejía et al. 2023; Chirico and Kellermanns 2024; Kotlar et al. 2018; Gómez-Mejía et al. 2007). In line with the RFT, preventive self-regulation is favored by individuals motivated to maintain their status quo and avoid losses. Therefore, family firm CEOs who have been socialized in a context that strongly values SEW preservation would be more likely to experience a prevention focus to satisfy their need for safety regarding SEW (Jaskiewicz and Luchak 2013). Thus, the SGM proposes:

> **Proposition 1:** The more family firm CEOs are socialized in a context that prioritizes the preservation of SEW goals, the more likely they are to experience a predominant prevention focus when making strategic decisions for the family firm.

Conversely, we argue that family firm CEOs experience a predominant promotion focus when they have been socialized in a context that places strong emphasis on FW. This is because a promotion focus is particularly effective in maximizing FW. In line with the RFT, we suggest that family firm CEOs who prioritize FW are more likely to adopt promotion-focused self-regulation, as this regulatory orientation enables them to meet their needs for progress and growth in terms of FW. For instance, the literature suggests that, because of the increased kinship distance, later-generation family CEOs define their financial goals in terms of gains, leading them to adapt their behavior in ways that ensure the maximization of FW over time (Alessandri, Mammen, and Eddleston 2018; Chirico et al. 2020; Gómez-Mejía, Patel, and Zellweger 2018; Kotlar et al. 2018; Chirico and Kellermans 2024). Indeed, a promotion focus allows these CEOs to adapt their behavior to go beyond the status quo, notably through the pursuit of additional gains. As such, a CEO who experiences a predominant promotion focus helps the family firm to pursue market-oriented strategies aimed at meeting their needs for advancement and growth through the achievement of financial goals (i.e., FW growth). On the basis of these arguments, the SGM proposes:

> **Proposition 2:** The more family firm CEOs are socialized in a context that prioritizes the maximization of FW goals, the more likely they are to experience a predominant promotion focus when making strategic decisions for the family firm.

3.2 Outcomes in the Situated Gamble Model

3.2.1 Outcomes of Situated Regulatory Focus: Theoretical Building Blocks

To understand the outcomes of regulatory focus, it is crucial to highlight the latest advances in social psychology research regarding the RFT. At first glance, it seems that promotion focus is always about risk-seeking strategies and prevention focus is always about risk-averse strategies (Bammens, Hünermund, and Andries 2022). Yet, such a statement would overlook the latest development in RFT, which calls for more attention to the loss and gain domains (Higgins and Liberman 2018; Zou, Scholer, and Higgins 2020). Zou, Scholer, and Higgins (2020) urge consideration of three interrelated factors to understand risk-taking: self-regulation (e.g., prevention focus vs. promotion focus), the situated value state (e.g., the domain of gains vs. the domain of losses), and the strategic options per se (e.g., whether the options under consideration serve the motivation). For instance, Scholer et al. (2010) show how it is very likely that in a loss situation, investors with a prevention focus would be willing to take significant risks, but only if the option allows restoration of the status quo (getting back to safety). This degree of precision of the RFT remains largely underexploited in research on entrepreneurship (Higgins and Cornwell 2016; Angel and Hermans 2019) and family business (Bammens, Hünermund, and Andries 2022), even though it brings a richer micro-level understanding of how family firm CEOs perceive and evaluate strategic choices.

Like prospect theory, RFT considers risk-taking to depend on the value state of the individuals' choices, namely whether they are in a situation of loss or gain compared to a reference point. However, the RFT suggests that loss-aversion, conceptualized as the tendency for losses to exert a stronger psychological impact than equivalent gains, is not as well established as prospect theory assumes (Higgins and Liberman 2018). First, RFT argues that it is not useful to define an a priori reference point as "0"; because of differences in individual motivations, "0" cannot be perceived as neutral. Moreover, this theory suggests that a person can, and often does, consider several reference points in the same decision situation (Higgins and Liberman 2018; Higgins and Pinelli 2020). Thus, the process of goal pursuit involves three salient reference points, which might overlap: the current state (“0”), the status quo that is the initial reference point; the desired end-state (“+1”), which is a final reference point to be approached; and the undesired end-state (“−1”), which is a final reference point to be avoided (Higgins and Liberman 2018).

