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Sub-theme 36
31st EGOS Colloquium
Athens 2015

A little change goes a long way: Management accounting change framework revised [1]

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Abstract

Empirical research, built on (neo-)institutional theory, often represents a static view on the institutions and lack of details on the various processes, typical of organizations dealing with change. This study suggests a more dynamic, process-oriented interpretation and enhancement of Burns and Scapens' management accounting change framework, comprising material, actions and power and cognitive realms of change. This paper particularly focuses on management accounting change in family firms as well as the role of socioemotional wealth during change processes.

Keywords: institutional change, management accounting change, family firms

1. Introduction

This study elaborates on the on-going discourse between (neo-)institutionalists and behavioral economists on formal and informal institutions and interpretations of rules and routines. Drawing on literature in insitutional change and management accounting change framework, we follow and construe the processes of management accounting change in a family business. Using Burns and Scapens' management accounting change framework as an important catalyst in understanding these processes, we suggest some potential refinements in interpretations of rules and routines and their role in actions and power realms as well as other aspects of institutional change. Particularly, building on research in socioemotional wealth in family firms (e.g. Gomez-Mejia, Haynes, Nuñez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Cruz, Firfiray, & Gomez-Mejia, 2011), previous empirical evidence underlines the importance of informal constraints and the influence of power and cognitive side of change (e.g. Berrone, Cruz, Gomez-Mejia, 2012; Latour, 1996; Pfeffer, 2010; Lewin, 1947; Pardo-del-Val, 2009; Kotter, 2008; Gallotti & Michael, 2014). Furthermore, we also consider a material dimension of change and its relation to the aforementioned aspects (Volkoff, Strong, & Elmes, 2007; Czarniawska & Mouritsen, 2009). We thus refine the framefork by Burns and Scapens and examine the revised version by illustrating an example of management accounting change in an Austrian chocolate manufacturing family firm.

The remainder of this paper is structured as follows. Section two provides a brief literature overview of institutional change and management accounting change in family firms. Section three outlines existing institutional frameworks of organizational change. Section four presents the revised version of Burns and Scapens' management accounting change framework, based on the current literature on institutional change, change processes, organizational routines, actions and power as well as material and cognitive realms. Section five explores the proposed revised framework proving examles of management accounting change in a family firm. Finally, section six presents conclusions of the paper with some final remarks remarks regarding further implementation of proposed framework.

2. Institutional change, management accounting change and family firms

2.1. Institutional change

Institutional theory constitutes a powerful way to explain both individual and organizational action (Dacin, Goodstein & Scott, 2002). Scott (1995, p. 33) for example describes an institution as a collection of *"cognitive, normative, and regulative structures and activities that provide stability and meaning to social* *behavior"*. Furthermore, scholars underscore that institutions are firmly grounded in taken-for-granted rules, norms, and routines (Seo & Creed, 2002).

Early research focused on the stable and static aspect of institutionalization (Seo & Creed, 2002). In later writings however, the focus of institutional theory has changed from understanding the reproduction and diffusion of institutionalized practices to a more dynamic view by investigating why and how institutional practices come into being and change (Dacin et al., 2002; Chung & Luo, 2008). Initial studies have highlighted the importance of external shocks to explain institutional change (Ahmadjian & Robinson, 2001; Kraatz & Zajac, 1996). More recent papers however, have shed more light on the internal sources of institutional change by investigating the agency of individual actors (Dacin et al., 2002). DiMaggio (1988) refers to these actors as "institutional entrepreneurs" who can imagine new institutions in order to further nurture their interests, which are suppressed by existing institutions (Chung & Luo, 2008).

By looking more at the role of human agency scholars highlight the theoretical paradox of embedded agency (Seo & Creed, 2002). This paradox is summarized by Holm (1995, p. 398) posing the question of how actors can be capable of changing institutions *"if their actions, intentions, and rationality are all conditioned by the very institution they wish to change".*

One possible way to solve the paradox of embedded agency is the idea that there is a varying embeddedness of actors (Chung & Luo, 2008). While most actors might follow the prevailing practices, there might be some actors that are more divergent in their thinking and thus aware of alternatives due to their positions in the institutional field (Greenwood & Suddaby, 2006).

Addressing this paradox, Seo and Creed (2002) come up with a different explanation and develop a conceptual framework based on employing a dialectical logic that describes institutional contradictions and human praxis as key mediating mechanisms that bridge the gap between institutional embeddedness and institutional change. Institutional contradictions are likely to arise when institutionalized practices conflict with efficiency needs, become incompatible with and not responsive to changing environments and/or no longer adequately satisfy the interests and ideas of participants that enact those norms and practices (Seo & Creed, 2002). Based on the premise that institutional contradictions are the fundamental drivers of institutional change, Seo and Creed (2002) highlight the fundamental role of agents (praxis). Praxis refers to the actions of change agents and comprises the following three components: actors' critical understanding of the existing conditions in which their needs and interests are not met sufficiently, actors' mobilization and actors' collective action to reconstruct the existing social arrangements and themselves (Bernstein, 1971).

In the course of this paper we will draw on the conceptual framework of Seo and Creed (2002) to deepen our understanding of management accounting change in family firms.

2.2. Institutional change in family firms

Family firms are of vital importance for most economies worldwide and constitute a significant economic and social institution in advanced economies as well as in emerging economies. Furthermore, research on family firms has developed rapidly and is now published in a wide array of top-tier journals (Gedajlovic et al., 2012). Echoing this viewpoint, Parada, Nordqvist and Melin (2010) suggest an increasing institutionalization of the family business which leads to family firms being recognized as an area of institutional life. Adding to that, scholars point out that there is a lack of research dedicated to the drivers or results of institutionalizing and deinstitutionalizing processes within the context of family firms (Parada et al., 2010; Leaptrott, 2005; Melin & Nordqvist, 2007).

Leaptrott (2005) underscores the benefits of using institutional theory in research on family business and posits that taking an institutional perspective makes it possible to investigate institutional influences of many other entities that are outside the family business such as competitors, associations and government agencies. In a similar vein, Arregle et al. (2007) underscore the institutional role of the family which displays a strong normative, mimetic and coercive influence on the firm's development.

In the context of family business research institutional theory has been utilized to make sense of the interactions between the business, its ownership and its family institutions (Leaptrott, 2005) and to examine the institutional influence of practitioners and researchers in institutionalizing the family business as a specific organizational form (Melin & Nordqvist, 2007). Furthermore, Reay et al. (2015) draw on the concept of institutional logics - a relatively new advancement in institutional theory – to explain family firm behavior. They define logics as *"socially constructed patterns of cultural symbols and material practices that guide individual and organizational behavior"* (Reay et al., 2015, p. 3) and further investigate family, business and community logics. Based on case-study evidence the authors arrive at the conclusion that it is not so much a matter of whether family and business logics are in conflict or complementary but rather that family firm behavior depends on a combined influence of different logics in a given context (Reay et al., 2015).

Miller, Le Breton-Miller and Lester (2013) combine institutional theory with the socioemotional-wealth perspective on family firms to investigate strategic behavior. Due to family firms' pursuit of socioemotional wealth, such as retention of family control and management the authors argue and empirically demonstrate that family firms will therefore conform in their strategy practices in order to gain legitimacy. Taking an institutional perspective on the findings of Miller et al. (2013), one can see that different institutions are at work displaying different institutional logics. These different logics might cause contradictions which in turn negatively influence legitimacy. In order to countervail this negative effect family firms show conformity with regard to visible dimensions of strategic behavior (Miller et al., 2013).

Underscoring the relevance of institutional theory for family business research, Parada et al. (2010) suggest that this theoretical perspective can also be used to investigate change processes in family firms with regard to governance practices. In their own study Parada et al. (2010) focus on value changes in family businesses and identify two different sources of change (macro or societal level and micro or organizational level represented by institutional champions). Institutional champions are family members that are able to critically reflect on institutionalized practices, observe where changes are necessary, specify the problem with existing practices and come up with visions on how to change things. Their work thus revolves around striking a balance between the expectations and priorities of family and non-family members of the firm and carrying out institutional change at the firm level (Parada et al., 2010). The conceptualization of institutional champions and their tasks is somewhat similar to the roles of agents as described by Seo and Creed (2002).

Institutional theory-based research on change in family firms is also very interesting since competing logics of the family and other institutions might create institutional contradictions which Seo and Creed (2002) describe as the seed of institutional change. Understanding these change processes in family firms adds insights that are of theoretical and practical interest.

2.3. Management accounting change

Drawing on institutional theory management accounting scholars criticize the neo-classical concepts of rationality and equilibrium and posit that economic behavior is driven by social institutions (Scapens, 1994; Johansson & Siverbo, 2009). In the recent years an extensive stream of research has developed that draws heavily on the institutional theory-inspired framework developed by Burns and Scapens in 2000 (Ribeiro & Scapens, 2006; Burns & Baldvinsdottir, 2005; Scapens, 2006).

