

The institutionalization of management accounting tools in family firms: the relevance of multiple logics

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Abstract In recent years, studies in management accounting have focused on family firm businesses while investigating the role of management accounting tools and calling for more research in this field. This paper attempts to analyse how the institutionalization of management accounting tools promoted by professionals comes about and how it is facilitated or hindered by convergence or divergence between the institutional logics that characterize the family firm context. In particular, drawing on Burns and Scapens' (Manag Account Res 11(1):3–25, 2000) framework, we carry out a longitudinal case study in a small-sized family firm characterized by both the introduction of management accounting tools by professionals and the co-presence of three different institutional logics: family, business and community. The case evidence shows how institutionalization of management accounting tools happens when family, business and community logics converge. Episodes of logics divergence occurred in enacting and reproducing routines related to some of the new tools. These divergences were due to the refusal of members to accept institutional practices promoted by the professionals. The institutionalization took place when the competing logics found a compromise. This paper contributes to the family business literature by offering more evidence on the use of management accounting tools accomplished when the competing logics are aligned with following a family firm's purposes.

Keywords Institutionalization · Family logic · Business logic · Management accounting · Family firm · Family business

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1 Introduction

Management accounting scholars over recent years have paid growing attention to family firms, which represent the majority of businesses and employment worldwide and have peculiarities that could affect the use of management accounting tools in daily practice.

Researchers have pointed out that a characteristic of family firms is that they tend to have a lower diffusion of management accounting tools, because of widespread family logic at the ownership, governance and management levels (Songini 2006). However, other contributions have stated that formal mechanisms may help the family to better pursue their firm's interests (Rue and Ibrahim 1995; Sharma et al. 1997; Ward 2001; Schulze et al. 2003). In regard to this issue, some studies have highlighted that the involvement of outsiders/non-family experts in governance and management structures can bring professional norms and values into family firms' decision-making processes, and call for more research on accounting tools in family businesses to provide new evidence (Salvato and Moores 2010). Based on this advice, in our view it could be interesting to investigate how the introduction of management accounting tools occurs in family firms, paying particular attention to the criticalities that could hinder this introduction. Evidence on this point could contribute further to explaining the poor diffusion of these tools in the family firm context.

Drawing on family business literature, we look into how family firm logic interacts with business logic, represented by professional norms and values, and with community logic, related to social conformity and legitimate recognition. Assuming an institutional perspective, these logics provide beliefs and values that guide organizational actors in their practical actions (Friedland and Alford 1991) and help to explain connections that create a sense of common purpose and unity within an organizational field (Reay and Hinings 2009). When multiple logics coexist, the organizational field can be characterized by 'two or more strong, competing or conflicting belief systems' (Scott 1995, p. 211). As argued by previous studies (Scott 1995; Chua et al. 1999; Reay and Hinings 2009; Chrisman et al. 2012), limited empirical attention has been paid to the impact of competing logics on actors within the organizational field, in particular when the institutional change is promoted by one logic.

In order to shed light on the literature gaps emerging from the analysis of management accounting and family business literature and the scant empirical evidence, this paper, focusing on the introduction of management accounting tools promoted by professionals, aims to enable a better understanding of how they become institutionalized. In doing so, we ask how the institutionalization process is influenced by the convergence or divergence of different institutional logics characterizing the family firm context.

Looking at the institutionalization of management accounting tools as a process, we have drawn on Burns and Scapens' (2000) framework that explains how institutions (at the firm level) can arise emerge and shape actions in an ongoing process over time. This view entails the need to better analyse organizational actors' responses (Oliver 1991) to

the introduction of management accounting tools promoted by professionals. Existing different institutional logics may hinder or facilitate the introduction of management accounting tools originating from professionals. Organizational members' reluctance to adopt new organizational rules can be a consequence of competing interests, a lack of ability to cope with such change, or 'mental allegiance to established ways of thinking and doing, embodied in the existing routines and institutions' (Burns and Scapens 2000, p. 17). If the actors who represent family and community logics refuse to accept management accounting practices promoted by business logic, a decoupling effect is produced. Otherwise, the convergence of logics facilitates the process of institutionalizing management accounting tools. This means that the new management accounting routines become the expected form of behaviour and define the relations among groups within an organization (Burns and Scapens 2000). Accounting tools and emerging routines can be said to be institutionalized when they become widely accepted in the organization.

This issue is explored through a longitudinal case study conducted in a small-sized family firm facing increasing complexity during a growth phase of its business. The case evidence shows how the institutionalization of management accounting tools promoted by professionals is strictly related to the interaction of different logics that characterize family businesses.

This paper contributes to the family business literature focused on organizational settings characterized by multiple institutional logics. In particular, given the family firm context dominated by the family logic followed by family and non-family members, the co-presence of other logics such as business and community ones can generate a competitive and conflicting context. Enacting new management accounting tools, designed on professional values and norms, can lead to re-modulating how people do things. The case evidence shows how management accounting tools become institutionalized only when multiple logics converge leaving little room for competition or refusal behaviours. In this regard, the paper contributes to showing how institutional logics can compete when people have to manage a new accounting tool. Negotiation among people, following different logics, helps to enact and reproduce management accounting tools that become institutionalized when multiple logics find a compromise in using these tools for family firm purposes.

Although the focus of the paper is not on the professionalization process, the case evidence shows an example of professionalization in a family firm made possible by the employment of an external professional manager who tried to help the family members in managing their business, transferring his professional knowledge through the introduction of management accounting tools.

This paper is organized as follows. Section 2 presents the relevant literature on institutional logics in family firms, while Sect. 3 outlines how the institutionalization of management accounting tools can occur and how it can be influenced by the institutional logics. Section 4 presents the methodology and case study background; Sect. 5 illustrates the relevant logics that characterize the family firm case study; Sect. 6 presents evidence from the institutionalization process of management accounting tools and discusses the findings emerging from the analysis of the case study. Finally, Sect. 7 brings the research conclusions.

2 Institutional logics in family firms

Literature on family firms has highlighted how the formal competence of professional managers can play a relevant role in the definition of new management accounting practices and how this then prompts the spread of formal and cultural competences (Salvato and Moores 2010; Giovannoni et al. 2011). Accordingly, professionalization should be regarded not as a mere diffusion of formal competence but also in terms of the transfer of cultural competence (Hofer and Charan 1984; Gedajlovic et al. 2004; Flamholtz and Randle 2007; Gabrielsson 2007; Dekker et al. 2013).