Thus, individuals with a prevention focus perceive their initial reference point “0” (the status quo) as a positive state because it is similar to their desired end-state “+1” due to the absence of losses. They will compare it with a reference point “−1” that they seek to avoid (Higgins and Liberman 2018). Preventive individuals are motivated above all to maintain their status quo by avoiding losses (Higgins 1997, 1998). As expected from prospect theory, the “−1” situation is perceived as a state of loss (see Table 2). Yet, new insights from RFT reframe (for individuals with a prevention focus) the gain domain as “non-loss,” which includes the status quo.

[INSERT TABLE 2 HERE]

In contrast, individuals with a promotion focus perceive their initial reference point “0” (the status quo) as a negative state because it is similar to the undesired state “−1” that they try to avoid due to the absence of gains and that they compare with a reference point “+1” they wish to achieve (Higgins and Liberman 2018). Promotion-focused individuals are motivated above all to improve their status quo by approaching gains (Higgins 1997, 1998). As expected from prospect theory, the “+1” situation is perceived as a state of gain (see Table 2). However, new insights from RFT reframe (for individuals with a promotion focus) the loss domain as “non-gain,” which includes the status quo.

These nuances have implications for how success and failure are experienced by individuals according to their regulatory focus. Thus, for prevention, success corresponds to the absence of losses; for promotion, success corresponds to the presence of gains. In contrast, for prevention, failure corresponds to the presence of losses; for promotion, failure corresponds to the absence of gains (Higgins and Liberman 2018; Higgins and Pinelli 2020). In that respect, RFT suggests that loss-aversion is valid only for those mobilizing a preventive focus, because they are the only ones seeking to avoid losses (Higgins and Liberman 2018).

So, loss-aversion (for individuals with a predominant prevention focus) and gain-seeking (for individuals with a predominant promotion focus) lead to distinct strategic decisions and risk-taking behaviors. Therefore, examining these strategies according to RFT is useful for understanding strategic decision-making as the outcomes of family firm CEOs' self-regulation, beyond what the BAM and prospect theory already propose.

3.2.2 Outcomes of Situated Regulatory Focus in Family Firms

In general, individuals with a predominant prevention focus favor vigilant strategies because of their need for security and safety. Indeed, they try to maintain their status quo by avoiding losses (Higgins 1997, 1998). Thus, when preventive individuals are at a "0" reference point that they consider to be successful because it is similar to their desired end-state "+1" they use vigilant and conservative strategies that allow them to maintain this state (Higgins 1997, 1998; see Table 2). Yet, preventive individuals may adopt risky behaviors when they are below their status quo ("−1") to eliminate losses already incurred (Higgins and Liberman 2018; Zou, Scholer, and Higgins 2020; see Table 2). This is in line with prospect theory and has been validated by the work of Scholer et al. (2010). Nevertheless, building on RFT, Scholer et al. (2010) argue that the adoption of risky strategies is valid only if it is the sole option for restoring the status quo ("0"): that is, when risk-seeking becomes a motivational necessity for getting back to safety. If both a risky option and a conservative option can eliminate losses and return to the "0" reference point, then individuals with a prevention focus will favor the conservative option (Scholer et al. 2010; Higgins 2018; Higgins and Liberman 2018). In this regard, the underlying motivations of family firm CEOs who prioritize SEW preservation framed with a prevention focus helps to explain their strategic decisions.

On the one hand, Gómez-Mejía, Patel, and Zellweger (2018) suggest that family firm CEOs who prioritize SEW are more likely to be risk-averse and to avoid strategic change when they have more leeway (i.e., when the stability of the firm is maintained). Their analysis, however, does not explicitly theorize the distinct motivational mechanisms and situational contingencies through which this effect unfolds. We build on this foundational work by embedding it within a regulatory focus and situated gamble perspective: we argue that in non-loss contexts, SEW prioritization activates a prevention focus, which in turn explains why CEOs adopt risk-averse strategic decisions. In this way, our theorizing extends Gómez-Mejía et al. (2018) by connecting SEW to the mechanism of regulatory focus and to situational framing (non-loss vs. loss). Indeed, we suggest that this leeway corresponds to unused resources, making it easier for family firm CEOs to resist financial and SEW shocks. Thus, this state of non-loss provides family firm CEOs with a sense of satisfaction and the avoidance of a sense of urgency. In this comfortable state, they adopt conservative behavior by avoiding strategic changes that could be risky and might compromise the status quo, such as the acquisition of new businesses or R&D activities that might result in SEW losses (e.g., Gómez-Mejía, Patel, and Zellweger 2018; Chrisman and Patel 2012). This situation is consistent with RFT, which predicts that individuals who mobilize a preventive focus are risk-averse when their status quo is maintained (Higgins and Liberman 2018; Scholer et al. 2010; Higgins and Pinelli 2020; see Table 2). For these reasons, the SGM proposes:

