Management Accounting Systems in New Zealand Regional Family Businesses: Organisational Identity and Strategic Alignment

Julia Wu1, Ahsan Habib2 and Joy Kuhns3

1Department of Accounting & Information Systems, College of Business & Law, University of Canterbury, New Zealand
2School of Accountancy, Massey University, Auckland, New Zealand
3Ara Institute, Christchurch Campus, New Zealand

Abstract

This paper explores how and why some small and medium size family businesses can survive in an environment that is full of uncertainties. We contend that family businesses have an inherent resilience, constructed through its organisational identity that may render continuous competitive advantages and enable family businesses to meet the challenges and to take the opportunities embedded in turbulent conditions. Based on thirteen interviews of family businesses’ owners and managers, we found that the constitution of family business as an organisational identity denotes the strategic choices.

Keywords: Management accounting; Family business; Strategy; Interview; Organisational identity theory

Introduction

The main message of our paper is that family businesses have an inherent resilience, constructed through its organisational identity that may render continuous competitive advantages and enable family businesses to meet the challenges and to take the opportunities embedded in turbulent conditions. In turn, the ability to identify and react to those opportunities and challenges is attributable to how family businesses utilise management accounting information to assist their strategic decision making.

This study draws on the theoretical perspectives of organisational identity [1,2] and strategic management accounting [3,4] to explore the dynamics of family businesses. While these theoretical frameworks are rooted in and have usually been referred to in the context of large and highly professional firms, we believe they are even more relevant to family businesses. Collectively, the family members, non-family employees and other stakeholders constitute the organisational identity (the meaning of who they are or are not) of ‘family business’. The construction of such organisational identity is an ongoing process of symbolic interactions conducted internally within the family businesses, and externally with suppliers, customers and the wider social community. The unique family component of this organisational identity may create a competitive advantage for these businesses that their non-family businesses do not have. Strategic business intelligence, i.e., strategic management accounting information, can assist family businesses to utilise their competitive advantage in surviving and succeeding in turbulent environments.

Drawing on Rubin and Rubin’s [5] responsive interview model, we interviewed 13 Family business owners and managers who told stories of their businesses. Our interview participants are all from the Canterbury and Tasman regions, and are located in the central-east and north of South Island. A significant backdrop to our research is the earthquakes that have affected these regions.1 It has been long recognised that family businesses strive for non-financial goals [6,7].

Many suggest that because of the pursuit of family-oriented objectives, it is unrealistic to assume that family businesses priorities a profit-maximising agenda [8]. Drawing on qualitative interview data, we argue that family businesses can evoke the ‘family’ and ‘business’ aspects as well as to embrace the founders/owners’ entrepreneurial and leadership perspective in their organisational identity. Therefore, family businesses owners and managers can balance their vision of business performance and family values in setting their strategic goals. Our interview data reveal that although many systems were informal, these family businesses utilise management accounting information to assist in sustaining their strategic position in their competitive environment. We contend that instead of a traditionally emphasised ‘planning and control’ approach toward incremental growth, the fundamental strategic concern of family businesses is how to assist these firms in being flexible to react to both opportunities and challenges embedded in their external environment.

Our paper aims to utilise an alternative theoretical underpinning to discuss the dynamics of family businesses supported by insightful qualitative evidence. It is the hope that our research will contribute to the wellbeing of family businesses and be of value to practitioners who aspire to a career in a family business. We also aim to shed light on the practical value of theory. Our findings are, therefore, useful for academics, professional consultants, advisors and regulators.

The remainder of the paper proceeds as follows. Section 2 summarises the related literature on organisation identity, strategic management accounting and their relevance to family businesses. The following Section 3 explains the research design choices including the data collection and approach used in its analysis. The main findings are presented in Section 4. We conclude the paper by summarising the

1An earthquake occurred in Christchurch on 22 February 2011 at 12:51 p.m. local time and registered 6.3 on the Richter scale. The earthquake caused widespread damage across Canterbury, killing 185 people. Christchurch’s central city and eastern suburbs were among the worst affected, with damage to buildings where the infrastructure had already been weakened by the magnitude 7.1 Canterbury earthquake of 4 September 2010 and its aftershocks.

*Corresponding author: Julia Wu, Department of Accounting and Information Systems, College of Business and Law, University of Canterbury, Private Bag 4800, Christchurch 8041, New Zealand, Tel: +64 3 366 7001; E-mail: julia.wu@canterbury.ac.nz

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practical and academic implications of our findings and ideas for future research.

**Literature Review and Theoretical Underpinning**

Our literature review does not intend to rehash the extant literature from both a theoretical and empirical perspective to distinguish family businesses from their non-family counterparts. In recent years, family business research studies based Socioemotional Wealth theory draw scholar’s attention to the behavioural aspects and strategic choices made by these firms [9]. Zellweger et al. [10] point out that SEW literature touches on an identity-based rationale of decision making, but surprisingly very little further development in the research literature links the organisational identity of family businesses with their behaviours.