Following Dyer (2001), professionalization can happen in three different ways: the professionalization of family members, the professionalization of non-family employees, and the employment of outsider expert managers. In the first case, the professionalization may emerge when the founder decides to adopt professional norms in decision-making (Kelly et al. 2000; McConaughy 2000) or to professionally educate successors (Cabrera-Suárez et al. 2001; Zahra and George 2002; Lee et al. 2003; Gedajlovic et al. 2004; Leotta et al. 2017). In the second case, professionalization starts when non-family members replace family ones (Chandler 1990; Gedajlovic et al. 2004; Lin and Hu 2007), by adopting expert norms and practices that explicitly define job positions and task responsibilities (Hofer and Charan 1984; Hall and Nordqvist 2008). Finally, professionalization can refer to the entrance of external managers who promote new formal control mechanisms (Perren et al. 1998; Songini 2006; Flamholtz and Randle 2007; Chua et al. 2009; Sonfield and Lussier 2009; Giovannoni et al. 2011; Fang et al. 2012; Dekker et al. 2015).

In terms of the latter definition of professionalization, we analyse disputes that can arise between family values and norms and those of experts. Family norms are more disposed to an institutional environment characterized by less developed formal regulative forces (Stewart 2003), while professionals tend to prefer the adoption of formal norms of management that require specific institutional infrastructures (Chandler 1990; Peng 2006; Fang et al. 2012). This can lead to the emergence of different interests, which are liable to diverge, requiring the introduction of procedures such as governance and control mechanisms, aimed at controlling the activities of managers (Songini 2006).

In the last few decades, several studies have underlined how multiple logics can coexist at the organizational level for a lengthy period of time, examining how they can affect organizations (Thornton 2001; Lounsbury 2002; Carlsson-Wall et al. 2016; Leotta and Ruggeri 2017). In general, institutional logics prescribe what constitutes legitimate behaviour in a particular institutional field and provide taken-for-granted templates for what are legitimate goals and how they should be pursued (Reay and Hinings 2009; Pache and Santos 2013; Carlsson-Wall et al. 2016). Friedland and Alford (1991) argue that institutional logics are socially constructed patterns of cultural symbols and material practices that guide individual and organizational behaviours.

Focusing on the family firm literature, contributions have mainly identified two institutional logics that dominate the family business: family and business ones (Leap-trott 2005; Dyer 2006; Leotta et al. 2017). Recently, Reay et al. (2015), investigating the behaviour of family and non-family firms within the organizational field, have also recognized the relevance of community logic in influencing family firm behaviour. In

general, family logic guides individuals to behave according to family values and to organize the firm primarily to satisfy family members' needs. Significant influence exerted by family members on the culture and performance of their firms (Sharma 2004) may generate various mechanisms that can interfere with accounting rules and practices, as well as with their institutionalization within the firm. On the other hand, business logic guides individuals in organizing the firm to focus on profitability, adopting professionals' values. Professionals play an important role in initiating, executing and disseminating the principles of professional management in family businesses (Daily and Dollinger 1993; Gedajlovic et al. 2004; Parada et al. 2010). Finally, community logic guides individuals in organizing the firm to serve community needs. As Greenwood et al. (2011) noted, attention to more than two logics might significantly improve the individuals' knowledge of organizational behaviour and actions required to attain legitimacy (Scott 1995). In this sense, other contributions have shown interest in considering the influence of community logic on family firms (Paniccia 1998; Cennamo et al. 2012; Naldi et al. 2013; Sharma and Chua 2013). Contributions in this stream of research do not converge on whether these logics are competing or complementary (Chua et al. 1999; Chrisman et al. 2012).

In order to better understand how management accounting tools introduced by professionals become institutionalized, we pay attention to the different institutional logics that guide individuals' behaviours in family firms and how these logics facilitate or hinder the institutionalization of managerial accounting tools, helping to understand organizational responses to institutional rules (Thornton et al. 2012).

3 The institutionalization of management accounting tools and the relevance of multiple logics

Given their very nature, family firms may represent the ideal setting in which to explore the institutionalization of management accounting tools, such as routines and practices used in shaping organizational activities. The introduction of management accounting tools has been investigated in management accounting literature, justifying how different organizational responses to institutional pressures can determine the final implementation results (Burns and Scapens 2000; Burns and Vaivo 2001; Busco et al. 2007; Dambrin et al. 2007; Lukka 2007; Johansson and Siverbo 2009).

Focusing on family firm studies, Bracci and Maran (2012), drawing from the institutional framework of management accounting system (MAS) changes (Burns and Scapens 2000), analysed the role of MAS with respect to family trust among people involved in the succession process and the organizational routines. They tried to uncover the effective role of management accounting innovations in building or dismantling trust and creating new organizational routines (Leaptrott 2005; Busco et al. 2006; Miller et al. 2009; Reay 2009). In this regard, Giovannoni and Maraghini (2013) have shed light on the integrating role of management accounting tools in the family firm context. Specifically, they observed that, even if the performance measurement system (PMS) was designed as an integrated system through an ad hoc design framework, various critical issues emerged in the implementation phase undermining the integrated nature of a PMS. The social interaction between family and non-family

members, and knowledge exchange helped to reduce the inconsistencies among PMS elements, thereby improving the integrated nature of the PMS and managing the challenges of the development process.

Looking at the management accounting literature in a family firm context, Salvato and Moores (2010) called for more research on ‘the distinguishing features of accounting in family businesses by providing novel insights into the intertwined relationships between the processes of professionalization and the introduction of management accounting tools within a family firm’.

Given this literature gap, we focus on how the management accounting tools promoted by professionals are institutionalized. In doing so, we follow Burns and Scapens’ (2000) framework that analyses change as an institutionalization process, focusing on rules (formalized statements of procedures, i.e. management accounting tools) and routines (informal practices actually in use, i.e. management accounting practices in use), and pointing out that: ‘rules are normally changed only at discrete intervals; but routines have the potential to be in a cumulative changing process as they continue to be reproduced’ (Barley and Tolbert 1997, p. 96).

In describing the process of institutionalization, Burns and Scapens (2000) distinguish two realms: institutional and action. Both of them are characterized by synchronic elements when the institutional principles are encoded into rules and routines and the actors are involved in enacting them. The institutional and action realms are also characterized by diachronic elements when actions are reproduced into routines and routines are institutionalized into institutions, giving rise to a cumulative change process over time. New rules can be implemented and new routines can emerge during the encoding and reproduction phases, shaping the change process. This is caused by various sources of resistance to change—intentional or unintentional—that highlight a discrepancy between prescribed behaviour and actual behaviour, occurring when new management accounting rules meet an existing set of routines (Johansson and Siverbo 2009).