> **Proposition 3:** Family firm CEOs who prioritize SEW preservation are more likely to adopt risk-averse strategic decisions when firm stability is maintained (situation of non-loss) because their behaviors are predominated by a prevention focus.

On the other hand, these family firm CEOs are likely to shift from their typical risk-averse behavior when the survival of the firm is at stake (Gómez-Mejía et al. 2007; Gómez-Mejía et al. 2023). This change is explained by the fact that, for family firm CEOs, in case of business failure both FW and SEW might be wiped out.

When the firm is in such a state of vulnerability (Gómez-Mejía et al. 2023; Gómez-Mejía et al. 2024), family firm CEOs may first decide to adapt their routine to avoid losses. However, if the change in routine is insufficient, they may adopt risky behaviors such as entering new markets, investing in R&D, and/or restructuring the firm (Gómez-Mejía et al. 2023; Gómez-Mejía et al. 2024; Duran et al. 2016; Chrisman and Patel 2012). Notably, Chrisman and Patel (2012) show that most family firms are likely to increase their investment in R&D when their survival is threatened due to underperformance that may lead to SEW losses. This situation is consistent with RFT, which predicts that individuals who mobilize prevention focus engage in risk-seeking behavior when they experience losses (Higgins and Liberman 2018), provided that the option offers the chance to get back to the status quo (Scholer et al. 2010; Higgins and Pinelli 2020; see Figure 1). Thus, building on the work of Zou, Scholer, and Higgins (2020), we suggest that it is useful to consider three interrelated factors to understand the risk-taking preferences of family firm CEOs: their situated self-regulation (here, a prevention focus), their firm's vulnerability state at the moment of the strategic choice (here, being in the loss domain), and the strategic options per se (i.e., whether the options under consideration can restore the status quo). The SGM proposes that, for family firm CEOs who prioritize their decisions around SEW preservation, a change in the firm's situation from one of non-loss to one of loss will lead to a shift in risk-taking, but only if the risky option is perceived as a way back to safety. For these reasons, the SGM proposes:

Proposition 4: Family firm CEOs who prioritize SEW preservation are more likely to adopt risk-seeking strategic decisions when the stability of the firm is compromised (situation of loss), because their behaviors are predominated by a prevention focus.

[INSERT FIGURE 1 AROUND HERE]

We now turn to the strategic preferences of individuals who experience a predominant promotion focus. Thus, an investigation of the strategic decision of family firm CEOs who prioritize FW goals framed with a promotion focus is also relevant (Gómez-Mejía et al. 2007). Individuals with a stronger promotion focus will favor bold and risky strategies because of their need for advancement and growth. Indeed, they try to go beyond the status quo by seeking gains (Higgins 1997, 1998). In this respect, when individuals mobilizing a promotion focus are at either a “0” or a “−1” reference point, both of which they consider to be a failure (see Figure 1), they adopt risky strategies that allow them to move to an ideal “+1” reference point (Higgins and Liberman 2018; Zou, Scholer, and Higgins 2020; Higgins and Pinelli 2020). Therefore, the underlying motivations of family firm CEOs who prioritize their decisions on the basis of their FW goals framed with a promotion focus help to explain their strategic decisions.

In particular, we suggest that family firm CEOs with a promotion focus are less likely to change their risky behaviors. More precisely, we suggest that those family firm CEOs are in a perpetual state of non-gain characterized by risk-seeking behaviors. Indeed, through a promotion focus, desired end-states are ideals. The “+1” is never reached, as it is always pushed further away by the needs of growth and advancement. As shown in Figure 1, risk-averse vigilant tactics would be favored by those mobilizing a promotion focus once they have reached their desired end-state, which remains hypothetical and ideal.