Following this view, we provide a possible alternative theoretical underpinning of family business is the organisational identity. The uniqueness of family businesses that are embedded in this organisational identity fits well with the concept of competitive advantage articulated in the strategic management literature. We start our literature review with an introduction of the organisational identity theory. The discussion of the link between organisation identity and strategy is followed by a review of the key concepts of strategic management accounting that we believe have assisted family businesses to survive, revive and succeed in turbulent conditions.

**Organisational identity**

Organisational identity is defined as the characteristics that are “central, enduring, and distinctive” (CED) to the organisation [1]. The meaning that the members’ consensually construct through their interactions with each other and with people outside of the organisation. The defining characteristics of the organisation are ‘central’ as they are essential rather than peripheral. ‘Enduring’ means that an organisational identity constitutes a set of stable elements that endure over time, rather than those that are ephemeral. The defining characteristics of organisational identity are described as ‘distinctive’ because the identity stakes out how the organisation is both similar to, and different from, other organisations. The concept of organisational identity is well suited for our research because it offers a comprehensible theoretical foundation for the raison d’être of the family business in explaining the uniqueness of these entities [11]. Our paper also draws on the following two notions that are derived from organisational identity.

A family business represents a type of “hybrid-identity organisation” [1]. It is the intentional amalgamation of two organisational forms – the ‘family’ and the ‘business’. These would normally be mutually exclusive. The hybrid-identity, therefore, denotes an inherent tension between two different sets of rules or scripts, including culture-specific social expectations for how family businesses are expected to operate [12]. This tension explains the pursuance of non-financial goals of family businesses [10]. Because of the strong ‘family’ traits embedded in the daily life of these organisations, Hall [13] disapproves the claim that family businesses make ‘irrational’ choices to priorities their family-oriented objectives. We further argue that the tension between the family-oriented component and the business-oriented component of a family business identity functions similarly in the multi-identity at an individual level. People play multiple roles in the society. Some roles are processed by the same person and may create conflicts - for instance, being a teacher as well as being an assessor of the same subject and same group of students. Different identities embedded in different roles are organised into a salient hierarchy therefore can be enacted respectively depending on the circumstances [14,15]. The family business as an organisational identity is very capable of invoking both the family-oriented and business-oriented perspective to adapt to different circumstances.

The organisational identity theory is rooted in the individual level role-based identity theory. The organisation identity of a family business is initially seen as being extended from the individual founder (or the founder family) who creates the business [2,16,17], and this individual level identity becomes one of the essential elements that constitute the organisational identity over time [18]. In the case of small family businesses and new ventures, such identities are mostly shaped by the founder and the entrepreneur’s set of values, norms and personality through their actions and communications [19].

The theoretical underpinning of our paper lies in the theory of organisational identity and concepts that are related to the constitution of organisational identity. We contend that the theory of organisational identity provides suitable explanations of the behaviours of family businesses by recognising (a) the collective and consensual perceptions of family members as well as non-family employees in how they view what their business means; and (b) the influence of the funders who usually set the tone of the family business identity. Our interview data support the view that the ‘family business’ per se gives rise to an organisational identity, which influences the strategic decision-making of the family business.

**A strategic view of family businesses’ organisational identity**

Strategic management literature suggests that the real key to business success lies in its ability to develop a competence that is distinctive and difficult to replicate. A clear and strong organisational identity is believed to be critical for corporate success [20]. Organisational identity denotes the consensual and collective cognition and beliefs of organisational members as well as of their external stakeholders. This eventually guides their actions. Several scholars have documented the interplay between organisational identity as a relatively stable collective cognitive construct and the dynamic aspects of strategy [21-24]. However, research studies that use strategic management as an organising framework in family businesses are sparse [25].

Do family businesses possess competitive advantages? Scattered evidence and discussions have emerged. Habbershon and Williams [26] conceptualise that “familiness” is the idiosyncratic, firm-level bundle of resources and capabilities resulting from a family factor that potentially leads to the competitiveness of family firms. Kansikas et al. [27] conclude that familiness gives rise to resources that can be grouped under three dimensions: structural (network ties), relational (trust, norms, obligations, identification) and cognitive (shared vision, shared language). Webb et al. [28] suggest that entrepreneurship and leadership styles provide explanations of how family firms make decisions. Frank et al. [29] criticise that in the construction of ‘familiness’ there is a failure in coupling the system of ‘family’ as well as ‘enterprise’ (p: 128).