Burns and Scapens (2000) conceptualized how a great deal of management accounting is premised on rules and routine action (Nelson and Winter 1982) that, over time, have the potential to become a taken-for-granted, unquestioned (i.e. institutionalized) aspect of business activity. This framework uses the old institutional economics theory to deal with the institutions that shape the actions and thoughts of individual human agents (Scapens 2006). Although Burns and Scapens (2000) did acknowledge that rules, routines and (eventually) institutions of accounting could change over time, there is little in their framework to conceptualize the nature and possible dynamics of such change processes. This, is not, however unique to management accounting research. Applying this framework to the family firm context, one challenge is to understand how the dynamics that determine the institutionalization of management accounting tools can be represented by the dynamics among the different institutional logics that dominate family firms. Institutional influences shape both organizational and individual interests and desires, often framing the possibilities for action; institutional forces are instantiated in individuals and carried by them through their actions, tools and technologies (Orlikowski and Scott 2008). Some actions reinforce existing practices, while others will reframe or alter them. We consider that organizations are shaped according to the rules imposed on them, the expectations of the environment

and the cognitive patterns of the actors (Scott 1995), based on objectified collective beliefs (institutional logics).

Accordingly, referring to Burns and Scapens' framework, the present study focuses on the institutionalization of management accounting tools introduced by professionals and how it is influenced by the convergence or divergence of the different logics characterizing the family firm context.

The attention paid to the relevance of multiple logics in the institutionalization process of management accounting tools is motivated by the fact that organizational members can be reluctant to adopt new organizational rules that may be introduced as the result of the influence of the professional's values and interests. That situation can lead to a 'mental allegiance to established ways of thinking and doing, embodied in the existing routines and institutions' (Burns and Scapens 2000, p. 17).

In order to better understand how the dynamics between institutional logics can facilitate or hinder the institutionalization process of management accounting tools, we also refer to Oliver's contribution (1991) on organizational responses to institutional pressures. This contribution provides a wider understanding of the organizational responses to institutional pressures, identifying a number of possible responses ranking from acquiescence choice to high-avoidance choice, between which the author identifies, among others, extensively documented responses to institutional processes, such as the decoupling of structural arrangements to cope with inconsistent constituent interests (Meyer and Rowan 1977; Covalleski and Dirsmith 1983; Berry et al. 1985; Ansari and Euske 1987). However, Oliver's framework has not been widely applied in the management accounting literature; some contributions have used it in order to better understand individual responses to institutional pressures when management accounting changes occur (Abernethy and Chua 1996; Modell 2001; Leotta and Ruggeri 2012).

In particular, when the family firm is characterized by the co-presence of multiple institutional logics, organizational members can endorse practices prescribed by one logic while actually implementing practices promoted by another logic, if the latter is more aligned with the family firm's purpose. The misalignment between normative or prescriptive structures and their operational structures can be due to the refusal behaviour shown by people following an institutional logic divergent from the dominant one (decoupling effect). In this sense, when new accounting tools are promoted by an external professional manager (business logic) who is employed by the family firm, they can conflict with institutionalized practices promoted internally by the family firm's members.

The different logics co-present in the family firm context would not be convergent, because they lead to different goals, producing different responses to the introduction of management accounting tools by external professionals.

Organizations vary in the way they manage tensions among logics (Carlsson-Wall et al. 2016). Following the values, objectives and practices suggested by one kind of logic, a decoupling effect is generated relating to the gap between what the organization claims to be concerned with and what it actually does (Brunsson 1989). Carlsson-Wall et al. (2016) argued that 'organizations may routinely issue reports that signal adherence to one or more logics while managing the organization according to the prescription of an alternative logic' (p. 48). The introduction of management

accounting tools may satisfy professional templates, but when they are encoded into rules and routines and the actors are involved in enacting them, tensions among logics can arise. This is possibly due to the partial or non-convergence among business, family and community values and objectives.

On the other hand, in the case of full or part adherence to one form of logic that is able to fulfil the demands of the other logics, a compromise can be found. In this context the management accounting tool could be interpreted in terms of the current norms and values of all organizational actors who use it, embodying organizational values expressed by the three logics and providing visibility to the interest of family and community logics. In this sense, the management accounting tools promoted by the professionals become institutionalized when people who follow family or community logics conform to ‘the minimum standards of what is expected, through crafting a new behaviour that brings together elements of the conflicting demands, or through bargaining with institutional referents so that they alter their demands’ (Pache and Santos 2013, p. 975). Thus, the new management accounting tool could be encoded within the institutional realm and then enacted by organizational members and gradually reproduced through their everyday actions. In doing so, it could be institutionalized, that is, taken for granted by the majority of the organizational actors who represent the multiple logics in the family firm setting.

4 Case setting and methodology

In order to understand how the management accounting tools promoted by the professionals become institutionalized or not when the different logics converge or diverge, we will proceed by analysing the case of ES, a small and medium-sized family firm operating in Sicily. ES boasts a multi-year experience in the design and production of electrical systems and telecommunication networks, focusing on retail, home, commerce and banks. The company’s considerable and acknowledged top-level experience in the market enables it to grow in importance and turnover each year in Italy and abroad by developing important partnerships with leading manufacturers of plant and functional equipment for Information and Communication Technology.

ES is a small and medium-sized company that has been operating since 1982; it transformed into a limited liability company in 1999. It has a turnover of more than EUR 1000,000,00 and 12 employees, and has recorded a net increase since 2013, with sales doubled to €2 million. The family members involved in the business are the founder, his wife and his successors (their two children), who between them cover all management roles, so the firm can be identified in the restrictive definition of family business (Shanker and Astrachan 1996).

The firm’s growth raised some concerns for the owners, who did not have the most appropriate tools to keep control of the company. In the past, the high level of trust among the family members and co-workers meant there was a low level of formal control systems, but as the company grew, and became increasingly complex to manage, the family members decided to employ an external professional manager to help them in maintaining the family firm’s competitive advantage. This choice was critical and full of numerous divergences between the two brothers’ management

Table 1 Schedule of interviews (2013–2015)

Interviewees	Number of interviews	Interviews duration
Massimiliano (family member)	4	1 h; 1 h 15 m; 1 h; 1 h 20 m; 1 h 20 m
Simona, technical office manager (family member)	3	1 h 20 m; 1 h; 1 h; 1 h 15 m
External professional manager (non-family member; business logic)	4	1 h 20 m; 1 h 10 m; 1 h 20 m; 1 h 15 m
Technical Department chief	2	1 h 20 m; 1 h
Technical office manager	2	1 h 20 m; 1 h 15 m
Technical worker 1 (community logic)	1	1 h 20 m
Technical worker 2 (community logic)	1	1 h
Administrative office manager	2	1 h 20 m; 1 h 15 m

decisions and those of other non-family members involved in its management. After the professional manager started work in the family firm, several changes in strategy and organizational structure occurred and new management accounting tools were introduced. For this reason, it is interesting to analyse how the institutionalization process of the management accounting tools took place.