Thus, family firm CEOs who prioritize FW are more likely to pursue risky strategies, as they are strongly motivated by the possibility of reaping greater financial rewards from such initiatives (Bennedsen et al. 2007; Huybrechts, Voordeckers, and Lybaert 2013; Jaskiewicz and

Luchak 2013). For example, Huybrechts, Voordeckers, and Lybaert (2013) show that these CEOs engage more easily in radical innovations to derive greater financial benefits from such risky initiatives. In the same vein, the literature suggests that CEOs in later-generation family firms (who have been socialized with a predominant promotion focus aimed at maximizing FW) tend to foster a more innovation-oriented culture that supports the identification and exploitation of entrepreneurial opportunities, often involving greater risk-seeking (Chirico and Kellermans 2024; Salvato, Chirico, and Sharma 2010). This situation is consistent with RFT, which predicts that individuals who mobilize a promotion focus engage in risky behavior because they seek to approach gains (Higgins and Liberman 2018; Scholer et al. 2010; Higgins and Pinelli 2020). For these reasons, the SGM proposes:

> **Proposition 5:** Family firm CEOs who prioritize FW maximization are more likely to adopt risk-seeking strategic decisions (perpetual situation of non-gain) because their behaviors are predominated by a promotion focus.

4 Discussion

4.1 Theoretical implications

This article contributes to the family business literature in several ways. First, it responds to recent calls for integration of psychological perspectives into family business research to better understand the unique decision-making dynamics within these emotionally charged organizations, where family and firm boundaries often overlap (Jiang et al. 2018; De Massis and Foss 2018; Picone et al. 2021; Pieper 2010). Although existing research emphasizes that CEOs' preferences for SEW or FW can explain heterogeneity across family firms (Naldi et al. 2013; Zona, Pesci, and Zamarian 2024; Chirico and Kellermanns 2024), few studies have explored the mechanisms through which these preferences influence strategic decision-making in practical terms (Smajić, Palalić, and Ahmad 2023). This research gap reflects a broader neglect of the psychological processes that influence how the prioritization of SEW versus FW affects strategic choices (Jiang et al. 2018). To address the gap, we draw on RFT (Higgins 1997, 1998; Higgins and Liberman 2018), from social psychology, to develop a conceptual model proposing that family firm CEOs regulate their behavior differently depending on whether they prioritize SEW preservation or FW maximization, differences that are shaped by their socialization context. Specifically, our model enhances understanding of how family firm CEOs' prioritization gives rise to distinct self-regulatory orientations that guide strategic decisions.

Second, this article goes beyond the seminal contributions of prospect theory to better understand risk-taking preferences by introducing the SGM. Drawing on the latest developments in RFT (Higgins and Liberman 2018; Zou, Scholer, and Higgins 2020), we show that family firm CEOs have several reference points; our approach is thus distinct from that of prospect theory, which assumes a neutral reference point. Specifically, family firm CEOs will frame these reference points in terms of loss/non-loss or gain/non-gain according to their dominant regulatory orientation (i.e., prevention and promotion, respectively). Accordingly, this article highlights that preventive-oriented CEOs, who are motivated by SEW preservation, may shift their vigilant strategies toward risky strategies in a state of loss if these offer a chance to restore the status quo, which they frame as a non-loss. Conversely, promotion-oriented CEOs, who are motivated by FW maximization, are more likely to take risks, even under stable conditions, as they frame the status quo as a non-gain. These considerations suggest that the loss-aversion posited by prospect theory is valid only for family firm CEOs with a prevention focus, namely those socialized in a context that prioritizes SEW preservation. In this way, our model clarifies how "gain" and "loss" domains are constructed and perceived, theorizing how family firm CEOs navigate strategic choices by drawing on distinct motivational orientations—prevention or promotion—that are shaped by their socialization prioritizing SEW or FW. Thus, the SGM contributes to a more nuanced understanding of strategic behavior under SEW vs. FW prioritization, advancing both behavioral agency and mixed gamble perspectives.