We believe the missing piece of this puzzle is the organisational identity of the family business. Marketing scholars surmise that the relevance of an appropriate organisational identity is one of the critical factors in the success of small businesses in competitive markets [30]. Zellweger, et al. [31] point out that the familiness-oriented perspective and the business-oriented perspective have constituted the meaning of being a family business into an organisational identity that is describable, as well as communicable both internally and externally. Family
business owners and founders may create a "family business meta-
identity" to address who they are as a family business [32] to contribute
to success of the business, as well as to the well-being of the family [33].
We posit that this organisational identity per se is the key competitive
advantage of family businesses. The central, enduring and distinctive
defining characteristics are socially constructed by the families behind
these organisations and their stakeholders in incorporating both family
functions and business functions. Our interview data reveal that family
businesses can survive and succeed in turbulent environments through
the constant balancing and prioritising of both family-oriented and
business-oriented objectives.

Strategic management accounting (SMA)

During the interview data collection and analyses, we found SMA
to be particularly relevant for making sense of the business information
utilised by our interview participants. We invited interviewees to identify
all potential factors that may have shaped their business practice. A
firm’s business value, strategic goals and competitive environment are
just some of these potential aspects. As our data collection and analyses
progressed, we increasingly realise that the themes and plots embedded
in the interview data all point to the strategic goals of these family
businesses. Paradoxically, most of the family businesses that were
referred to in our research were neither large nor professional. All
but one interviewee implied that his firm had established a separate
management accounting function. From a strategic view, how do they
know their strategic positioning is correct? How do they survive in the
radically-changing competitive environment?

The term ‘strategic management accounting’ was introduced
by Simmonds [3] and is defined as ‘the provision and analysis of
management accounting data about a business and its competitors, for
use in developing and monitoring business strategy’. The discussion of
what constitutes SMA has largely drawn on Porter’s [34,35] strategic
management typology. Porter [34] suggests that differentiation, cost
leadership and focus are the strategies that provide firms with the
ability to attain a competitive advantage and outperform rivals in an
industry. Firms adopt different strategies and then usually implement
different tactics including management accounting practices to
sustain their competitive position [35,36]. Empirical evidence on the
practice of SMA has commonly been collected via interviews or case
studies in large professional organisations who have a well-established
management accounting function in support of formal strategic
planning and control [37,38]. Mintzberg and Waters [39] suggest that
senior managers typically deal with unpredictable situations so they
strategize in ad-hoc, flexible, dynamic, and implicit ways. Therefore,
strategic management is a continuous and emergent activity [39]. Lord
[40], based her case study on a New Zealand bike manufacturer and
criticised that the textbook version of SMA as a function of a firm’s
management accounting department was completely disconnected
from actual practice. As per Lord [40], in responding to pressures
caused by external factors beyond their control, firms might have
already intuitively applied SMA practices without the involvement of
firm’s accounting department or their equivalent. We see our paper
as an empirical extension of Lord [40]. Our qualitative evidence
suggests that the survival, revival, and prospering of family businesses
in turbulent environment are living evidence of the success of their
strategies and in the utilisation of SMA techniques.

Methodology and Research Design

Constructionist responsive interviewing

The responsive interviewing technique developed by Rubin and
Rubin [5] is adopted as the model for the research design. The responsive
interviewing model has its roots in interpretive constructionism [5].
In constructionism, researchers focus on meaning and power because
their epistemological position dictates that meaning and power are
all that one can claim to know. Constructionism research is aimed at
accounting for the ways in which phenomena are socially constructed
[41]. The initial interview questions are expressed in a broad way
to give the interviewees the opportunity to answer from their own
experience [5]. The interviewee’s answers then direct the researcher as
to what to pursue further. The openness revealed after the interviewees
start to describe their experience, makes it possible – even natural - for
the interviewer and interviewee to become conversational partners in
suggesting topics, concerns, and meanings that are important to the
themes under exploration. Based on this design, the interviewee is
virtually taking the interviewer though his/her experience. Essential
to the responsive interviewing model is that the interviewer and
interviewee are in a relationship in which there is mutual influence in
both directions.

In our investigation, a questionnaire of thirteen interview
questions was prepared with three broad themes that are related to
the context and nature of management accounting systems (MAS)
in family businesses. The main interview questionnaire was prepared for
interviewees who were founders and owners of family businesses. We
then adapted the main interview questionnaire to suit the managers
and management accountants who do not own an equity interest in
the family firm, without changing the structure and subject matter. The
interview questions were semi-structured, allowing a certain level of
scope limitation, as well as a certain degree of openness for responses
by the interviewees [42]. Conceptually, to explore the shared values or
norms of the interviewees, the interview often asks the interviewee to
describe a typical event or ordinary occurrence [5]. The interviews give
the interviewees the opportunity to describe what is important to them.
The data collected via these questions is contextual and demonstrates a
sense-making process by interviewees in perceiving what has happened,
why those events happened and the intentional factors which justify
their behaviour in response to the events. The interview questionnaires
can be found in the Appendix A.