Our research has been carried out in a way that it is descriptively and interpretively valid (Maxwell 1992), given the underlying assumption of this paper, i.e. that only interviewees can give a rich account of a phenomenon that can be used as a basis for interpretation.

The case research followed a retrospective approach (Scapens 2004; Walsham 2006) and covered a data-gathering period from 2013 to 2015, trying to grasp how management accounting tools were introduced and routinized, finally becoming accepted by all organizational actors.

We used more than one method to gather data: specifically, we referred to two sources of data—field data and archival data—to gain a deep understanding of the field, as well as the logics in which it was embedded. Concerning the field data, we tried to understand and identify the subjects' perceptions regarding the institutionalization process of management accounting tools used in ES. In doing so, we directed the attention of the people to the aspects that they perceived as relevant in terms of both the causes and consequences of the examined institutionalization process of the management accounting tools introduced by the professional manager. In this case, we tried to understand their views on the evolution of the field and the competing institutional logics that permeated it. Nineteen semi-structured interviews were conducted and fully transcribed. As shown in Table 1, the interviews conducted were variously distributed among the interviewees and each of them lasted, on average, 1 h and 15 min.

Interviews were done ex-post when management accounting tools were already being widely used in daily operations by all organizational actors. This permitted us on the one hand to obtain evidence on how much the management accounting tools were

really being used in ES, and on the other hand to understand how they became institutionalized. Interviewees were family members and managers who were involved in the institutionalization process of management accounting tools, such as the technical office manager (Simona), the administrative office manager and the technical worker 1, and the external professional manager. In addition, we interviewed the technical worker 2 who was employed by the firm in 2015, when the management accounting tools introduced by the professional manager had already been accepted and routinized. His perceptions gave us the chance to verify whether management accounting tools were institutionalized. Each interview followed a semi-structured questionnaire, which helped researchers to direct the discussion to the institutionalization process of management accounting tools by investigating: the background of the company; its objectives, and criticalities; the way in which the management accounting tools were introduced, how they were perceived by organizational actors, how they changed the way people did things and became routines, and the perceived benefits.

In particular, interviewees were asked to explain how ES had grown and how it was organized, how it operated, and why it was organized and operated in such a way. The goal of these interviews was to acquire a rich understanding of the day-to-day functioning of ES and how management accounting tools work in this functioning.

The interview questions were considered suitable for the explorative purpose of this study. The interviews were not tape-recorded because of the confidential nature of the issues discussed (Kajüter and Kulmala 2005), and were conducted in an informal style. A draft report was written down and sent to the contact manager to be approved. Upon approval, passages of conversations are reported in this paper. Regarding the archival data, we formed our own perception through referring to performance reports, client orders, stock accounts and other internal documents relevant to the understanding of the institutionalization process.

The limitation of relying on a retrospective approach lies in asking interviewees to describe, explain and reflect on events they had experienced (Nor-Aziah and Scapens 2007). As respondents, they might have misreported their past choices in order to appear more consistent with their current choice (Shachar and Eckstein 2007). We control such a bias through methodological triangulation that is by ‘triangulating’ the findings of one source with evidence from other sources (Yin 2014).

5 The relevant logics in the ES case study

In accordance with to Scott (1995), we consider organizations to be shaped by the rules imposed on them, the expectations of the environment and the cognitive patterns of the actors, based on objectified collective beliefs, as institutional logics. Then, in what follows we attempt to describe what the relevant logics in the ES are and how they emerged.

To this end, 2013 was a significant year, in which ES doubled the level of sales even if revenues did not increase at an equal rate and the market in which it operates started to show a profound crisis. To deal with these events, family members jointly decided to differentiate their firm from competitors by ensuring traditional flexibility, quality,

and customer service. The beginning of the ES growth phase was characterized by such events.

First, there was a redefinition of customer types and potential markets. Traditionally, customers were small firms that operated in the local market. The high levels of variability of sales caused by the market crisis caused the family members stress, and in particular Massimiliano, the founders' son, who decided to explore the possibility of serving new customers and new markets.

In searching for new customer types, the firm's attention focused on large companies, such as banks and public companies. Satisfying large companies' needs meant both managing orders bigger than those managed before and planning high investments to adapt the production processes to their new customers' requirements. In order to satisfy large companies' requirements for information concerning to the family firm's financial status, a reconfiguration of the administrative processes was planned.

Referring to the new markets, the family members decided to serve national and international markets. This choice implicated a change in working practices. In particular, the workers traditionally operated in the local market, and they were not willing to undertake continuous business trips. In order to avoid worker dissatisfaction and to cover all geographic areas, without generating cost inefficiencies, the family members jointly decided to subcontract some services. This decision led to the need to effectively manage the subcontractors so as to guarantee the same quality services to customers.

During the growing phase, it was essential for the family firm to have a structure that was able to effectively manage all types of orders and information. On this point, Massimiliano stated: 'Previously, all choices were guided by family members' instinct ... Now, we needed something more... We wanted to quickly know how our subcontractors were working. We had to decide quickly which orders we wanted to process... and to respond to customers' needs with flexibility'. The reconfiguration of the administrative processes was planned to satisfy Massimiliano's need for information in order to avoid inefficiencies and to better analyse the order and service costs.

Although many changes occurred during 2013, the family managers continued to take strategic decisions mainly based on their traditional instinct. The only tool available was the annual report, and such rudimental reports (i.e. cost reports, payment reports, etc.) that were produced by each office were not shared with each other. This meant a lack of coordination among the business offices and delays in several activities, such as the processing of customer orders or the financial statement analysis requested from banks. Accounting information was mainly managed by an external accountant for fiscal purposes only, without providing any support in business management. Otherwise, the administrative office manager was responsible for invoicing, payments, and for processing all other administrative documents required for each contract (i.e. licences, certificates, guarantees, etc.). All this evidence concurred with previous studies on family firms, which pointed to family norms which are more disposed to an institutional environment little characterized by formal and regulative forces (Stewart 2003).