Third, this article contributes to the literature on family firm heterogeneity, which has largely overlooked the role of CEOs' regulatory focus in explaining variation in strategic decision-making (e.g., Daspit, Fox, and Findley 2021; Hernández-Linares, Sarkar, and López-Fernández 2017; Moores et al. 2019; Stanley et al. 2019). It proposes that family firm CEOs' strategic preferences vary based on the goals they prioritize and how they regulate their behavior to pursue those goals. In doing so, it offers a more nuanced understanding of how SEW and FW are processed by CEOs to further explain strategic heterogeneity among family firms (Hiebl and Li 2020).

4.2 Limits and future research

Three main limitations of this article must be acknowledged. First, the model focuses on individual CEOs and not team or family firm boards, which are nevertheless potentially salient collectives for explaining strategic decision-making. Second, the model considers SEW as a unidimensional construct; as such, extensions of the SGM could provide a finer-grained account of the multiple dimensions of SEW (Li et al. 2023). Third, because this is a conceptual article, empirical testing of the model is out of the scope, and it is for future research to test and extend it. A combination of experimental designs, survey-based studies, and qualitative methods could develop a more comprehensive understanding of the intricate decision-making dynamics in family firms from a situated gamble perspective.

First, an experimental design would provide strong empirical validation of our propositions. Indeed, experimental studies are considered the gold standard for testing causal relationships (Hsu, Simmons, and Wieland 2017). Researchers could use a between-subjects design to assign the family firm CEO at random to a manipulation of experienced self-regulation or to a control group using the regulatory focus strength method. According to this well-established method, one group could be assigned to write an essay highlighting their responsibility to preserve the family legacy in the long term (prevention focus condition), while another group could be assigned to develop their aspirations regarding their financial performance (promotion focus condition) (Molden and Higgins 2004; Molden and Hui 2011; Keller 2006). Then, decision-making scenarios could be presented, such as hypothetical investment choices highlighting risk-taking dilemmas in gain/loss situations (Lude and Prügl 2019). Thus, the experiment would be a 3 (prevention, promotion, control) × 2 (gain, loss) subject choice configuration requiring a minimum of 20 participants per group (Hsu, Simmons, and Wieland 2017). To strengthen the design, manipulation checks to ensure construct validity and the identification of relevant control variables (generation, family affiliation, sector, etc.) are necessary (Grégoire, Blinder, and Rauch 2019; Kier, McMullen, and Kurakto 2022). In addition, post-experimental interviews could enrich the discussion on points that were not easy to answer in the survey (Grégoire, Blinder, and Rauch 2019; Anna et al. 2000) to better grasp the influence of the underlying cognitive mechanisms in decision-making (Molina-Azorín et al. 2012).

Second, survey-based studies could usefully complement experimental designs by examining how the variance in socialization influences individuals' experience of regulatory focus and, in turn, how this shapes the magnitude of risk-taking in strategic decision-making. Such an approach would also pave the way for investigating potential moderators and alternative outcomes. For instance, does a prevention focus become more salient in collectivist cultures where family values are deeply rooted (Jaskiewicz and Luchak 2013)?

Third, through in-depth interviews and case studies, researchers can uncover the socialization practices that contribute to making SEW or FW the prioritized reference point. Such findings would not only enrich the SGM but also help to reveal how strategic heterogeneity is sustained over time through deeply rooted meaning-making practices.

Furthermore, it is already acknowledged that governance can allow for a better balance between preventive and promotional strategies (Jaskiewicz and Luchak 2013). For example, family firm CEOs who prioritize the preservation of SEW might consider surrounding themselves with an executive committee with a greater propensity for risk. Yet, the role of collectives in that reflexive process is understudied, despite its relevance in organizational contexts (Brockner, Higgins, and Low 2004), including family firms of smaller size, which do not always have the financial resources to put together teams. Qualitative designs would allow for an in-depth exploration of tactics that teams, mentors, advisory boards, administration boards, and other governance bodies can adopt to balance promotion and prevention focus according to the circumstances.

4.3 Managerial recommendations

This conceptual article also has several managerial implications. A building block of this contribution for practitioners is about metacognition, which has been described as thinking about thinking (Mitchell et al. 2005) or, more precisely, awareness of cognitive phenomena (Haynie et al. 2010). Miele, Scholer, and Fujita (2020) suggest that, if individuals are aware of the trade-offs they can make between prevention and promotion and the strategies that result, then they are more likely to improve their performance in a wide range of contexts and tasks. Therefore, family firm CEOs' awareness of the importance of preserving SEW or of maximizing FW would allow them to strike a better balance between risky and non-risky strategies.