Thirteen interview questions are organised into three broad
sections, namely (1) the business and the family, (2) values and strategy
and (2) MAS. We argue that it is important to understand the how
and the why of certain MAS being utilised by family businesses in the
current context of their specific historical development, organisational
setting and their prospects. The traces and cues of the stories revealed in the
interviews show the progress of individual family businesses, their
values, strategic goals, and reflect the salience of the family and the
business agenda. These businesses provided rich descriptions of the
how and the why in their utilisation of different types of MAS.

Recruitment of interview participants and data collection

The population of interest includes owners, managers and in-
house management accounting practitioners who regard themselves
as controlling, managing and/or working for a family business in
New Zealand. These roles are not mutually exclusive. We started with
convenience sampling. The first few participants were recruited from
the existing professional networks of the researchers. Then the existing
participants were invited to refer other participants from among their
acquaintances and business networks. Between November 2015 and
April 2016, 13 interviews were carried out. Except for interviewee 02
(who was on the executive team of a family owned and operated not-
for-profit organisation), all the interviewees held an ownership interest
and also participated in the decision making and operation of their family business. All data gathered in the study is strictly confidential and all the participants were assured of complete anonymity in any publication of the research results. The interviewees were numbered from 01 to 13. The basic information of the interviewees is summarised in Table 1.

Findings and Discussions
The meaning of 'family business' as an organisational identity

In the construct of the meaning of the family business as an organisational identity there is an understanding that there is a shared meaning which is shared and understood cohesively by people who are interacting with these organisations. The most directly-relevant people are the founders or founder families of these businesses. For the start-up (or first generation) family business, the vision, mission and strategy and the management of the business are firmly controlled by the founders. The founders also set the tone of the organisational culture that denotes the behaviours of other family members, employees and external stakeholders. So what does the family business mean to the founders? Interviewee 08 described their business as:

“It’s my little castle. Apart from my family, it’s my purpose for living. For them (my family), it’s like home, we’ve been here that long…” [Interviewee 08]

Interviewee 08 was very passionate when talking about the stories of his family and his business. His account incorporated several aspects of meanings that the interviewees ascribed to their family businesses. The insights provided by the interviewees in substantiating the meaning of the business to the families and to themselves encompasses following themes:

• “Livelihood”: the source of income that has supported the family financially;
• “Home”: a place where family members support and/or interact each other;
• “Passion”: a career of choice and something they always love to do;
• An extension of the founders/owners’ personal Identity: a representation of who they are and what their whole life is about.

Several interviewees specifically identified that the business had been the ‘livelihood’ (Interviewee 01) and supported the family financially. It seemed to be a logical and basic expectation, but interviewee 05 suggested that she had a ‘love-hate’ relationship with her furniture shop. She said:

“…it was a very good income. It would have put our family in the top five per cent of income earners in New Zealand in the early to late 1990’s. Given that one of our children had developmental issues, it gave me a freedom to put a lot extra effort into my family without detracting from the input that I put into the business. […] It gave me the time to be a complete person. Not just a business man but to be a father, and to do things for my family, which have been considerable. As I said, it would not have been possible if I had been an employee or in a larger business. For me, it is incredibly important from that aspect.” [Interviewee 03]

It is noteworthy that even interviewee 03 (compared with interviewee 05) was satisfied with the level of income generated by the family business. His emphasised that the flexibility and time allowed by the business was of greater importance to him in fulfilling his family duty. Interviewee 04 at the time of interview, operated a factory with his wife and two daughters. He said:

“On the whole the great thing about this business, of course, has been the fact that it has involved my wife and both of our daughters. It is the business where we can as a family work together on something. This business is pretty much a split between my passion of building and running the machine, and of course the carpets are our own design. It’s also been the (the) provision for quite a bit of our family for a number of years. The satisfaction is of course, still being able to be involved in engineering, developing machinery that sort of thing.” [Interviewee 04]

| Interviewee | Industry       | Gender | Year founding | of founding | Family control/ownership | Non-family employees | External investors |
|-------------|----------------|--------|---------------|-------------|-------------------------|----------------------|--------------------|
| 01          | Professional   | Male   | 1997          | A married couple (a son involved) | Yes                  | Yes                  |
| 02          | Not-for-profit | Male   | 2009          | A married couple (the only son involved) | Yes                  | No                   |
| 03          | Professional   | Male   | 1999          | A married couple (the only son involved) | Yes                  | No                   |
| 04          | Manufacturing  | Male   | 2003          | A married couple (two daughters involved) | No                   | No                   |
| 05          | Retail         | Female | 1995          | A mother (all three daughters involved) | No                   | No                   |
| 06          | Professional   | Female | 2003          | A brother and a sister | Yes                  | No                   |
| 07          | Retail         | Male   | 1887          | Six generations of the same family | Yes                  | No                   |
| 08          | Hospitality    | Male   | 1978          | A married couple (all three children involved) | Yes                  | No                   |
| 09          | Manufacturing  | Male   | 1965          | A married couple (all three children involved) | Yes                  | No                   |
| 10          | Hospitality    | Female | 1994          | A married couple (both sons and parents involved) | Yes                  | No                   |
| 11          | Retail         | Male   | 2004          | A married couple | Yes                  | No                   |
| 12          | Manufacturing  | Female | 2001          | A married couple and the brother of the husband | Yes                  | Yes                  |
| 13          | Manufacturing  | Male   | 1999          | A married couple | Yes                  | No                   |