Nevertheless, the family members realized that they did not have the appropriate information to effectively manage the family business, which became more complex and out of control. In this regard, Massimiliano, stated: 'The available information

was partial and not timely—it was impossible to reconstruct the process of costing for each order. New customers’ information requirements could not be satisfied with current information, and the network of subcontractors was getting out of control ...we became conscious that these problems required additional competences... we had to change our way of working... we were not able to do that ... for these reasons we decided to employ an external professional manager who could help us to manage the complexity of our business’.

This description of opportunities that emerged during the ES growing phase shows the attitude of the family members towards opening their business to new market choices while recognizing the limits of making decisions by insight. Thus, the emerging needs led the family firm members to abandon the traditional way of working and to approach a new set of expert norms and practices.

The involvement of the professional manager in the family firm in November 2013 was intended to ensure the ongoing business. Clearly, as a professional manager, the person appointed was required to show not only formal skills, which allowed him to find efficient solutions that would enable the adoption of formal norms of management (Chandler 1990; Peng 2006; Fang et al. 2012), but also to acquire cultural skills related to the knowledge of the firm’s objectives and values.

To acquire cultural skills, the professional manager analysed the firm’s activities, classifying them into production activities—categorized by the type of installed plant—and external activities. In doing so, he explained the importance of conducting this analysis: ‘To get an overview of the activities and their costs, I had to know the company in all its aspects ... the analysis of the activities allowed me to identify two strategic business areas: facilities and maintenance’.

The professional manager also organized meetings with family and non-family managers in order to understand their needs. During a meeting, the administrative office manager, as a non-family member, discussed some of the problems relating to the cost of the accounting system, arguing: ‘The direct costs of the order are not fully accounted for! We meet difficulties in determining the labour cost used to meet the customers’ offers ... Our labour costs are incomplete, as they do not take into account the ancillary labour costs!’

At the end of 2013, to satisfy these emerging needs, the professional manager proposed to introduce new management accounting tools to support the management in the decision process: the cost accounting system, the budget and cash flow planning. These tools were designed following professional norms and values.

These tools were introduced to the business management at the beginning of 2014. In order to better understand how they were accepted by all organizational actors, in the following paragraphs we describe how different institutional logics, which guide individuals’ behaviour in family firms, facilitated or hindered their institutionalization. When the new management accounting tools were introduced, several problems arose, emerging from the interaction between the different logics. The introduction of the new management accounting tools will be examined, in an attempt to shed light on how different organizational responses to institutional pressures can determine the final implementation results (Burns and Scapens 2000; Burns and Vaivo 2001; Busco et al. 2007; Dambrin et al. 2007; Lukka 2007; Johansson and Siverbo 2009).

6 The institutionalization of management accounting tools in ES

The institutionalization of the management accounting tools in the ES context, interpreted following Burns and Scapen's framework, was characterized by the interaction of institutional pressures represented by the family, business and community logics. The latter constrained and shaped actions synchronically at the beginning of 2014, when the professional manager proposed the introduction of such new management accounting tools (the new cost accounting system, the budget and the financial spreadsheets), and diachronically, during 2014, in the implementation process of these tools, when such criticalities emerged in the production and reproduction of new rules and routines through cumulative influences. In this context, management accounting tools were able to provide taken-for-granted templates for what goals were legitimate and in what manner they should be pursued. In what follows we describe the institutionalization process of the management accounting tools introduced by the professional manager. In doing so, we focus on the four phases that characterized this process, highlighting how the institutional logics interact with each other.

6.1 The encoding phase

As previously described, the analysis of the firm's activities and values allowed the professional manager to identify the emerging needs and to codify them into rules and routines potentially able to modify the reality through their reproduction. This way of working was coherent with the encoding process, which 'draws on some taken-for-granted assumptions, which comprise institutional principles, through their instantiation in existing meanings, values, and power' (Burns and Scapens 2000).

Referring to the cost accounting system, ES previously used a rudimentary system that allowed a standardized allocation of direct costs to orders. Coherently to the firm's structure and business value process and to the information needs that had emerged during the company's growing phase, the professional manager proposed the adoption of the full costing methodology that would enable more correct cost and margin calculations. In doing so, the professional manager made an analysis of resources in order to identify the methods of allocating cost centres. In particular, service cost centres (called 'Structure') were identified, which released their utility to other cost centres and not directly to the product, and final cost centres (called 'Administration', 'Commercial' and 'Operational') were defined, which released their utility directly to the product. On this point, the professional manager stated:

The new method of cost calculation that I proposed was specifically tailored to the emerging complexity of the business and to the related information needs noticed by Massimiliano... A more detailed and complete cost calculation, in my opinion, was the key to a better understanding of how different strategic business areas were run and how service costs were accomplished through different cost centres.

Clearly, to consider all costs determines such problems related to the correct way of indirect cost allocation. The professional manager proposed using the hours spent

in each activity carried out for each order, even if the information on hours spent by employees in each activity were not completely known, due to the incompleteness of employment reports, which summarized all labour hours and costs.

Concurrently with the introduction of the cost accounting system, the professional manager proposed the introduction of a budgetary system that should in advance support all decision-making processes of ES's family and non-family members. As Massimiliano acknowledged: 'For us it is essential to correctly evaluate *ex ante* the costs of each order...this is the basis for pricing and for the connected evaluation of accepting an order or not. Without doubt, we have to check in advance each order's cost structure to better managing our processes'. Similarly to the cost accounting, the main problem in calculating for the budgeting was the prediction of annual that needed to be included in the cost centres, and consequently allocated to orders. Furthermore, to obtain actual information on the overall costs of the order, in contrast to what was done previously, the cost of materials delivered directly into the yard was classified as direct materials. In this regard, the administrative office manager explained: 'We were able to distinguish the material costs from the costs for subcontracted services. This distinction led to a more accurate calculation of the budget, identifying the specific incidence of the raw material, subcontracted services and labour costs to revenues'. The budget was proposed to better manage the scheduling of orders and their costs, but it required all managers to be involved, since they were directly aware of all the costs and able to predict any potential differences that could be generated over the budget year.

The third accounting tool introduced by the professional manager was the cash flow planning, which was intended to satisfy continuous financial information flows required by the main stakeholders of the family firm, such as banks and customers, which represent the community logic. In this case, the professional manager proposed the introduction of spreadsheets to facilitate the control of company payments and to allow proper planning of the cash flows, by showing the inflows and outflows monthly. With regard to, this the professional manager asserted: 'The cash flow monitoring through some easy spreadsheets was the only way to manage cash inflows and outflows better, by showing exactly when some shortfall of liquidity arose...in this manner it should be simpler to face that ...On the contrary, the same should be useful to plan how to use the excess liquidity registered in some periods'. Even if this tool was not included in the information system, it was shared between managers, improving their awareness of the firm's financial potentialities and the community relationships' management.