Burns & Scapens (2000) focus on rules and routines and argue that management accounting practices can be understood as a collection of relatively stable rules and routines (Lukka, 2007). Rules are defined as formalized statements of procedures; routines are the actual procedures in use. While rules can be changed by explicit decisions, routines have the potential to become institutionalized through continous reproduction. Apart from rules and routines the framework also includes the realm of institutions (*"the shared taken-for-granted assumptions which identify categories of human actors and their appropriate activities and relationships"* Barley & Tolbert, 1997, p. 96) and the realm of action (agents daily behaviors in the organization) and thus reflects the duality of the agency-structure relationship (Burns & Scapens, 2000). Rules and routines act as the connection between institutional and action realms. Both realms are in a continous and cumulative process of change over time (Burns & Scapens, 2000). Furthermore, encoding, enacting, reproduction and institutionalization are presented as processes where institutions either shape action (encoding and enacting) or where actions produce or reproduce institutions (reproduction and institutionalization) (Burns & Scapens, 2000). Finally, Burns and Scapens (2000) distinguish three different dichotomies of management accounting change: formal vs. informal change, revolutionary vs. evolutionary change and regressive vs. progressive change.

Although more recent work on management accounting change still basically agrees with the framework developed by Burns and Scapens, several modifications have been put forward (Johansson & Siverbo, 2009). Drawing on more recent literature on routines, Quinn (2014) suggests that they should be looked at in more detail in order to provide more conceptual clarity compared to the original change framework. Drawing on the work of Feldman and Pentland (2003), Quinn (2014) suggests two dimensions of management accounting routines. While an ostensive routine refers to the *"abstract, generalized idea of the routine, or the routine in principle"*, a performative routine *"consists of specific actions, by specific people, in specific places and times"* (Feldman & Pentland, 2003, p. 101). Based on this definition routines always display the potential for change while they are still understood as relatively constant in the minds of the actors (ostensive aspect of the routine) (Quinn, 2014). Furthermore, rules might not necessarily exist and if they do, it makes sense to consider them as artifacts of routines. Quinn (2014, p. 78) defines a rules as *"a physical representation of a routine, which are formalized in a documented fashion and may serve to guide action"*. Contrary to Burns and Scapens (2000) who suggest rules and routines as a combined unit of analysis in their framework, Quinn (2011;

2014) suggests that rules and routines can be investigated separately and that rules need not necessarily exist.

Drawing on these conceptual refinements of rules and routines, Oliveira and Quinn (2012) elaborate further on these ideas and develop a detailed conceptualization of the interactions among rules and routines. In their framework they distinguish three different realms: material realm, action realm and psychological realm. The material realm covers rules that are integrated in technological devices such as for example enterprise resource planning systems, the action realm includes the actual practices of actors (i.e. performative routine) and the psychological realm comprises cognitive understandings of how practices should be carried out (i.e. ostensive routines and rules). The three different levels work together to make sense of how management accounting practices can become routines (Oliveira & Quinn, 2012).

Johansson and Siverbo (2009) also take the work of Burns and Scapens (2000) as starting point and suggest that management accounting evolution is the result of the interaction of the three evolutionary sub processes of retention, variation and selection. The status quo of management accounting is challenged when an organization encounters variation. Variation can either have an external or an internal origin (Johansson & Siverbo, 2009).

In a recent working paper ter Bogt and Scapens (2014) provide an update of the original management accounting change framework which is, as they argue, needed due to more recent work in institutional theory and institutional sociology, which has moved away from isomorphism and legitimacy to practice variations and institutional logics (Lounsbury, 2008). The extended framework acknowledges that within any organizations there are multiple institutions both external and internal whose interactions will shape the forms of rationality (logics) that are applied within the organization. Furthermore, ter Bogt and Scapens (2014) point out that in any specific situation different groups in the organization may have different situated logics and contradictions in these logics might bring about change in the organization. Furthermore, the aspect of power of agents is also considered in explaining management accounting change. Change might be introduced to the organization through the enactment of new rules either by powerful actors outside the organization or by powerful actors inside the organization. The imposition of new rules is based on the logics of more powerful actors, which might create confusion and stress for less powerful actors if they display competing logics.

To sum up, current management accounting change research is characterized by a very strong institutional theory focus with the seminal work of Burns and Scapens

(2000) serving as basis for most papers. The articles apply the conceptual framework and in some instances suggest modifications based on more recent developments. What is still missing to this date is an explicit incorporation of the fact that family as an institution might also display an influence on how institutional contradictions arise and subsequently cause management accounting change. In the course of this paper we will draw on existing management accounting change research and develop a revised management accounting change framework that explicitly incorporates the idiosyncrasies of family firms through the incorporation of family as an institution.

2.4. Management accounting change in family firms

In their review paper on accounting research in the field of family businesses Salvato and Moores (2010) point out that very few papers deal with management accounting in family firms. What is more, the issue of change in management accounting as well as the relationship between management accounting practices and organizational transitions has only been very scarcely touched upon in extant literature (Giovannoni, Maraghini, & Riccaboni, 2011).

Notable exceptions to this general observation are the papers by Moores and Mula (2000) as well as Giovannoni et al. (2011). Moores and Mula (2000) take a life-cycle perspective and investigate how formal and informal controls are used in family firms through the different life cycles. They show that informal controls tend to lose their importance when family firms go through transitions. Based on case-study insights from studying an Italian family business Giovannoni et al. (2011) describe management accounting change over the life-cycle of a firm and highlight the intertwined nature of processes of professionalization, succession and management accounting change. They conclude that management accounting systems are used to convey relevant knowledge across generations and their change influences and is influenced by patterns of professionalization.

Based on Ahrens and Chapman (2007) Giovannoni et al. (2011) state the need for more research on how management accounting is put in practice and changes in light of specific organizational contexts. Moreover, mere research on technical characteristics of management accounting is deemed as not sufficient since it fails to grasp the complexity of family business, which is caused by the fact that the significant influence of the family on the business can create very subtle ways of exerting influence on accounting rules and practices as well as on their institutionalization within a given family firm (Giovannoni et al., 2011).

The very specific nature of management accounting change in family firms is also partly due to the fact that stability plays a special role in family firms. Arregle et al.

(2007) distinguish between stability that results from a stable family nucleus and stability that is driven by the desire to keep the firm within the family. Change in general is thus a more complex process in family firms since the family constitutes another institution that brings about special institutional logics that might clash with other logics brought about by other institutions.

In the remainder of this paper we will focus on adapting the existing conceptual management accounting change frameworks to explicitly account for the institutional role of family in change processes based on insights from a case study of an Austrian chocolate manufacturing family firm.

3. Existing institutional frameworks of organizational change

In this section, the main assumptions of the previous institutional frameworks of organizational change are described. To deliver the basis of the revised management accounting change framework proposed in this paper, we explain the already mentioned before original management accounting change framework by Burns and Scapens (2000) and its extended version (ter Bogt & Scapens, 2014). Later, we review four other organizational change frameworks that contribute to the proposed framework: change as three steps by Lewin (1947), Seo and Creed's (2002) framework, Dillard et al.'s (2004) framework and eight steps of change by Kotter (2008).

3.1. Management accounting change framework by Burns and Scapens

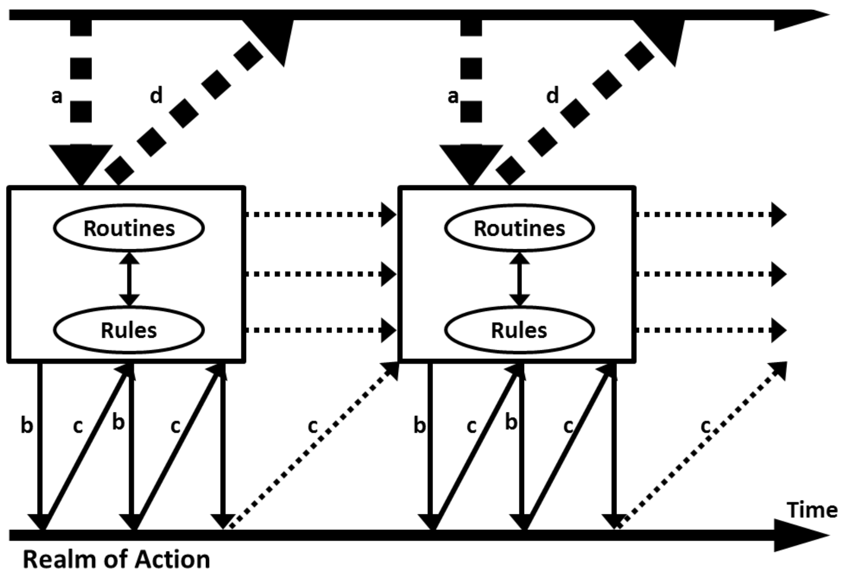
As described earlier, inspired by the notions of old institutional economics, structuration theory, and evolutionary economics, the conceptual MAC framework proposed by Burns and Scapens (2000) portrays a process of connotation and institutionalization of management accounting practices (Wickramasinghe & Alawattage, 2007). These concepts are now briefly described to place settings for the rest of this paper.

Based on management and evolutionary economics literature on change, e.g. Barley and Tolbert (1997), Burns and Scapens (2000) create their MAC framework, implementing the idea of 'scripts'. So, empirical scripts in organizations provide important insights on the way new management accounting systems bring rules, transformation of these rules into routines and final institutionalization of routines become (Wickramasinghe & Alawattage, 2007). As a result, management accounting practices are collected into a set of established rules and routines. Referring to Burns and Scapens, rules are the formal ways of organizational processes and have to be coordinated and denote the actions of respective organizational members, individuals and groups. Routines represent the informal practices in use. Altering Barley and Tolbert's (1997) model, Burns and Scapens transformed the process of institutionalization into new processes: 'encoding', 'enacting', 'reproduction', and 'institutionalization'.