Table 1: Basic information of interviewees.
Interviewee 06 operated a professional services agency with her brother. She, too, shares the same emotion towards their business, and regards it as something they always wanted to do together as a family:

For us, I guess, it is the idea of being our own boss and doing it successfully. It’s always been our epitome of how we want to work. For our parents… Oh! They are very emotionally invested in terms of (the fact) that we are their two children. For them seeing us working together, it is a kind of dream for them as well. [Interviewee 06]

Both interviewee 04 and interviewee 06 provided the third theme which was shared by several other interviewees. These interviewees describe the meaning of the business as their own passion and life-long career. Another example was suggested by interviewee13:

The business is owned by the family trust. The lady you met downstairs (in the showroom), she is my wife. I am the main man here. I drive it. I am now a pensioner. Theoretically I am already retired… But I enjoy it. I enjoy the purpose of it. I enjoy the challenge of it. [Interviewee13]

The fourth theme is that their family business represents their families and themselves, i.e., it is an extension of owners/founders families’ identity.

Our findings show evidence of how the meaning of a ‘family business’ is constructed. The 4 themes identified by our interviewees represent the defining characteristics of a family business as perceived by our participants. We suggest that these themes should be viewed as an independent and combined entirety capturing the core functions of family businesses. Thus, these themes give rise to the organisational identity of ‘family businesses’. According to Albert and Whetten [1] and, Whetten [43], an organisational identity is central, enduring and distinctive. The meaning of the interviewees’ family businesses implies the central and essential purpose in establishing and operating these organisations. The actual family businesses involved in our research have different longevity (Table 1) and are at different stages of the organisational life cycle. Yet our participants can identity these shared meanings. The core functions of family businesses as a combined set of properties ultimately differentiate these organisations from their non-family counterparts, as an occupation, as well as being in the family per se.

The organisational identity of ‘family business’ as an competitive advantage

So far, we have explained how the organisational identity of ‘family business’ is formed by plotting our interview data along the theoretical constructs proposed by Albert and Whetten [1], and Whetten [43]. We further argue that such an organisational identity per se give rise to a competitive advantage for family businesses.

First, our interview data validates the fact that family businesses are hybrid-identity organisations [1], as the above-mentioned themes of the shared meaning underpinning the organisational identity encompass the pursuance of both financially-oriented goals and family-oriented goals. We contend that applying the entrepreneurial and leadership qualities of the founders to the individual level, Jones [19], should also be included in the mix. In additional to the conflicts embedded in the hybrid of organisational identity [10,12], the interview quotes shown earlier vividly describe how these different aspects of the family business identity are complementary to one another. Albert and Whetten [1], and Whetten [43] propose that the organisational identity functions in a similar fashion to the identity at the individual level. Following this notion, the enriched and dynamic organisational identity traits can be arranged and rearranged into salient hierarchies that allow a family business to enact different aspects of the identity in order to adapt to different circumstances. We therefore argue that the heterogeneity of family businesses reflects nothing but the different salience of the organisational identity mix. Furthermore, this hybrid-identity and the salience of it create a competitive advantage for family businesses.

Second, Zellweger, et al. [31] suggest that an organisational identity has the potential to enhance strategy if it is describable and communicable both internally and externally. Our interview data suggests that the meaning of family businesses is internally shared by managers and employees. The identity of the family business is also externally displayed to, and thus perceived by, other stakeholders.

Interviewee 07 is a fourth generation shareholder and a Director of a family owned enterprise. During the interview, he told a story of how his family business ‘survived, revived and prospered again’. His family business experienced a devastating fire and also experienced the ongoing challenges caused by the Canterbury earthquakes. He described the difficult time right after the fire:

So from a very early age, I saw my parents and my relations struggling. They were struggling but decided they would not walk away because the firm, as I said, was really insolvent. It had little to come and go on. There was a great deal of public sympathy and support for the firm to continue in business. They were encouraged. The board decided that (the) business should continue, and through blood, sweat and tears. I mean through blood, sweat and tears! [Interviewee 07]

He continued with a detailed description of how overseas suppliers were willing to continue shipping stock to the shop knowing the business was insolvent. Many years later, the Canterbury earthquakes damaged some of their business premises which needed to be demolished and rebuilt within a short time. Again, the family business experienced disruption. Interviewee 07 suggested that their business had to get through the most difficult time after the earthquake and was prepared for the rebuild despite the uncertainties posed by the infrastructure and the geographical and demographical changes caused by the earthquakes.