From this perspective, the three management accounting tools suggested by the professional manager can be considered as the result of the encoding phase, from which new routines arise. The related formalized procedures and documents aimed to modify the decision-making processes.

6.2 The enacting of the new management accounting tools

Although the employment of professional manager was strongly advocated by the family members, the enacting of the new management accounting tools encountered

various sources of resistance to change, underlining a discrepancy between prescribed behaviours and actual behaviours. The enactment of the new management accounting tools, through the day-to-day activities performed by organizational actors, encodes the institutional principles, which are translated into routines. Although the enactment process may involve conscious choices, it is generally the outcome of reflexive monitoring informed by the agent's tacit knowledge (Busco 2006). Thus, resistance to change can arise in this stage, especially if new rules and routines challenge existing meanings and values, and if actors have sufficient power to intervene in the process of enactment (Burns and Scapens 2000, p. 10).

The new accounting tools were not fully approved by non-family members of ES, who considered them as a drastic change in the ways of doing things, as stated by a member of the technical office: 'We were not used to quickly filling out formal documents...we had always worked following the family values, spread over time, and we enjoyed the trust of the family members, without managing our activities with these new managerial tools'.

To better understand how the organizational actors perceived the new accounting tools, during 2014 several working groups were organized among the family members, the professional manager, the administrative office manager and the operative managers. They jointly discussed the working principles, the criticalities and the benefits of each management accounting tool. The working groups provided the opportunity to engage non-family members in the professional logics introduced through the implementation of the management accounting tools; simultaneously, they facilitated the identification of critical points of each management accounting tool during the enacting phase. That promoted a redefinition of these tools in order to better fit with the different logics that characterized ES's context.

With regard to the cost accounting system and the budget, managers highlighted how the implementation of the new tools generated some difficulties in identifying the number of hours to be included in each order. This information could be derived from the employment reports, which summarized all labour hours and costs. These reports were filled out only by the employees and not by the Technical Department managers. To include all direct costs in the order, the employment reports were filled out by the whole Technical Department, including those who were involved in planning activities. The unit of measurement of the various activities was half an hour. All residual hours, not included in a specific order, were counted as a generic order that identified business inefficiencies.

This specific information request on the time spent on each activity was not accepted by the technical workers, who had to continuously interface with different customers, dealing with urgent requests, and managing different orders. On this point, technical worker 1 stated: 'It was very difficult for us to take note of the exact time spent for each activity and for each customer...it was too much work!' The possibility of jointly discussing this criticality, gave the administrative office manager the opportunity to explain that the reason for this request was that it should turn all the more possible costs into direct ones, increasing the effectiveness of the margins for each order.

The family logic had to face the technical rigidity of the new cost accounting system, which required collecting and inserting information that had previously been shared verbally among managers.

Technical workers showed a refusal behaviour because they perceived the activity of gathering information on the time spent on each activity as a loss of time. This explains the decoupling through a divergence between business and family logics: the former is mostly represented by the professional manager need to identify all direct costs in order to better determine order margins, while the latter is related to the family logic followed by workers, who does not recognize the former need. The workers were used to following the family values and enjoyed the trust of family members: to take note of the time spent on each activity was perceived as a loss of trust in the workers.

At the beginning of 2014, in order to satisfy the continuous financial information flows required by the main family firm stakeholders, the professional manager introduced the cash flow planning. In this case, the professional manager tried to translate into spreadsheets the expert norms usually applied in elaborating the financial information. In order to answer the bank's request for the firm's financial information, the administrative managers had to collect timely information related to inflows and outflows. The cash flow planning was also recognized by the family members as a useful tool in providing financial information for making future investments. Putting this tool into practice implied more coordination in the sharing of financial information between managers and specific skills in elaborating financial information, such as cash flows.

During a meeting between Massimiliano and the administrative managers, one of them argued: *We usually recorded the payments and entries... but to be honest... there were some months when we were very busy due to the continuous request for information by the external accountant for fiscal purposes ... So we delayed recording the current financial information*'. This delay prevented the timely elaboration of cash flow planning when it was required by the stakeholders. Another problem was underlined by another administrative manager who said: *The new employee (the professional manager) gave us a very quick explanation on how to fulfil the cash flow planning and how to combine the financial information in order to produce financial ratios... A short training course on cash flow statements could probably have been useful... I do not feel I have the required skills for doing this job*'.

The continuous delays in elaborating the cash flow planning and the lack of specific skills led some clients, who required financial information, to complain about the lack of information available. They were unable to evaluate in time whether ES could manage their orders, and then they disclaimed or cancelled some orders.

This evidence highlights a decoupling deriving from a divergence between family and community logics: the former is represented by the administrative managers' need to be trained in the use of the new financial report in order to better provide the right information to their clients; while the latter is related to community logics followed by stakeholders, who do not have the financial information required to evaluate the firm's capabilities in sufficient time.

6.3 The reproduction phase of management accounting tools

In the enactment of management accounting tools, routines will emerge; and they will be reproduced over time and passed on to new members of the organization (Nelson and Winter 1982).

Drawing on information deriving from the introduction of the new cost accounting system, an increase in the use of subcontracting services emerged; this raised the fixed costs burden without an equivalent increase in sales. As a result, Simona encouraged the technical team to spend more time working on internal orders and to be more flexible in work tasks, transferring know-how among colleagues, in order to be almost interchangeable.

In this sense, the working groups helped to share and integrate different kinds of knowledge and values, improving the identification of problems and their solutions. The management team was successful in transferring their knowledge and their ideology to the staff.

The reproduction of cost accounting system procedures attenuated a decoupling effect caused by technical workers' refusal behaviour: enacting the new full costing methodology, they perceived the activity of gathering information on the time spent on each activity as a loss of time. The professional manager organized various meetings between himself and the technical workers in order to improve the information collecting: 'Observing the technical workers' job, I realized what they meant about "loss of time" ... what really created the problem was the measurement unit of time... taking notes on how they spend each half an hour meant dedicating too much time to the report activity'.

The reproduction of the reporting activities led to a conscious change in the measurement unit of time: the professional manager, supported by the technical workers, was able to assemble the resources and rationales necessary to collectively question the existing rules and routines (Burns and Scapens 2000). The measurement unit of time was redefined to 1 h, giving the technical workers more flexibility in filing their reports.