The institutional realm (see Figure 1) encompasses the modes of thinking and the fundamental assumptions impacting human behavior (Scapens, 2006). According to Burns and Scapens (2000), institutions are shared and presumed assumptions, which recognize "categories of human actors and their appropriate activities and relationships". Burns et al. (2003) suggest that institutions direct and form the actions of individuals who shape the company. Over time, they perform the actions representing the realm of action depicted on the bottom of the Figure 1. Rules and routines bind the institutional and action realms and mold the actions taken by the organizational actors.

In their framework, Burns and Scapens unite synchronic and diachronic components.

Figure 1. The process of institutionalization



Key: a = encoding, b = enabling, c = reproduction, d= institutionalization

Source: Burns and Scapens (2000)

In Figure 1, arrows *a* and *b* correspond to synchronic processes, actions that are confined and formed by institutions concurrently, and arrows c and d – to diachronic ones, institutions that are (re-)shaped by actions historically (i.e. through the aggregated impact over time). The aforementioned components shape the process of institutionalization, which follows previously mentioned four stages: 'encoding', 'enacting', 'reproduction', and 'institutionalization'.

Arrow *a* is the first stage and relates to the 'encoding' of the present institution and assumptions and denotations into the newly introduced rules, routines and procedures, representing organizational standards, including management accounting practices. So, new rules and procedures are typically translated into the current norms and values, i.e. institutions, of the organization in scope. Burns and Scapens describe this stage as 'path-dependent', i.e. the existing routines and institutions partially outline the choice and application of the new array of rules and routines. This implies that even a radical change to the existing and the predominant institutions will be path-dependent.

The arrow *b* is depicted as a solid signifying a direct link between the rules and routines and actions and indicates the ‘enactment’ of the routines and rules encrypting the institutional values (Burns et al., 2003). While the enactment process may well be based on intentional choices, it is usually a result of unconscious observations based on the individual’s tacit knowledge (Busco & Scapens, 2011). In this stage, resistance to change can arise, when, for instance, the new rules and routines test prevailing norms and values or when organizational actors have enough power to mediate the process of enactment.

The third stage (arrow *c*) refers to the ‘reproduction’ of the rules and routines in the course of their repetitive use in practice (Burns et al., 2003). Burns and Scapens (2000) distinguish conscious and unconscious change during the reproduction process. Conscious change occurs only when individuals are capable of understanding and integrating the rationales needed to test the previous rules and routines, while unconscious change happens if the rules and routines are insufficiently recognized and accepted by the organizational members.

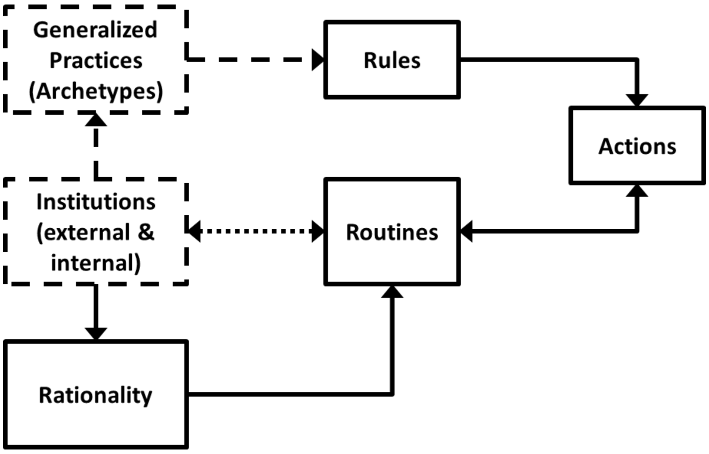
Arrow d represents the fourth stage and corresponds to the ‘institutionalization’ processes which repeat routines and rules through behavior of the individuals within the organization. This last stage involves “a disassociation of the patterns of behavior from the particular historical circumstances”, hence the rules and routines become taken for granted by the large group of organizational actors. As seen in Figure 1, arrow d is drawn by a broad dotted line showing that the process of institutionalization is gradual and oblique.

To sum up, the process of institutionalization (Figure 1) can be presented as a process where rules and routines are first determined within the institutional realm and then performed by organizational members and repeated in their daily actions, eventually becoming institutionalized after some time, i.e. accepted by the organizational ‘masses’.

3.1.1. Extended management accounting change framework by ter Bogt and Scapens

In 2014, ter Bogt and Scapens propose the extended version of Burns and Scapens’ management accounting change framework, which contains necessary changes based on the recent work in (neo-)institutional theory focusing on practice variations and institutional logics from institutional sociology, and discourse regarding the link between institutions and actions. The extended management accounting change framework outlines both, external and internal institutions, the role of deliberation and human intervention as well as the power of particular individuals and groups of individuals to introduce and (re-)enforce new rules.

Figure 2. Extended Burns and Scapens' Management Accounting Change Framework



Source: ter Bogt and Scapens (2014)

The inclusion of deliberation in the framework increases the significance of logics, particularly, institutional and situated logics. It means that in a certain case there will be several logics, resulting from the combination of internal and external institutions. Moreover, different individuals and/or groups within a given organization may have different logics in a specific situation, and conflicts and 'flaws' in these logics cause institutional change within the organization. (See Figure 2)

3.2. Other organizational change frameworks

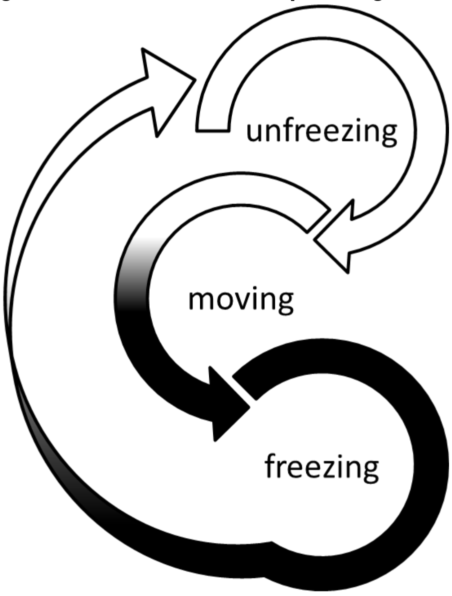
In the following sub-section, four other organizational change frameworks are presented, which were considered while deriving our revised change framework.

3.2.1. Change as three steps by Lewin

Often referred to as the founder of social and organizational psychology, Kurt Lewin presents an early change model in 1947 in his work "Frontiers in Group Dynamics". In this work, he described the change processes in social groups.

Lewin explains change as a three-step process: 'unfreezing', 'moving', and 'freezing', (see Figure 3). The first stage, i.e. 'unfreezing', includes fighting the inertia and reluctance to change and disassembling the existing state of mind – it is a part of so called 'catharsis' or, in case of organizational change, organizational survival. For this, resistance mechanisms have to be overcome. According to Lewin, the

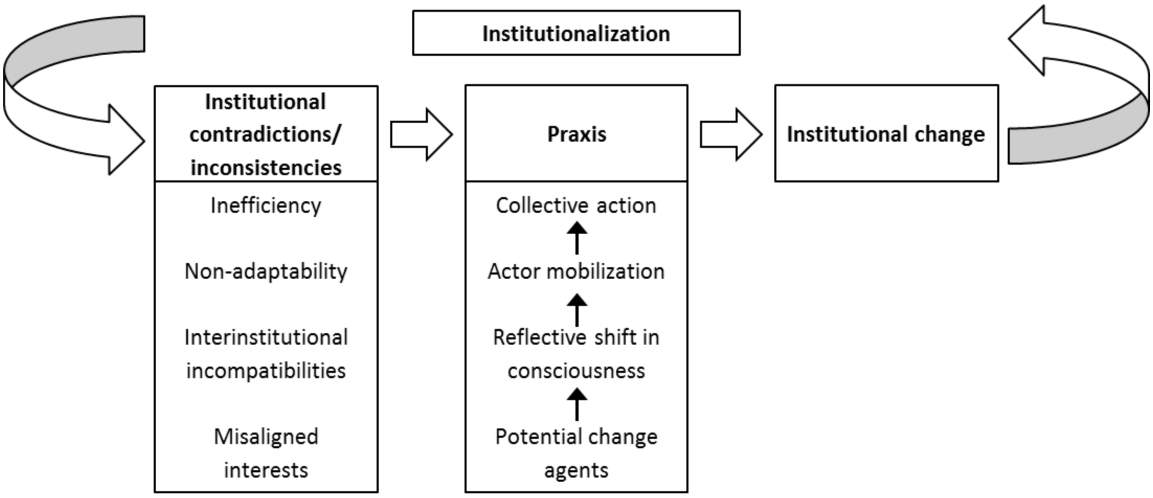
Figure 3. Lewin's Three-Step Change Model



Source: Illustrated by authors based on Lewin (1947) change occurs in the second stage – 'moving', typically associated with confusion related to introduction of unknown and related transitional processes. The introduction of the new group standards requires involvement of responsible bodies, respective training and control. During the third and final stage, i.e. 'freezing', the new state of mind is being established, which brings individuals back to the comfort zone. As noted by Lewin (1947), in order to soothe the aforementioned process, there is a need for an organizational setup, which corresponds to a stable circular causal process.