Interviewee 12 also suggested that the special bond between the family business and their employees assisted her and her husband in getting through difficult times. She said:

At some point in our lowest period some of our staff came in and worked for no pay. We (the family) worked for no pay. (Not only) managerial (staff) but also the factory staff. That’s one of the unique things. [Interviewee 12]

Interviewee 02 is the only non-family member of a family owned and operated not-for-profit organisation, who participated in our interview. He clearly articulated the organisational identity in how he perceived it as non-family member. He said during the interview:

It’s (the business is) their life. They spend all of their time on it. They have no other purpose other than to develop this organisation. It’s totally their life. Yep… Well, I guess. The positive side of that… it means there is 100% commitment over there. It means their passion for the business rubs off on other people, so it creates a very positive attitude. At the moment, I don’t think the business can exist without
them because they are the… What is the word I am looking for? They are the business! I can only put it in that way. (Laugh)

[…] we have a very strong relationship. I am involved with them on a leadership team, what we call ‘the core leadership team’, which meets roughly once a month. We have very honest, open discussions with each other. [Interviewee 02].

In summary, our data shed light on the theory that ‘family business’ as an organisational identity is a competitive advantage that has contributed to the resilience and flexibility of these businesses. We further contend that the strategic planning and the utilisation of MAS of family business are also related to and affected by the organisational identity.

Business strategies incorporating the identity of family business

During the interview, we invited our participants to describe their business values, competitive environment and reputation. The findings of interviewees’ perception of business values are summarised in Table 2.

The interview quotes (Table 2), on the one hand, highlight that the business value articulated by these family business owners and managers is largely drawn on building the relationship with stakeholders and the reputation of the family businesses. These business values and strategy are motivated and addressed by their organisational identity, as shown in the representative quotes. On the other hand, it can be concluded that all the family businesses being referred to in our research adopted ‘differentiation’ and/or ‘focus’ strategies [35]. According to Porter [35], when firms adopt a differentiation strategy it is aimed at delivering high quality to customers; and if customers perceive this product or service as different from other products, consumers are willing to pay more. To our surprise, although all these family businesses were from different industries, all of them have described their industry as highly competitive; their businesses, and they themselves, had a very good reputation in the industry.

We also invited interviewees to comment on their midterm to long term business plans and how they would achieve them. The interview findings about business plans are summarised in Table 3.

Management accounting systems denoting the business strategies of family business

Although interviewees were from different industries, at different ages, and were motivated by different reasons, most of them would want their business to grow. We then encouraged our interviewees to identify the broad range of MAS that they had used in their operations, as much as they could. The flexibility provided by the semi-structured interview design allows interviewees to disclose what they believe is important to them and often showcases hidden facets of their organisations [44]. In analysing the interview data, it became apparent that although informal, interviewees had utilised many elements and techniques of SMA to achieve their competitive advantage and to sustain their competitive strategies. We found that it was particularly intriguing that quite a few accounts of MAS were well aligned with the interviewee’s discussion of their business values – i.e., competitive strategies and advantages, although they might merely be subconsciously describing what was apparent and important to them [45-49]. To discuss and justify the following findings, the MAS identified by interviewees as being utilised in their businesses are presented alongside the competitive advantages identified by our interviewees previously (Table 4).

The commonly adopted MAS elements and techniques were:

- Performance evaluation and management (key resources, including employees);