The execution of the budget at the end of 2014 allowed the comparison to be made between the final and forecast values. Firstly, the professional manager suggested making this comparison annually, thereafter the comparison took place quarterly. The professional manager, in collaboration with the administrative office and technical managers, analysed the data obtained from the analysis of budget variances. The most significant difference was related to subcontracted services. The Technical Department pointed out: 'We have analysed the hours relating to customer care and warehouse management allocated to the general order ... we noticed how the hours spent by workers grew exponentially compared to the budget prevision ... we also discovered how some orders were characterized by a higher incidence of working hours compared with those of previous years... that was due to the more sophisticated orders required by the customers.'

An increase in purchase volume generated another budget variance. This difference, however, was due to a relevant order processed during the year, which generated a higher incidence of raw materials. Thus, the budget variance analysis gave the daughter, Simona, the technical office manager, the opportunity to improve the analysis of operational activities that generated inefficiencies over time. Once the deviation of the direct labour costs of orders between the budget and the actual one had been detected, Simona required an analysis of hours spent on each order.

The usefulness of budget variance analysis was recognized by Simona, who argued how important it was to compare provisional and actual information relating to direct

labour costs in order to better plan how to distribute the working hours to the various activities. The norms and expert values expressed by the budget variance analysis changed the way of working in ES: the workers became more flexible and interchangeable.

Referring to the cash flow planning execution, the professional manager organized a training course for the administrative managers and periodically supported them in revising the information contained in it. At the end of 2014, during a meeting between the professional manager and the administrative managers, one of the latter said: ‘The training course opened my mind. I was able to understand what kind of financial information our big clients required and in which ratio I have to synthesize them... the customer relationships were managed easily... sometimes we were able to predict what the clients wanted and to guide them in the right direction!’.

6.4 The institutionalization of management accounting tools

The introduction of the management accounting tools and the role of the professional manager in the family firm increased the level of formalization. Actually, the role of the family in the company was reinforced through informal mechanisms, such as trust and informal control. The non-family members were also delegated to various activities, starting the process of transformation from a centralized system, to a decentralized one.

In the organizational responses related to the introduction of the new cost accounting system, the budget and the cash flow planning, we noticed episodes of both convergence or divergence between family, business and community logics.

A point of convergence between the three logics can be recognized in the order of costs information provided by the new cost accounting system, and the financial information elaborated by the use of the financial spreadsheets. These two accounting tools satisfied the family members’ need to manage each customer request and order with flexibility. In doing so, the family logic had to come to terms with the technical rigidity of the new cost accounting system, which required the collection and insertion of information that had previously been verbally shared between managers. Even if at the beginning the family members met some difficulties in managing order information, they recognized the importance of economic reports, based on expert norms and values, in managing customer relationships.

In addition, the new types of customers, such as the large companies, needed specific information on order costs before proceeding with their orders, asking for more than one quote. This required more flexibility in managing these relationships. In this case, the community needs facilitated both the convergence of family logic, anchored to less developed formal rules and administrative routines, and business logic, promoted by the professional manager who transmitted expert norms and values through a better use of accounting information.

The cost accounting system and the budget made clear to family and non-family members how the business was developing, providing timely reports that were able to constantly support the decision-making process. The family managers gave little space to their instinct once they recognized the importance of the accounting information

provided by these reports. Specifically, the report on installations and maintenance margins led, in 2015, the family managers to decide to put more effort into the maintenance service, which would permit them to cover all fixed costs even though the margins for installation services were higher. In the past, they had been unable to compare the margins of these two activities, relating their decisions to their instinct rather than economic reasoning.

The convergence between family and business logics was supported by the decreased market demand for installation services: the family and non-family managers were conscious of a possible decrease in revenues due to lower demand for the installation services. They found a valid support for their decisions in the accounting report provided by the new accounting tools.

At an action realm, the recurrent reproduction of such new tools transformed rules into routines that were gradually institutionalized into the firm, giving rise to the cumulative process of change. The recursive use of management accounting tools played an important role in supporting decision-making processes, becoming legitimized by the three logics, finalizing their institutionalization process. Through timely reports, Massimiliano had the chance to update various contracts and effectively manage all business activities, as he stated: ‘The availability of prompt economic and financial information gave us the possibility of taking each decision with awareness, without overlooking any relevant information...now we are able to manage each order or customer requests with flexibility!’

The introduction of the new management accounting tools promoted by the expert norms and values fostered the development of new competences and gave the chance to all, family and non-family, members to understand how the business was developing and how everyone participates in it.

On this point the administrative office manager said: ‘Since the professional manager was taken on, our way of working has changed...the introduction of new managerial tools was not easy at the beginning, because sometimes information was lacking or individuals were not willing to share it...but when the information gathering was completed and all employees were involved in the information flows, we had the opportunity to elaborate relevant information to support the family members in the decision-making processes’.

The first outcome of this new way of working gave the family members a clear picture of the analytical results deriving from its main business area: installations and maintenance. Although the profit margin of installations was greater than that of maintenance, the latter was able to guarantee the continuity of business, ensuring a constant level of sales. The relevance of accounting information was acknowledged by the family members, who used them to support the decision process in the maintenance services; they led the family members to plan an increase of these services in 2015 in order to cover all fixed costs and to better react to the decrease in installations, caused by the market crisis.

We also observed the cause of discontinuity in the reproduction of practices derived from the first adoption of the cost accounting system in 2014. Specifically, the collection of information related to the time spent on each activity processed by workers can be considered an institutionalized practice that emerged from the realm of action (established routines). In particular, the workers and the technical office manager

enacted the time measurement that encoded the institutional principle defined by the cost accounting system: the identification of the direct cost of orders. The time measurement stimulated new values and new ways of working, modifying how things were done. The workers and the technical office manager understood the relevance of taking into account the order costs in their daily activities: they were able to improve customer relationships because the cost information gave them more flexibility in defining the order price and matched it to both the family firm and customers' needs. The cost accounting system and the budget were accepted by family and non-family managers who showed enthusiasm, recognizing the importance of flexibility as the main principle. The working groups spread into the organization, leading to the institutionalization of the budget variance analysis. The latter was reproduced through the behaviour of organizational actors, whereby the expert values and norms that characterized the budget were absorbed by the family and non-family members, so the budget routines became simply the way things are.