3.2.2. Institutional change framework by Seo and Creed

Figure 4. Seo and Creed's Framework



Source: Seo and Creed (2002)

Seo and Creed (2002) suggest a framework which applies a dialectical view. The core proposition of this framework is the viewpoint on institutional change as an outcome of the dynamic connections between institutional contradictions and human agency. Seo and Creed's framework is built upon these contradictions and explicates conditions and reasoning behind the attempt to change of institutionally established beliefs and behaviors (Burns & Baldvinsdottir, 2005). Thus, institutional contradictions initiate institutional change, causing conflicts among the organizational actors, making them realize the need for change and apply the desired transformation through human praxis (Figure 4).

According to Seo and Creed (2002), human praxis is an essential intermediary between institutional contradictions and institutional change. Human agency is influenced by praxis in a political sense, trying to impact and ensure change in the institutional configuration (Burns & Baldvinsdottir, 2005). Similarly, Lewin (1947) stresses that organizational change can only be achieved if the new state is felt by the individual as normal practice, i.e. becomes embedded by the human praxis.

In general, the source of institutional change is the accrual of institutional inconsistencies, (e.g. technical ineffectiveness, lack of flexibility and adaptability, institutional mismatches, and different interests), both within and between institutions. Institutional inconsistencies can activate, allow, and regulate praxis for institutional change (Figure 4). Notably, Seo and Creed (2002) emphasize the relationship between inconsistencies and praxis represents a cyclical process, due to the multifaceted dynamic nature of the institutional change process, corresponding to Lewin's proposition of circular causal process of organizational change (Seo & Creed, 2002; Lewin, 1947).

3.2.3. Institutionalization/organizational change framework by Dillard et al.

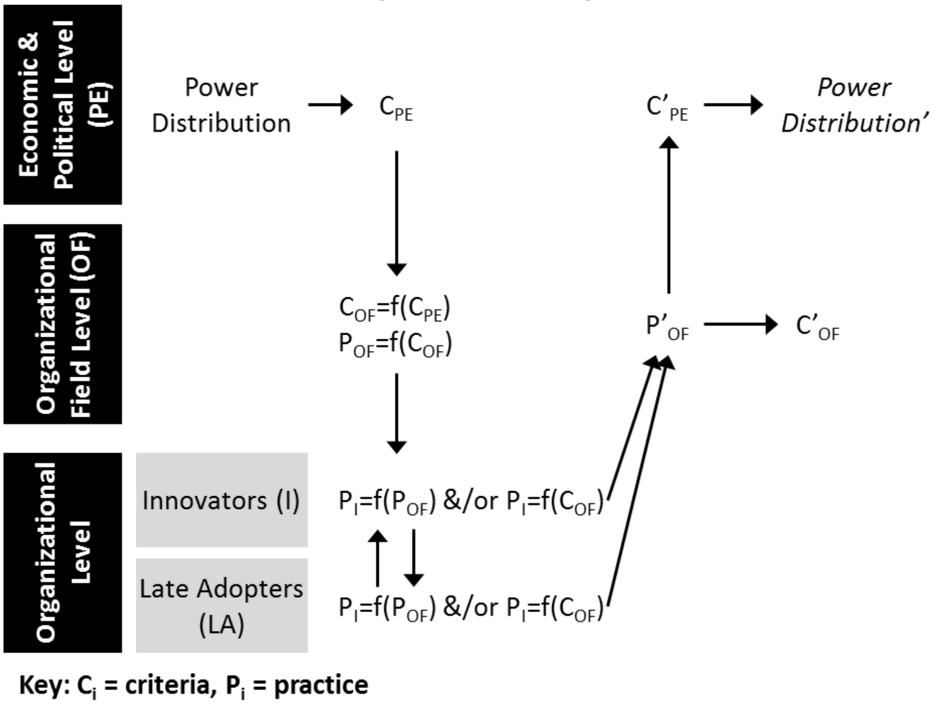
Dillard et al.'s (2004) framework is based on old institutional economic theories on intra-organizational process of institutionalization with new institutional sociology theories, (similar to the extended management accounting change framework by ter Bogt and Scapens), on external impacts. The aim of the Dillard et al.'s (2004) framework is to show the institutional dynamism of the organizational change process (Figure 5). Dillard et al. (2004) claim that the institutionalization process proceeds in 'a recursively cascading' way through three levels of socio-historical interactions, to be exact, the economic and political level (PE), the organizational field level (OF), and the organizational level (Figure 5).

Dillard et al.'s (2004) model suggests a hierarchical split into economic and political (PE) and organizational field (OF) level to achieve institutionalization in the organizational change process. The PE level serves as a foundation for the taken-for-granted norms and practices steered by certain political and economic figurative criteria (C_{PE}), e.g. accounting principles. Dillard et al. (2004) argue that these norms and practices are highly dependent on power distribution, i.e. political forces, and, thus, influence resource allocation in a given organization. This is also supported by Pfeffer's (1992) view that to accomplish innovation and change in organizations involves more than overcoming the technical or analytic problems; given that change virtually always jeopardizes the status quo, thus, is usually initiated on the PE level and is a function of political and economic practices and criteria.

The next level, organizational field (OF), defines the socioeconomic milieu, including industry groups, professional bodies, and consultants. OF criteria (C_{OF}) are determined by C_{PE} and legitimate the actions at OF level and facilitate the transformation of the social, economic and political factors from the PE level to the OF (Dillard et al., 2004). The normative practices in the organizational field (P_{OF}) are determined by C_{OF} and legitimate the regulative base for action at the organizational level, (see Figure 5).

There are two different types of organizations at the organizational level: innovators (I) and late adopters (LA). I create new organizational practices (P_I), given the P_{OF} and C_{OF} conditions, while LA copy P_I, justified by both OF and P_I (Dillard et al., 2004). Notably, actual practices in LA organizations on the organizational level could be separated from P_{LA} and be directly justified by P_I, in this case, used as “ceremonial practice” (Wickramasinghe and Alawattage, 2007).

Figure 5. Dillard et al.’s (2004) Organizational Change Framework



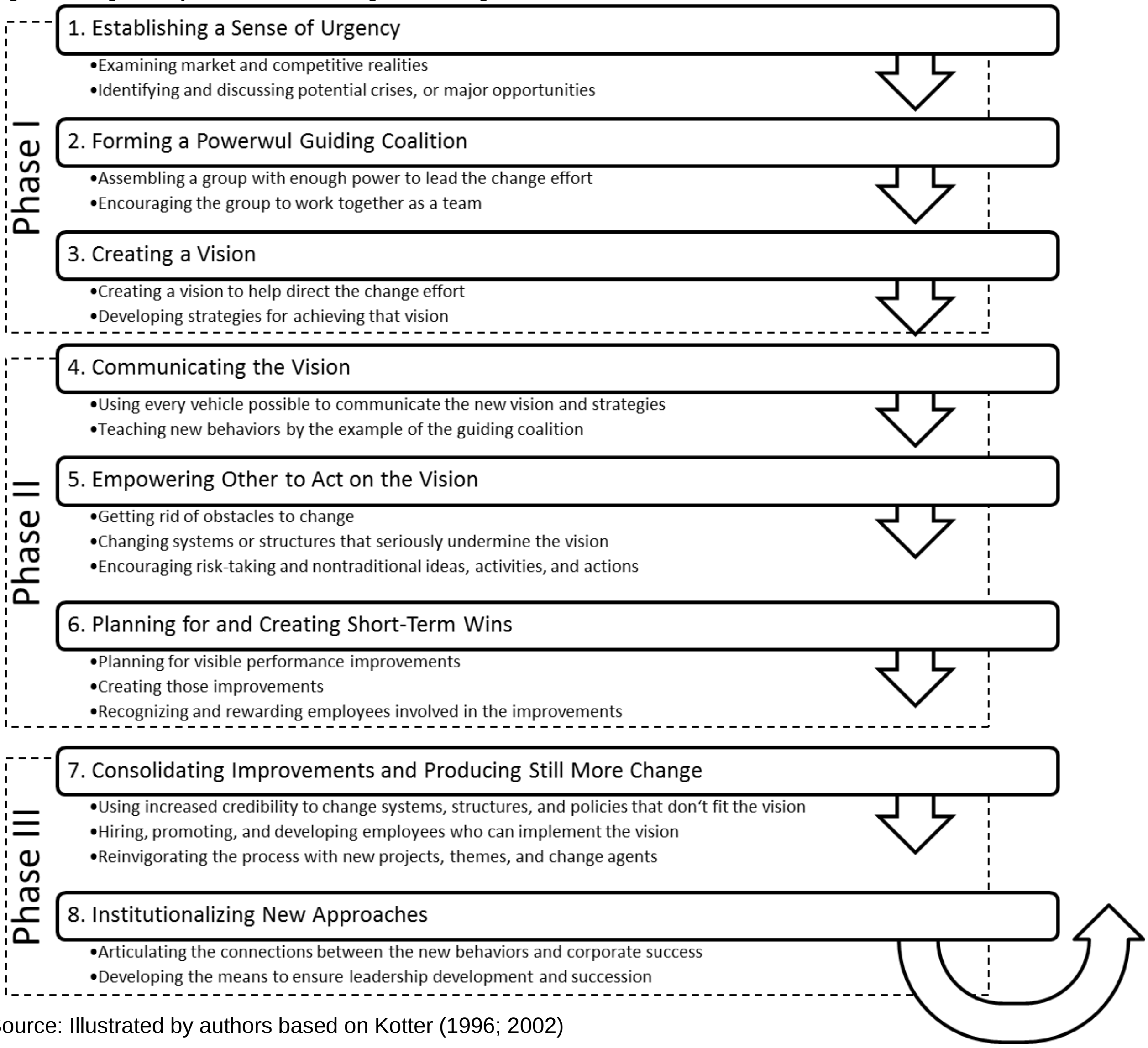
Source: Dillard et al. (2004)