| Interviewee | Industry | Business values and strategy | Representative quote |
|-------------|----------|------------------------------|----------------------|
| 01          | Professional service | Quality of service | You are only as good as your last contract. |
| 02 (non-family member) | Not-for-profit | Faith and ethics | […] their faith is a significant value to them. I think ‘integrity’ is a big value. They like to be transparent as much as possible. And ‘accountability’ is a big value to them as well. So they like systems around them, which ensure accountability to their membership. |
| 03          | Professional service | Personal service and competence | A high level of personal service to our clients. Creating an employee-fulfilling environment. And opportunities for the owners to develop their strengths. |
| 04          | Manufacturing | Honesty and integrity | Honesty and integrity! |
| 05          | Retail | Quality | We have to rely on the best service and the best product. |
| 06          | Professional service | Quality of service | It is all about being able to deliver the work to the highest level and get the work out of the door for our clients who are on board. […] “Being well regarded” is what we are proud of as well. Our values are right at the heart of it. |
| 07          | Retail | Quality merchandise | It has been built on quality merchandise, supplying to the middle to upper market, mainly the middle. Our emphasis was very much the middle (market). But we are able to sell, because of our image and reputation, some very high end merchandise, too. Considered as ‘expensive’ in New Zealand but not on a world scale. That merchandise policy is backed up by our high level of staff knowledge, and customer service. |
| 08          | Hospitality | Personalised service and quality of service | We are very careful to make sure that people are looked after the right way. “Personalise” is the word! Satisfied customers and return costumers. The most valuable is return businesses. |
| 09          | Manufacturing | Honesty and excellence | Honesty and excellence |
| 10          | Hospitality | Community and family value | It is a community hub. I think customers like seeing us here, knowing it’s us running it. We’ve been doing it for so long. People’s children are coming back. Things change so much, but they really like coming back to the same thing, sons and grandchildren, an integral part. |
| 11          | Retail | Specialty | […] our value is that we know what we are talking about. We are specialists. We only take on employees who know what they are talking about in my industry. |
| 12          | Manufacturing | Determination, innovation, and loyalty | “Determination, innovation, and loyalty” |
| 13          | Manufacturing | Honesty and Integrity | We are as straight as a die. I don’t say that to just create “PR”. And the golden rule is that we treat people how we want to be treated. |

Table 2: Business values and strategy.
Quite comprehensive analyses in the preparation for tendering. Professional and sophisticated. For example, interviewee 12 described... 13 (Table 4). Yet, some of the MAS identified by interviewees are... procedures and practices - for example, the accounts provided by interviewee 01 and interviewee... without it. We are constantly watching cash flow. We don’t funnily enough have a budget. I have it set in my mind... “leading edge in terms of technology, processes, systems”... the interview with interviewee 09. Both interviewee 08 and interviewee 09 have retired from their operational positions. Interviewee 08 did not answer this question... not recorded. Therefore we decided not to quote any text from the notes taken during the interview with interviewee 09.

**Table 3: Business plans.**

- Ongoing profitability analysis (customer level and job level) and pricing review;
- Customer relationship management;
- Competitor analysis;
- Quality management; and
- Capital investment planning

It is the underlying rationale of observing competitors, financing capital expenditure and remunerating on the desired behaviour that give rise to a seamless justification that these MAS have been utilised for their exact competitive strategies. The conventionally emphasised planning and control driven by forecasting and budgeting techniques and cost management were not emphasised by interviewees. Instead, some interviewees explicitly precluded the idea of setting a budget, instead suggesting that cash flows were constantly monitored against spending. Interviewee 11 suggested:

We don’t funnily enough have a budget. I have it set in my mind but no formal budget, except for cash flow. Cash flow, you cannot do without it. We are constantly watching cash flow.

[Interviewee 11]

The MAS identified by the interviewees as being utilised in their family business by no means represents the exemplars of ‘state of the art’ design and execution of MAS for strategic purposes, but instead, there was usage of some unsophisticated procedures and practices - for example, the accounts provided by interviewee 01 and interviewee 13 (Table 4). Yet, some of the MAS identified by interviewees are professional and sophisticated. For example, interviewee 12 described quite comprehensive analyses in the preparation for tendering. Interviewee 04 and interviewee 06 suggested that customised computer systems had been acquired to provide information to assist their core operating activities. Not all interviewees provided descriptions whereby their intuitive utilisation of MAS could be identified, for instance interviewee 05 and interviewee 10 (Table 4). We acknowledge their management approach could be common among small businesses, but compared to the entirety of interview findings, we do not believe their approach has a pervasive influence on our overall conclusion.

In summary, motivated by the meaning of the family businesses, owners and managers want to see their businesses growing. The constitution of family business as an identity denotes the strategic choices. The organisational identity *per se* also gives rise to a competitive advantage. Family businesses have utilised many elements and techniques of MAS and SMA to discharge their competitive advantage and to sustain their competitive strategies. It was particularly intriguing that many of the MAS were well aligned with the family businesses’ competitive strategies and advantages. The MAS identified by interviewees (although many are unsophisticated procedures and practices) are purposeful and suitable for their strategies.