Reports emerging from the introduction of new management accounting tools highlighted that organizations may signal coherence or not to one or more logics. In particular, the introduction of new management accounting tools was able to satisfy professional templates, fulfilling the demand of the other logics. However, when new management accounting tools were encoded into rules and routines and the actors were involved in enacting them, tensions among different logics arose, reflecting the partial convergence among business, family and community values and objectives (Carlsson-Wall et al. 2016). Thus, the new management accounting tools could be encoded within the institutional realm and then enacted by organizational members and gradually reproduced through their everyday actions. In doing so, new management accounting tools gradually become institutionalized over time, changing the ways of thinking and doing things (Burns and Scapens 2000). In 2015, when we conducted our interviews, the management accounting tools previously introduced were already seen as an unquestionable method of thought or action embedded in all organizational members representing the institutional logics. They were able to impose form and social coherence upon human activity, through the production and reproduction of settled habits of thought and action (Burns and Scapens 2000; p. 6). This involves a disassociation of the patterns of behaviour from their particular historical circumstances, so that the rules and routines take on a normative and factual quality, which obscures their relationship with the interests of the different actors. In other words, the rules and routines become simply the way things are (Burns and Scapens 2000; p. 11). At this point, it is crucial to quote technical worker 2, who was employed at the beginning of 2015: 'Since I started to work in ES I was informed by the Technical Manager of all formalized operations required for each service accomplished...I tried to quickly learn what kind of information was required for each report and how to accomplish it....In doing so, I took advantage of my colleagues' experiences. Every time I asked them for an explanation, they were happy to help me...At the beginning they were very quick in filling out the report for me! But today I can say that I am now as quick as them!'

To sum up, following the Old Institutional Economics lens, we analysed the introduction of management accounting tools promoted by an external professional manager, observing how the institutional logics (family, business and community ones)

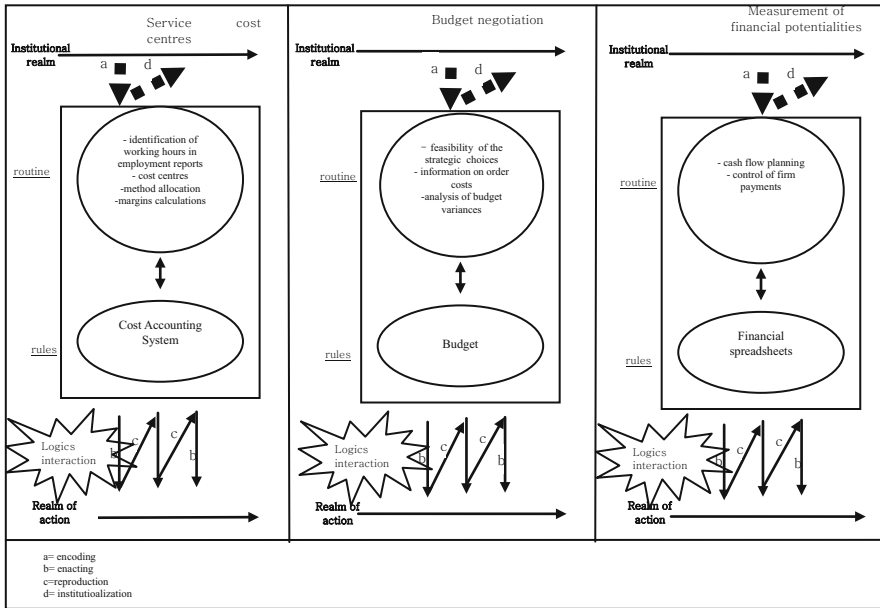


Fig. 1 Institutionalization processes of management accounting tools introduced by the external professional manager (Burns and Scapens 2000)

influenced the organizational responses. Figure 1 illustrates the institutionalization process of the management accounting tools introduced by the external professional manager in November 2013, then enacted and reproduced during 2014 and finally institutionalized in 2015.

7 Discussion and final remarks

Researchers highlighted that in family firms there is frequently a lower diffusion of management accounting tools, because of widespread family logic at the ownership, governance, and management levels. Simultaneously, other contributions underlined that the involvement of outsiders/non-family experts in the governance and management structures can bring professional norms and values into family firms' decision-making processes.

Family firm literature has identified different institutional logics that can dominate family firms: family, business and community ones (Dyer 2006; Leaptrott 2005). These logics guide individuals and institutions differently, promoting norms and values that may be non-convergent with each other. Following research stating that formal mechanisms can foster the convergence between these logics through a synthesis of connected norms and values, we provide new evidence on how the introduction of management accounting tools within a family firm can take place.

Assuming an institutional perspective, we illustrate how institutional logics interact with each other and influence the institutionalization process of management account-

ing tools. This entails the need to investigate organizational actors' responses to the introduction of management accounting tools promoted by professionals. Reluctance to adopt the new organizational rules can be a consequence of competing interests, lack of ability or mental allegiance that could produce a decoupling effect. Otherwise, the convergence of the logics facilitates the institutionalization process of management accounting tools. This means that the new management accounting routines are widely accepted, becoming the expected form of behaviour, and define the relations among groups within an organization.

To analyse this issue we carried out a longitudinal case study at a small-sized family firm which took on an external professional manager who promoted the introduction of new management accounting tools, which were institutionalized. By discussing how institutionalization occurred we tried to depict how the interaction between different institutional logics could affect each phase of the institutionalization process and transitions from one phase to another. Whereas divergences emerged a compromise needed to be reached between different norms and values. As discussed in the case, this compromise can be achieved by negotiations between different organizational actors representing divergent logics. This occurred in the enacting and reproduction phases, entailing a restatement of management accounting tools, taking into account norms and values of family and non-family members. Otherwise, institutionalization is not accomplished.

The contributions of the paper are twofold. Firstly, we offer a contribution to the family firm literature in analysing the different logics that dominate the family firm context and how these logics affect the institutionalization process of management accounting tools. Secondly, explaining how the divergence between logics could affect the institutionalization process of management accounting tools, we have also tried to enrich the literature on management accounting in family firms, interpreting the divergence between logics as a possible reason for the limited diffusion of these tools in these contexts. In particular, when values and norms related to these logics are not convergent, a decoupling effect can arise, interfering with the institutionalization process of management accounting tools.

Even though the paper focused on the institutionalization process of management accounting tools, it also offers some insights related to the criticalities, which can emerge when professionalization in family firms is realized. On this issue, more evidence could better explain how professionalization is able to change the way of working.

The case evidence referred to a short period under observation, which only considered the firm's growth phase. Therefore, it does not provide useful cues on the effects produced by professionalization on the family firm's performance. A longer period of observation could enable the other life cycle phases to be observed, offering insights into the dynamics of the institutional logics that affect the way in which the process of institutionalization is progressing.

Future research directions could include analysing the process of responsibility decentralization. This aspect could influence the way that family, business and community logics interact with each other and activate the change processes of management accounting tools.

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