Note: CPE – Criteria at the Economic & Political Level; COF – Criteria at the Organizational Field Level; POF – Practice at the Organizational Field Level; PI – Innovators’ practice; PLA – Late Adopters’ practice

Consequently, the innovative practices may adjust P_{OF} and C_{OF} at the OF level by strengthening, reviewing or removing existing practices (Dillard et al., 2004). New legitimate and accepted practices (P'_{OF}) and criteria (C'_{OF}) at OF level normally impact the political and economic criteria (C'_{PE}). P'_{OF} and C'_{OF} will also influence the political and economic criteria (C'_{PE}) through reinforcing the norms and practices expressed by the powerful interest groups or by changing the existing configuration of power at the PE level (Dillard et al., 2004). Then, institutionalization follows the same three-level organizational change process as described above, supporting the mentioned earlier cyclical nature of organizational change. Moreover, Dillard et al. (2004) framework corresponds to Weber’s axes of tension (‘representation’, rationality’, and ‘power’) and structuration theory (‘signification’, ‘legitimation’ and ‘domination’) (Wickramasinghe and Alawattage, 2007).

3.2.4. Eight steps of change by Kotter

Figure 6. Eight Steps to Transforming One's Organization



Source: Illustrated by authors based on Kotter (1996; 2002)

While most of the previously presented change frameworks are based on institutional and organizational theories, (i.e. Burns & Scapens', Dillard et at.'s and Seo & Creed's frameworks) and were used in the field of management accounting change, Kotter's (1996) eight steps model of change is often considered to be the pivotal framework in the field of change management. In his book "Leading Change", John Kotter (1996) presents a model that facilitates understanding and managing organizational change from both strategic and operational perspectives. Each step in the model recognizes an intuitive feature of implementing change by linking to organizational members' response and approach to change, i.e. acknowledging that people *see*, *feel* and only then *change* (Kotter, 1996; 2002).

Figure 6 presents all eight steps to transforming one's organization and actions for change managers related to these steps.

All steps of the model can be divided in three phases of organizational change:

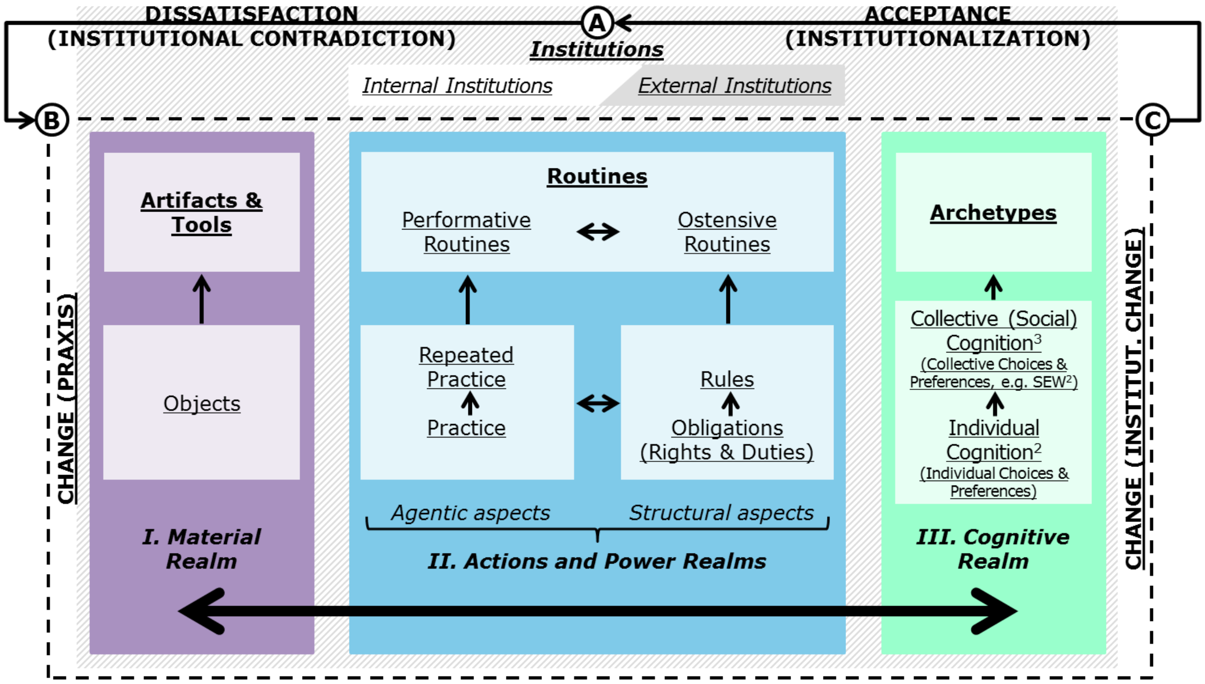
phase I is about creating a climate for change and comprises steps 1-3, phase II concentrates on engaging and enabling the whole organization and includes steps 4-6, and phase III deals with implementing and sustaining the change, i.e. steps 7-8 (Kotter, 2002). During the last phase it is essential that the transformation process is continued and renewed, i.e. taking into consideration the cyclical nature of organizational change (Kotter, 2002).

In the next section of this paper, our revised management accounting change framework is presented. The aforementioned institutional change, management accounting change theories as well as earlier described change frameworks served as basis for the proposed management accounting change framework.

4. Management accounting change framework revised

As highlighted in the previous sections, the existing literature on change highly emphasizes the cyclical and gradual nature of organizational change. Yet, it draws a fragmentary picture of internal organizational change processes, in particular, where the change is made and institutionalized. Institutional change literature sheds some light on different realms impacting the organizational change process, emphasizing the role of rules and routines and their interdependencies in actions and power realms (Lewin, 1947; Burns & Scapens, 2000; ter Bogt & Burns, 2014; Dillard et al. 2004) as well as the role of psychological (or cognitive) realm and material realm (Scott, 1995; Oliveira & Quinn, 2012). Yet, researchers and practitioners are left with incomplete conceptual means to empirically analyze the change processes, particularly, management accounting change and related transformations within the organization from change in practice to institutional change. Based on the current literature on institutional change and management accounting change in family firms as well as existing change frameworks, we propose a revised version of Burns and Scapens' management accounting change framework, (hereinafter referred to as "B&S framework revised").

Figure 7. B&C Framework Revised



Source: Authors, mainly based on management accounting change framework, (see Burns & Scapens, 2000)

In Figure 7, the proposed B&S framework revised is presented.

The proposed B&S framework revised is based on the three-step and cyclical logic of previous change frameworks (Lewin, 1947; Seo & Creed, 2002; etc.). Thus, the need for institutional change is triggered by dissatisfaction with status quo of existing institutions or institutional contradictions (A in Figure 7). Then, change (B in Figure 7) occurs in practice and advance into institutional change, subsequently followed by institutionalization and, thus, acceptance of introduced change (C in Figure 7). All three steps of change and related organizational developments within the organization are determined by existing internal and external institutions.

4.1. Three founding pillars of change

Figure 7 depicts three founding pillars of organizational change encompassing material realm (I in Figure 7), action and power realms (II in Figure 7) and cognitive realm (III in Figure 7). Elements within these realms and their subsequent inter-linkages within and across the pillars eventually lead to institutionalization of introduced change (C), the final third step of organizational change.

4.1.1. Material realm

The first pillar represents the material realm (I) and encompasses material objects introduced with the occurring chance or impacted by it. In case of repetitive use in practice, material objects become institutionalized and embedded in praxis, developing into artifacts or tools. The material objects themselves do not intrinsically imply being or becoming artifacts or tools. Referring to Gibson and Ingold (1993), an object becomes a tool when connected with technique – the qualities of skilled agents. In the same way, an object turns into an artifact when connected with intended undertakings (practices). Notably, "both the instrumentality and the artefactuality of objects are conditional upon the situational contexts of their engagement in practical activity", and since objects prevail over time combining experiences of this type of engagement, they can emerge into becoming artifacts and tools (Gibson & Ingold, 1993).

Material objects that are later transferred into tools (t) and artifacts (a) may vary in size, tangibility, degree of technical advancement, etc. In management accounting practices, typical examples are enterprise resource planning software (t), "talking tables" (a), (i.e. tables at which managerial talks are held), meeting rooms and head quarter building (a), phones (t) and dictaphones (t), accounting reports (a), etc. (Volkoff et al. 2007; Czarniawska & Mouritsen, 2009; Oliveira & Quinn, 2012). Yet, despite their differences, all artifacts and tools can be characterized as appropriate and robust carriers of institutions. That is, institutions (organizations) employ and are held by various artifacts and tools, initially appearing as material things and technological devices (Joerges & Czarniawska, 1998; Czarniawska & Mouritsen, 2009).