**Concluding Remarks**

This study attempts to explore the dynamics of family business based on an alternative framework – the organisation identity. We plotted our qualitative data along the theoretical construct of organisational identity and contend that the meanings perceived by family business owners, founders and managers constitute the identity of these organisations. The shared meanings of the family business as an organisational identity is central, enduring and distinctive [1]. It captures both family-oriented and business-oriented goals and blends with the founders/owners’ entrepreneurial and leadership characteristics. The stable constructs of the organisational identity gives rise to the idiosyncratic competitive advantage of family businesses so that these firms are flexible and resilient.
| Interviewee | Industry                  | Competitive advantages (Table 2) | How to achieve growth (Table 3) | MAS utilised                                                                 | Representative quote |
|------------|---------------------------|----------------------------------|---------------------------------|-------------------------------------------------------------------------------|----------------------|
| 01         | Professional service      | Quality of service               | Growing the current business by taking on a few more contracts | - Monitoring competitors  
- Strategic pricing                                                                  | So we do look at the market. We look at what other consultancy companies are charging and we match that. There is a mechanism where the pricing of the job is variable. |
| 02         | Not-for-profit            | Faith and ethics                 | - Moving to a new business premises;  
- Establishing a professional management team | - Key internal control  
- Customer management                                                              | Within their members in terms of giving as well. So they don’t know who gives what. They don’t treat people differently based on financial giving. Only the bookkeeper and I know who gives what. The Trust Board doesn’t know either. |
| 03         | Professional              | Personal service and competence  | - Purchasing fees  
- Continuously training and developing skills                                      | Customer profitability analysis                                                  | We are charging fees on a weekly basis. […] recoveries are probably our principal financial concern. When we charge the clients, we look at the efficiency of that particular work. We take steps if we feel that we are not efficient by ways of communicating with our clients, and ways that we can improve that. |
| 04         | Manufacturing             | Honesty and integrity            | - Marketing and networking  
- Excellent product quality and design                                                | Customised job-based system with comprehensive accounting functions             | […]It is very good at tracking jobs, tracking the raw materials…It is a great system that allows you recording all the samples’ information. Because for us, samples are everything. They are all over the world. (laugh) So no matter who rings us or emails us asking about the samples, we know exactly what it is. It is customised to our particular business. It has the ability to record the job in progress. And also the financial aspects, of course, taking deposits and following that right through. |
| 05         | Retail                    | Quality                           | - Hiring staff                                                                | Not identifiable                                                               | […]it’s in my head, if he says “do you have this?” I know I have this or that. It's probably a terrible way to do it. |
| 06         | Professional service      | Quality of service                | - Recruiting “like-minded” clients and employees                              | Employee performance evaluation                                                 | We are both involved in recruitment and performance reviews, which we do at least once a year, in terms of salary review and performance review, including setting goals for the next twelve months to achieve the next level of financial rewards. This is to make sure that we are getting the best out of our team. |
|            |                           |                                   |                                                                                 |                                                                                | […] “Simplest structures and processes to get the job done to the highest level so we can strike”  
- “Leading edge in terms of technology, processes, systems” |                                                                                     |
| 07         | Hospitality               | Personalised service and quality of service | (did not identify)                                                            | - External hotel starring and rating programme  
- Employee performance evaluation  
- Reservation system  
- Restaurant costing system                                                      | Our other most important people are our reservationists. We have full control of it (the reservations). Those girls get paid on a percentage of how much we get each month. Behind the screen, that is all going on. We are working flat out and slot people around because we have approximately fifteen room types. That's where the money comes from. |
Our paper also relates theory to practice. We posit that the organisational identity of family businesses also motivates and symbolises the strategic choices of these firms in distinguishing themselves through superior quality and reputation. To achieve such strategies, family businesses focus on building the relationships internally and externally with their stakeholders through the deliberate and meaningful communication of the meaning of their organisational identity. The utilisation of MAS and SMA techniques has contributed to their survival, revival and success. We believe the practical implications of this are of interest to current and future family business owners and managers, as well as business advisors who directly benefit from the wellbeing of these organisations. We also hope to contribute to the understanding of the family business by broad communities in appreciating the importance of these organisations.

We encourage researchers to continue building and testing the model of the organisational identity of family business. Future testing of this model will allow researchers to determine whether this model indeed provides a valid avenue of building knowledge of family businesses. The construct of the family business as a cohesive and stable organisational identity can be of benefit for several areas of business research in addition to strategic management and management accounting. Marketing, human resources, entrepreneurship and leadership research may also draw on the constructs of organisational identity of family businesses.

This paper suffers from the limitations commonly shared by much qualitative research, in that it is based on face-to-face interviews. As the interview data was collected from regions in New Zealand, the findings may suffer from a lacking of generalisability. The convenience

| Interviewee | Industry | Competitive advantages (Table 2) | How to achieve growth (Table 3) | MAS utilised | Representative quote |
|-------------|----------|---------------------------------|-------------------------------|--------------|----------------------|
| 10          | Hospitality  | Community and family value | (Handing the business to two sons. not operation related) | • Quality management | Quality is most essential. [.] Suppliers often offer us cheaper products, not necessarily good, not our priority. We have the same menu for many years and know the ingredients. Sometimes they stop stocking and have to look for another supplier. We do staff training - choosing good ingredients for a start.

Table 4: MAS utilised by family businesses.
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