On the basis of our Propositions 1 to 5, we argue that family firm CEOs adopt different risk behaviors depending on whether they prioritize SEW or FW. In this way, our article highlights the pros and cons of decision-making in relation to each type of socialization.

First, family firm CEOs who prioritize SEW are driven by a predominant prevention focus: that is, they are motivated by security and avoidance of losses (Higgins 1997, 1998;

Higgins and Pinelli 2020). In a state of gain (“0” or “+1”), this preventive orientation leads family firm CEOs to adopt risk-averse decisions for reducing the variability of potential outcomes or cash flow problems linked to risky investments (Gómez-Mejía et al. 2024). This behavior could lead to organizational inertia and limit long-term performance (Chirico et al. 2020; Gómez-Mejía et al. 2024). However, in a state of loss (“−1”), those family firm CEOs may shift their behavior and engage in unusually risky decisions to restore a sense of security. This abrupt shift can create a paradox: a performance ceiling during gain states and heightened risk-seeking in loss states. Such reversals may lead to an escalation of commitment (Molden and Hui 2011), putting additional tensions on the performance ceiling. It might also trigger emotional and reputational hardships when the escalation potentially jeopardizes the long-term family legacy, continuity, and cohesion.

Second, family firm CEOs who prioritize FW are driven by a predominant promotion focus: that is, they are motivated by progress and gains (Higgins 1997, 1998; Higgins and Pinelli 2020). We suggest that this promotional orientation leads family firm CEOs to adopt risky strategic decisions, such as entering new markets and investing in R&D, which have the potential to provide new sources of gains (Gómez-Mejía et al. 2024; Chrisman and Patel 2012). However, these strategic decisions also increase the variance of the potential outcomes, as the possibility of unsuccessful risk-seeking increases accordingly.

Therefore, this article provides risk management recommendations that draw on the metacognition of family firms CEOs to take advantage of their dominant regulatory focus while compensating for their potential weaknesses. It could be worthwhile for these CEOs to develop a procedural guide to help them think through how they make decisions and the circumstances in which decisions occur. The guide could include preventive tactics such as careful evaluation of competitors’ performance and practices (Wang and Poutziouris 2010). Thus, family firm CEOs could compare the performance of their firm with that of their competitors, thereby obtaining better control over risk-taking. As for promotional tactics, the procedural guide could also support them in identifying growth opportunities and innovation-driven strategies. The guide could therefore include tools for exploring and articulating strategic ambitions, such as opportunity-mapping exercises, future scenario-planning, and purpose-driven goal setting. It would thus help in reaching a better balance between FW maximization and SEW preservation across generations (Wang and Poutziouris 2010).

To conclude, this conceptual article offers the SGM as a novel lens through which to consider how SEW and FW priorities interact with regulatory focus to shape the framing—and ultimately the outcomes—of strategic decisions in family firms. We invite future research to build upon the SGM to explore its boundary conditions, test its empirical relevance, and enrich our understanding of the micro-foundations of family firm heterogeneity.

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1) Tables

Table 1: Risk strategies in the loss and gain domains, according to prospect theory

	Below status quo "−1"	Status quo "0"	Above status quo "+1"
Risk strategies according to prospect theory	**Loss domain: Risk seeking**		**Gain domain: Risk aversion**

Table 2: Risk strategies in the (non-)loss and (non-)gain domains: prospect theory extended by new insights from regulatory focus theory

	Below status quo "–1"	Status quo "0"	Above status quo "+1"
Risk strategies according to prospect theory	**Loss domain: Risk seeking**		**Gain domain: Risk aversion**
Risk strategies with a prevention focus according to regulatory focus theory	**Loss domain: Risk seeking***	**Non-loss domain:** Risk aversion	**Non-loss domain:** Risk aversion
Risk strategies with a promotion focus according to regulatory focus theory	**Non-gain domain:** Risk seeking	**Non-gain domain:** Risk seeking	**Gain domain: Risk aversion****

* Risk seeking motivated by safety: if the risky option is the only option that can restore the status quo.

** The "+1" state, from the perspective of a promotion focus, is a hypothetical "ideal" state, never fully attainable, as it is constantly pushed further away by the promotional needs for growth and advancement.