4.1.2. Actions and power realms

The actions and power realms (III) comprise the actual transformation of rules and practices set and performed by institutional actors. While all four realms – material, actions and power, and cognitive – are interlinked across all three pillars (I, II, and III) in B&S framework revised, actions realm and power realm are highly interdependent, due to the paradoxical relationship between actions and power. Namely, simply having power does not denote actions and may leave a respective actor powerless; alternatively, an actor who applies power makes others act (Latour, 1986; Pfeffer, 1992; 2010).

Another reason why actions and power realms are symbiotic is the dyadic relationship between the two types of organizational routines – ostensive and performative (Feldman & Pentland, 2003; Oliveira & Quinn, 2012) [2]. Ostensive routines are drawn on rules, which in their turn are determined by obligations and duties of actors. These rules and obligations are defined by organizational structure

[2] So, Leidner (1993) compares two notions of individual actors, individuals as cogs in a machine and as agents, thus, illustrating that routinization of service work embodies essential paradox of organizations striving for both machine efficiency and individuality.

and power distribution among the actors. It means that ostensive routines are dependent on structural aspects of actions and power realms (Pentland & Feldman, 2005). Performative routines are a result of institutionalization of (repeated) practices performed by individual actors, who as organizational agents can potentially reflect on their actions, consequently, altering performative routines. Thus, performative routines are determined by agentic aspects of actions and power realms (Pentland & Feldman, 2005).

4.1.3. Cognitive realm

The cognitive realm (III) encompasses individual and collective or social cognitive perceptions within a given organizational environment (Gallotti & Michael, 2014). In general, individual and social cognitive perceptions influence archetypes – distinctive, universal prototypes for ideas used to interpret observations (Jung, 1981). On organizational level, archetypes facilitate taken-for-granted understanding of incidents, day-to-day activities and other observations both organization-wide and between individual actors.

The aforementioned role of both individual and collective or social cognition in organizational change as well as subsequent link to embedded archetypes can be explained by the organizational learning theory. In 1975, March and Olsen (1975) developed a model of complete cycles of organizational choice, based on organizational learning and its need to change and innovate. In fact, their model challenges the prevailing at that time and mistaken belief in existence of impartial organizational choice, mostly basing their analysis on links between individual and collective cognitions, given their respective preferences and choices, and organizational and environmental action, namely:

- Individual cognitions and preferences affect their collective behavior.
- This behavior affects organizational choices – actions.
- Environmental acts follow organizational choices.
- Individual cognition and preferences are affected by environmental acts.

Building on the model by March and Olsen (1975), it becomes apparent that individual choices and preferences influence collective and preferences. That is, by choosing to implement and accept organizational change, individual actors' behavior endorsed collective acceptance and institutionalization of introduced change also associated with adjustment of existing organizational archetypes.

Notably, the likelihood of acceptance of organizational change on a group level is highly dependent on collective cognition, including norms and beliefs prevailing in a given organization (Gallotti & Michael, 2014). Considering behavioral theory, in case of family firms, the aspect of socioemotional wealth will naturally play here a major role in accepting the change (Gomez-Mejia et al., 2007).

Defined as “the stock of affect-related value available to the firm”, socioemotional wealth is a construct based on various criteria: family control and influence, identification of family members with the firm, social ties, emotional attachment of family members and renewal of family bonds through succession. Given the aforementioned criteria of socioemotional wealth, family-owned firms are prone to preserve their socioemotional wealth and respectively affect the cognitive acceptance of change on organizational level. For instance, despite the prevalent notion that family-owned firms are more risk-averse and, thus, reluctant to change, to avoid the loss of their socioemotional wealth, family firms can accept a significant risk and push the organizational change. Then again, family businesses avoid other risky decisions that might increase already taken risk to preserve their socioemotional wealth (Gomez-Mejia et al., 2007; Berrone at al., 2012).

The goal of the next chapter of this paper is to explore the presented above B&S framework revised using the case of the Austrian chocolate manufacturing family firm, hereinafter referred to as “ChocoCo”. [3]

5. Exploring the B&S framework revised

5.1. Methodology

In light of the fact that management accounting practices may shape organizational and social affairs, they should be studied in the specific context they occur (Giovannoni et al., 2011; Burns & Scapens, 2000; Ahrens & Chapman, 2002). In line with Giovannoni et al. (2011) we posit that family firms constitute an interesting context to study the role of accounting routines and practices for at least two reasons. First of all, the dominant influence of the family may create various subtle mechanisms that can influence accounting as well as its institutionalization within the firm (Giovannoni et al., 2011). Secondly, the family serves as an institutional force itself and might cause certain idiosyncrasies that in turn influence institutional processes and the emergence of institutional contradictions.

Given the complex nature of the phenomenon as well as sophisticated intergenerational processes at work we decided to adopt a single-case research

[3] Due to confidentiality reasons we are not able to disclose the real name of our case-study company.

design (Giovannoni et al., 2011; Ditillo, 2004; Moores & Yuen, 2001; Yin, 2003). This study hence focuses on the application of our revised management-accounting-change framework to an Austrian medium-sized chocolate manufacturer.

ChocCo was founded in 1949 and is now managed by two siblings in the 3rd generation. The company rates as a classical family business both in terms of ownership and management (2nd generation owns 52% of ordinary voting shares while managing 3rd-generation siblings each hold 24%). The company has developed from a small pastry shop in the post-war era to a well-respected firm that offers a wide range of products. Annual revenues amount to approximately 15 million euro with around 150 employees. The business is characterized by a very strong seasonality with Easter and Christmas being the most important pillars. The company produces both seasonal products (mostly chocolate hollow bodies in the form of bunnies and Santa-figures) as well as year-round products (chocolate bananas, pralines, raw fruit etc.). ChocCo has to cope with a certain degree of complexity that is driven by a very diverse product mix that includes around 1.000 different articles. Over the last decades the company has experienced significant growth and a shift in production techniques towards ever increasing automation.

Currently, the company is facing several challenges both internally and externally. As a response to these forces ChocCo operates both on a strategic and on a more operational level to implement changes. With regard to strategy the firm intends to move away from selling its products through supermarket chains that enjoy a notoriously high bargaining power with regard to prices. Instead ChocCo wants to put more emphasis on direct sales. On an operational level the two brothers in charge want to implement management accounting change in order to improve both the decision-facilitating as well as the decision-influencing roles of their performance measurement and management systems. Given the complexity of ChocCo's situation as well as its multilayered change initiatives it provides a very suitable context to make sense of ChocCo's actions by applying an institutional change framework.

Data collection for this project relies on two different sources. First of all, we conducted multiple semi-structured interviews with the managing directors of ChocCo. Furthermore, we also interviewed employees on multiple occasions and also had an interview with the father (2nd generation) of the two brothers in charge. Moreover, we analyzed documentary material comprising internal reports and company history. Overall, insights gained from the interviews serve as main data source. The interviews were conducted over a period of 1 year (June 2014 – May 2015).[4]

Our interviews and subsequent analyses in the first place focused on understanding the nature of ChocCo's business model as well as the current challenges.[5] Furthermore, we thoroughly investigated management accounting practices using the analytical concepts of artifacts, routines and archetypes. Subsequently we followed the work of Seo and Creed (2002) and took a dialectical perspective in order to interpret and make sense of the (planned) changes at ChocCo.

5.2. Management accounting at ChocCo

Up to now ChocCo has employed only a very rudimentary set of management accounting practices. With regard to planning and budgeting the company works on the assumption that the current year closely resembles the next year. Brother A hints at the effectiveness of this approach in the following statement *"We are in a relatively stable market. There is almost an invisible hand that makes sure that our planning turns out to be pretty precise."* In a similar vein performance measures are restricted to classical KPIs such as net profit, EBIT, ROS, ROE and ROA with brother B pointing out that *"currently we don't have any non-financial performance measures in place"*.

5.2.1. Actions and power realms and material realm: Routines and artifacts at ChocoCo

With regard to management accounting routines scholars distinguish between ostensive and performative routines (Quinn, 2014; Quinn, 2011; van der Steen, 2011). Both types of routines are present at ChocCo. While ostensive routines cannot be observed directly, artifacts serve as proxies for them. Pentland and Feldman (2008, p. 289) define artifacts as *"physical manifestation of the organizational routine"*. At ChocCo several artifacts hint at the presence of ostensive routines.

Artifacts present at ChocCo include recipes for different products, rule books

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[4] Since studying change usually requires extensive longitudinal research designs we are well aware that our one-year research period is not sufficient. At this point we are thus still in the process of conducting more interviews and collecting more data in order to analyze how change unfolds at ChocCo.

[5] Our current analysis is based on interviews with brothers A & B as well as their father. An overview over the interviews is presented in Appendix A.

including flow diagrams that specify the production processes and both safety and hygiene standards. Furthermore, there are parts lists for every article that specify the necessary inputs and working time for producing a given quantity of the article. Finally, most production lines have stickers attached at critical points to remind employees of important stages in the specific production processes.

Artifacts of performative routines revolve around *"specific actions taken by specific people at specific times when they are engaged in an organisational routine"* (Feldman & Pentland, 2003, pp. 101). In the case of ChocCo several management-accounting specific artifacts indicative of performative routines can be observed. First of all, all employees have to check in and check out at attendance recorders which are placed at all departments of the firm in order to keep track of the department-specific working hours. Furthermore, after every shift department leaders have to record manually in a booklet the output produced during the shift and problems occurred during the shift. In a next step the output produced is recorded in the firm's inventory system. Based on the output produced, brother A regularly compares the actual resources used for producing an article (raw materials based on inventory system and working time based on department-specific attendance recorders) and the target resources which are based on parts lists that exist for every article. This comparison is aggregated at the department level and thus constitutes a deviation analysis which is conducted on a monthly basis. However, this system did not work very well as the following statement by brother A illustrates *"We were generating a massive amount of data that do not have the necessary quality. At the end of the day these data could not be used in a purposeful way and thus went to a very large data graveyard".*

Researchers have pointed out that there is a reciprocal relationship between ostensive and performative routines (van der Steen, 2011; Oliveira & Quinn, 2012). While the former serves as structure for the necessary improvisation of the latter, performative routines aid the maintenance and modification of ostensive routines (van der Steen, 2011). Through this reciprocal relationship management accounting change might emerge. This relationship can also be observed at ChocCo. While the product recipes, standard operating procedures and standards remain the same and give structure to the performative routine of carrying out deviation analyses, the latter enables improvisational learning (van der Steen, 2011). Due to the difficulties experienced during the aggregated deviation analysis the two brothers realized that this process is too mechanical and simplistic. Moreover, they concluded that the existing ostensive routines are not sufficient enough in the sense that non-financial performance measures for production processes were not specified. Thus, the two siblings have started a project of developing non-financial performance measures with the help of employees. In the future they intend to use these specific performance measures as a basis for discussing and analyzing shift performance with the employees responsible. In this sense, the carrying out of the performative routine made them realize that they were lacking necessary non-financial information and continuous feedback and input from key employees. By this means, management accounting change evolved.

Moreover, the performative routine of carrying out deviation analyses revealed that the data quality posed a severe problem. Especially the deviation between actual working time and target working time based on parts lists proved to be so significantly different that it could not just be attributed to productivity reasons. In order to address this issue improvisational learning took place again in the sense that carrying out the performative routine gave rise to changes in ostensive routines at ChocCo. It turned out that employees very often either forgot to check in and out at the attendance recorders or signed in at the wrong department. This of course caused distortions in the actual working time recorded by the time recording system. To mitigate this problem ostensive routines changed in a way that rules were enacted that made employees especially aware of the importance of using the time recording system in the right manner in order to avoid future variances that are not due to productivity reasons.

Another problem that was revealed through the performative routine revolved around the target working time. It turned out that distortions were also partially driven by the fact that deviation analyses were often conducted despite the fact that the articles produced had not been recorded in the inventory system. Furthermore, semi-finished articles and finished articles were booked into the inventory system in a very erratic way. Consequently, a new ostensive routine emerged that specifies that semi-finished and finished articles have to be booked into the inventory system at the true date of production and that the inventory records have to be updated by the fifth day of the following month at the latest. Adding to that, brother A decided to conduct the monthly deviation analysis after the fifth day of the following month in order to make sure that the data are of good quality.

More detailed analyses of the parts lists in use displayed that many of them contained logical errors and were outdated contributing to even worse data quality. Given the complexity and magnitude of this problem ChocCo in the first place only addressed the easy-to-correct logical errors while it remains to be seen how the updating of the parts lists will be approached.

The examples at ChocCo described above nicely illustrate the reciprocal relationship between both types of routines. While performative routines create, maintain and modify ostensive routines, ostensive routines provide structure and help to guide the behavior of organizational participants (van der Steen, 2011; Feldman & Pentland, 2003). Recognizing the dual aspect of routines at ChocCo enabled us to conceptualize management accounting change as endogenous, i.e. change that is due to engagement in the routine itself (Feldman & Pentland, 2003).

5.2.2. Cognitive realm: Archetypes at ChocoCo

Consistent with the socioemotional-wealth perspective on family firms both brothers attest a very strong emotional attachment to the firm. Brother A for instance points out *"My emotional attachment to the firm is very strong. My fate and the firm's fate are closely intertwined. I was born into the firm and never had to look for a job. Our business has become part of my own personality".* In a similar vein, brother B states *"I was born into the business and I am akin to every brick and every production line".* Further supporting the socioemotional-wealth perspective both brothers hint at the importance of managing the firm themselves. In the words of brother A, *"We don't want to employ an external management since we are a true family business"*. The two siblings are also very proud of the firm's accomplishments. In the words of brother B *"I am very proud of my family and our achievements"*. Moreover, both brothers indicate their wish to pass the business on to the 4th generation at some point in time.

Another interesting situation that illustrates the dynamics of socioemotional wealth revolves around ChocCo's purchase of a praline candy machine. The machine serves as an example of a material object (a potential tool), which was bought to diversify ChocCo's prodcut mix, to meet the growing demand for praline candies and to overcome subsequently rising competition on the market. Despite the expensiveness of this investment, ChocoCo's tendency towards traditional chocolate manufacturing and general risk-aversion typical of family firms, the two siblings bought the machine in 2013. This seemingly unexpected decision can be explained by the fear of losing socioemotional wealth at a time where ChocCo experienced significant uncertainty (lingering issues with regard to succession from the 2nd generation to the 3rd one, change of the relationship status of parents as well as uncertainty about the future family succession in the company). Two and a half years after the praline machine was bought, it is still not occupied due to some minor installation issues as well as a lack of internal knowledge and skilled enough workers. This situation is in line with Gomez-Meija et al. (2007, p. 106), stating that *"for family firms, the primary reference point is the loss of their socioemotional wealth, and to avoid those losses, family firms are willing to accept a significant risk to their performance; yet at the same time, they avoid risky business decisions that might aggravate that risk".* In case of ChocoCo this probably explains why the new production machine has not been activated up to now. This increased risk might be brought about by additional investment into employee training which in turn increases the risk of losing employees to more attractive and bigger competitors. Alternatively, hiring new employees would also be an option to get the new machine activated. This however, might once again shake up the socioemotional wealth present at ChocCo. This example nicely illustrates how socioemotional wealth provides a collective social cognition that drives seemingly unexpected business decisions.

At ChocCo the family system serves as institutional force since both 2nd generation (i.e. parents) and 3rd generation (children) are part of the same nuclear family and thus share the same socialization process and the same biological origins (Leaptrott, 2005; Collins et al., 2000). While brother A is responsible for procurement and production, brother B is in charge of sales. However, both brothers consult on a regular basis. Furthermore, very important decisions (e.g. large investments) are discussed in the family council which consists of both brothers and their parents. This practice at ChocCo is thus consistent with prior literature indicating that a family member *"will likely seek sense-making information from a fellow family member whose perceptions will likely be very congruent through their shared socialization"* (Leaptrott, 2005, p. 224).

The highly intertwined nature of family and business at ChocCo is also evident in the fact that the mother of the two brothers is still in charge of bookkeeping and authorizing the payment of bills. In the words of brother B *"My mother is in charge of bookkeeping, although she is already retired. It is her good wish. If I hired someone else for that, I would really, really hurt her and I don't want to do that".*

Overall, there is a strong collective social cognition at ChocCo that is the result of the institutional influence of the nuclear family. Recently however, this strong collective social cognition has experienced a rupture. To quote brother B *"The balance in our family council has shifted because our mother is now always on our side due to the fact that our father now has a girlfriend"*. With the father "leaving" the nuclear family the influence of the family as an institution has thus weakened.

With regard to individual preferences and choices it stands out that brother B has a very strong individual cognition despite the strong family influence. The reason for this is probably due to the fact that initially brother B was not supposed to join the family business. Brother A was supposed to be the successor because his skillset seemed to be a better match with the requirements of the firm. Brother B remembers this time and states *"I was given the freedom to pursue my own career"*. After completing his master's degree in economics he subsequently enrolled in a PhD-program in economics with the intention of pursuing an academic career. However, midway through his PhD he got a call from his father and had to return to the business because the sales manager had been fired. From this moment onwards brother B was responsible for sales at ChocCo. The time away from the business which also included a research stay at a South-African university seemed to broaden brother B's horizon and made him think independently of the family. This individual orientation and self-confidence is also evident in his claim *"I am very proud of my family and our achievements. However, had I not started working at home, today I would have probably been a similarly successful self-made entrepreneur. This however would have only been possible with some support from my family"*.

It is also very interesting to see that both brothers have different perceptions regarding the succession process that put them at the top of ChocCo. While brother B points out that the succession process is to this day not complete since their father has not kept his promise to transfer all ownership rights, brother A posits that the succession process progressed in a very gentle way. Brother B also revealed that especially at the beginning of their tenure their father would interfere with certain decisions although he did not have any formal authority.

Moreover, brother B had many disputes with his father and always fought for his own opinion. In his own words *"My father and I had many disputes. At one point in time however, I told him that I had bought a separate production line and could leave the company any time. From that moment onwards I always had a trump card that made sure that my father wasn't interfering too much with my decisions".*

The case of brother B illustrates that he displays very strong individual choices and preferences on his own despite the strong family influence. This however, does not mean that brother A is completely driven by the institutional influence of the family. Brother A also holds a master's degree in economics and also received extensive vocational training as confectioner at a major competitor of ChocCo. These experiences suggest that he is also capable of making his personal choices and critically reflecting the family's influence on the business.

Drawing on Hardy and Maguire (2008) as well as Parada et al. (2010) these insights suggest that both brothers show the potential to be institutional champions that are able to critically reflect on institutionalized practices, realize that change is necessary, specify the problem and *"envision alternative modes of getting things done"* (Beckert, 1999, p. 786).

5.3. Sources of Change at ChocCo – A dialectical perspective

Taking an institutional perspective, the question of embedded agency arises at ChocCo. How can actors such as the two brothers change institutions if their actions, intentions, and rationality are all influenced by the very institution they intend to change (Holm, 1995; Seo & Creed, 2002)? Prior literature hints at the importance of institutional contradictions that serve as driving forces of institutional change and help resolve the problem of embedded agency (Seo & Creed, 2002). Institutions can produce contradictions with their environments, other institutions or with basic social behavior (Jepperson, 1991). However, these contradictions do not automatically lead to institutional change. Human praxis in the form of change agents serves as mediating mechanism between institutional contradictions and institutional change (Seo & Creed, 2002).

Seo and Creed (2002) describe four potential sources of institutional contradictions. In the case of ChocCo three of these sources are present.

First of all they posit that organizations often adopt certain practices and structures in order to gain legitimacy and access to critical resources. This legitimacy however might come at the cost of functional efficiency (Seo & Creed, 2002; Powell, 1991). This institutional contradiction is also evident at ChocCo. Many years ago the company decided to adopt the International Food Standard (IFS) certification because this is a very important product-listing requirement for some large supermarket chains. IFS however, also entails a regular and rigorous improvement process that conflicts with efficiency demands of ChocCo. In the words of brother B "*Pretty soon we will get rid of the IFS-standard. Instead we want to introduce the ISO 22000 certification. IFS is way too extreme for us, it commands continuous improvements that actually do not improve the quality and safety of our products. If we were to keep the IFS-certification, we would soon go bankrupt. Many supermarket chains require the IFS-standard. However, they are not willing to grant us higher prices in order to cover the additional IFS-certification-related costs. Thus we will abandon the IFS-standard, lose some major customers and consequently become smaller. Instead we will focus more on direct sales"*.

Another source of institutional contradictions is adaptation that undermines adaptability. This implies that over time practices and structures come to be perceived as natural and legitimate (Seo & Creed, 2002; Powell, 1991). With regard to management accounting systems this observation was also made at ChocCo. The rudimentary use of formal management accounting systems dates back to the founding days of ChocCo. While this was appropriate in the 1st and 2nd generation, it does not seem to be viable today since the company has grown quite considerably and now requires a different mix of control systems. Back in the days this lack of formal control systems was compensated by the omnipresence of the family in the firm. Echoing this viewpoint, the father states *"We imposed ourselves more, saying that this and this needs to get done, which does not happen as much today"*. This reason for this is probably borne out by the fact that ChocCo is now at a different lifecycle-stage and its size necessitates more formal management accounting systems. The contradiction stems from the fact that the two brothers in the first place came to accept management practices and structures as given that were actually not suitable any longer. In the words of brother B in 2014 *"Our organizational structure has hardly changed"*. Echoing this viewpoint, brother A emphasized in 2014 *"Our processes are all very organic"*.

Only after some time both brothers realized the inherent problems of applying the old control style to managing employees. Due to the size of the company they could not be present in the firm to the same extent as their father used to be. This resulted in decreased motivation because employees were missing the direct interactions with their supervisors. Furthermore, both brothers arrived at the conclusion that they were simply not having enough information to make appropriate decisions which was again driven by the very fact that the size of the firm did not allow them to be as present in daily operations as their father was.

Another source of institutional contradictions is intrainstitutional conformity that creates interinstitutional incompatibilities. Generally speaking, this implies that conforming to certain institutional arrangements and related behavioral expectations might result in contradictions with expected behaviors stemming from other institutions (Seo & Creed, 2002). This source of contradictions is especially evident a ChocCo. It turns out that the product portfolio, the packaging and package sizes are very outdated. In the words of brother A *"Many articles are well beyond their maturity stage, some of them are exactly the same as they were in my grandfather's days. We need a rejuvenating cure for our products with regard to product mix, packaging, design and package size".*

The reason for this situation is probably driven by the contradictions between the family institution and the market as institutional force. On the one hand the brothers feel obliged to carry on the family's legacy (brother B *"the decisions we take are very* *long-term, even generation-spanning"*) and keep their original products in order to preserve socioemotional wealth, but on the other hand there is a demand-driven force to continuously renew products and innovate.

5.3.1. Human praxis

In the words of Seo and Creed (2002) several institutional contradictions are present at ChocCo that serve as seeds for institutional change. The question now becomes how human praxis as intervening mechanism between institutional contradictions and institutional change comes into play at ChocCo.

In this context a change agent can be understood as *"the partially autonomous social actor in a contradictory world and the active exploiter of social contradictions"* (Seo & Creed, 2002, p. 230). As outlined above, at ChocCo both brothers serve as potential reflective change agents due to their exposure to efficiency gaps and multiple, incompatible institutional arrangements. Brother A posits *"Our industry is not a very dynamic one. Nevertheless, it is still in constant movement. Therefore, a firm always has to be able to change and transform itself. If it is not able to do that, it will be out of business pretty soon*. *For our company a lot will have to change. We have always used to invest in our production. For the first time now we are mainly focusing on investing in direct distribution channels".* Brother B also displays a reflective shift in consciousness in saying *"Our business has experienced considerable growth, at the beginning everyone knew each other; this is now completely different. Back in the days we had a very familiar atmosphere. Now our culture is very anonymous"*.

Due to the reflective shift both brothers experience and based on their power within the firm they are suitable change agents. Their task is now *"a profoundly social activity, where the actors need to steer a course between various expectations and priorities of the firm's family and nonfamily members to carry out institutional change at the family business level"* (Parada et al., 2010, p. 366). Brother B hints at these potential trade-offs in claiming that *"change always sounds rather easy, but there is always resistance from employees and you have to deal with that"*.

Whether true institutional change will be achieved at ChocCo crucially depends on the presence of praxis. The first two requirements of praxis – potential change agents and reflective shift in consciousness – are present at ChocCo. Whether both brothers will be able to mobilize actors and generate collective action remains to be seen.

6. Conclusion and outlook

This paper makes several contributions to exisiting literature. First of all and in line with more recent developments in institutional theory we take a more dynamic and process-oriented perspective on orgnizational change. Drawing on the work of Seo and Creed (2002) we present institutional contradictions as antecedents of institutional change and also elucidate the role of human praxis as mediating mechanism using a rich case study of an Austrian medium-sized chocolate manufacturer.

Furthermore, we contribute to exisiting management accounting change literature by providing suggestions for revising the original framework developed by Burns and Scapens (2000). While we agree in principal with the original framework, our work is in the tradition of several other papers that argue for the necessity of changes in the original framework (e.g. Quinn, 2014; ter Bogt & Scapens, 2014; Oliveira & Quinn, 2012). By drawing on a multitude of well-established change-frameworks we come up with a framework that employs a dialectical logic and dsitinguishes between material, actions and power and cognitive realms. Furthermore, we apply this framework to study change processes in an Austrian family firm.

Finally, we contribute to the institutional-theory literature stream in family business research by highlighting the role of family as an institution. In doing so, we argue and show that the family institutional logic might clash with other institutional logics which might thus lead to the creation of institutional contradictions. Furthermore, we illustrate that family members might overcome the problem of embedded agency and serve as active change agents and institutional champions (Parada et al., 2010).

As with any research project the findings of this paper have to be interpreted in light of its limitations. This version of the paper is still of preliminary nature in the sense that we need a longer-lasting time span to reliably study change processes. So far we only have data available for one year which of course limits the insights we can draw from our case study.

Acknowledging this limitation, we will collect more data on the change processes of our case-study firm and will shed more light on the aspect of human praxis (especially actor mobilization and collective action) – an aspect that has not been addressed thoroughly enough in the current version of the paper due to data limitations.

Nevertheless, we think that this paper makes a valuable contribution to both management accounting as well as family business research.

Appendix A

Further information on interviews conducted

Informant	Position	Date(s)
Brother A	Managing Director, Owner	June 2014, October 2014, May 2015
Brother B	Managing Director, Owner	June 2014, October 2014, May 2015
Father	Owner	May 2015
Employee 1	Head of Confectionery Department	October 2014
Employee 2	Department Head Hollow Bodies	October 2014
Employee 3	Department Head Chocolaterie	October 2014
Employee 4	Chocolate Bananas	October 2014
Employee 5	Chocolate Bananas	October 2014
Employee 6	Department Head Dragee Cookies	October 2014
Employee 7	Packaging	October 2014
Employee 8	Packaging	October 2014
Employee 9	Inventory	October 2014
Employee 10	Quality Control	October 2014
Employee 11	Back Office	October 2014, November 2014

Total number of interviews conducted: 19

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