ABSTRACT

This study investigates whether management accountants in family firms differ from their counterparts in non-family firms concerning the required qualifications and roles performed within the organization. Drawing on the resource-based view of the firm theory, we hypothesize that management accountants in family firms perform more traditional roles and rely more on soft skills compared to management accountants in non-family firms. We test our hypotheses using survey results from large firms from Austria. Utilizing bivariate statistical analyses, we did not find support for the hypothesized relationships. We thus conclude that the role of management accountants does not differ significantly in large family and non-family firms, which can be attributed to family firms losing their specific resources with growing size. We conclude with the implications of these findings and avenues for further research.

Key words: Family firms, Management accounting, Management accountants, Skills, Roles, Austria

1. INTRODUCTION

Family firms show distinct characteristics concerning their governance mechanisms and structure compared to non-family firms (Bartholomeusz and Tanewski, 2006; Giovannini, 2010). The main distinguishing feature of family firms is the integration of a controlling family in the business’s management, directorship, or ownership (Gersick et al., 1997). Family members may play multiple roles in family firms as managers, directors, or owners, and business and family affairs may be intermingled (Haynes et al., 1999). The intermingling of family and business as well as role ambiguities often creates a challenging environment for professional, non-family managers employed in the family firm (Klein and Bell, 2007). Non-family managers usually react to these challenges by trying to professionalize and formalize the family firm (Stewart and Hitt, forthcoming). In this regard, it has been found that the employment of non-family managers leads to increased usage of formalized planning and management accounting instruments (Duller et al., 2011; Hiebl and Feldbauer-Durstmüller, 2012; Hiebl et al., forthcoming). These instruments can help non-family managers to better foresee the course of the business without relying on equally tacit knowledge about the business or the markets in which it operates, as family members usually have (Giovannoni et al., 2011).

However, research findings on the family firm-specific organization of management accounting practices or on the specific role that management accountants play in family firms are limited (Salvato and Moores, 2010; Duller et al., 2011; Hiebl, 2012). Based on the above-described governance peculiarities of family firms, it can be expected that management accountants’ roles are different in family firms and consequently, scholars in this field have underscored the need for an investigation of the potentially differing roles of finance personnel in family firms and non-family firms (Lutz et al., 2010; Lutz and Schraml, 2012; Hiebl, 2012). Therefore, in this paper we investigate whether the required skill set for management accountants and their roles was dependent on the firm type (family firms vs. non-family firms).

The paper proceeds as follows: In section 2, we briefly review the relevant existing literature on the roles of management accountants and on management accounting in family firms. In section 3, based on the resource-based view of the firm theory (RBV), we derive two hypotheses. We then discuss our research methodology in section 4 and present our results in section 5. We conclude with a discussion of our results and the implications for practice and research.

2. LITERATURE REVIEW

In the last 15 years, accounting scholars have shown an increased interest in the organizational role of management accountants and how their role has changed or continues to change. Most empirical
studies ascribe management accountants a changing role, with signs of increased business orientation. However, most of these studies also show that the main work area of management accountants is still centered around basic accounting systems (Granlund and Lukka, 1998; Malmi et al., 2001; Burns and Baldvinsdottir, 2005; Jäärvänpää, 2007; Burns and Baldvinsdottir, 2007). Thus, relevant parts of the management accountants’ role still seem to be in line with the bean counter cliché. However, evidence shows that a certain degree of transition in the management accountant’s role actually can be observed and is still observable. This transition allows the management accountant role to develop into a business partner-type of operation without being completely freed from work associated with basic accounting systems (Granlund and Lukka, 1998; Byrne and Pierce, 2007). Some empirical results indicate that a type of modern interpretation of “bean-counting” should serve as the backbone of an advanced management accountant’s role set (Vaivio and Kokko, 2006; Byrne and Pierce, 2007; Weber, 2011). Regarding the research focus of this paper, it is regrettable that existing studies on the role and change in the role of management accountants do not provide insights into the management accountant’s role in family firms, because they mainly focus on large, stock-listed companies and do not broach the issue of family influence.

Existing research, however, shows that family influence in a company does affect the use of management accounting. Family firms were found to generally use less management accounting instruments and establish less discrete management accounting departments than non-family firms (García Pérez de Lema and Duréndez, 2007; Hiebl et al., 2011). However, the results by Speckbacher and Weniges, (2012), Hiebl et al. (forthcoming) and Feldbauer-Durstmüller et al. (2012) indicate that only among the group of small and medium-sized companies do family firms use less management accounting tools. In contrast, among large firms, these studies found that family firms do not markedly differ from non-family firms with regard to the use of management accounting practices. In line with this notion, a previous study showed how management accounting techniques particularly help a small Italian family firm to professionalize the business (Giovannoni et al., 2011). In that case study, strategic management accounting practices, such as the balanced scorecard, were also shown to help family firms in formalizing formerly informal knowledge obtained by senior family members. Upton et al., 2001, underscore the view that long-range planning instruments support successful family firm development. Other studies have shown how strategic management accounting instruments, such as the balanced scorecard, may be customized to fit a controlling family’s needs (Craig and Moores, 2005; Moores and Craig, 2006; Craig and Moores, 2010).

As this short review of the literature on management accounting in family firms shows, existing studies have mainly focused on the impact of family influence on the use of management accounting practices and how these practices may be adapted to the controlling family’s preferences. Very little data exist on the role of management accountants in family firms, which is the focus of this research. Only Hiebl et al. (2011) and Hiebl et al. (forthcoming) have shown that management accountants in family firms are less likely to hold a university degree than their counterparts in non-family firms. However, Giovannoni et al. (2011) indicate that especially well-educated, non-family management accountants are able to support family firm owners in the process of professionalizing the firm. Thus, management accountants may play a crucial role in family firm development, which also warrants our research effort documented in this paper.

3. HYPOTHESES GENERATION

3.1. The Resource-Based View (RBV) and Family Firms

We employ the RBV as the theoretical framework for this paper and discuss its main ideas and application in family firms upfront. The main idea of the RBV rests on the assumption that a company’s competitive advantage relies on the resources of the company and how it manages these resources (Barney, 1991; Mahoney, 1995; Barney et al., 2011). According to Barney (1991, p. 101) resources comprise “all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness”. Moreover, he stated that to imply a competitive advantage, resources have to be valuable, rare, and imperfectly imitable. Moreover, there should not be substitutes for the specific resource, which are not rare or imperfectly imitable. Based on this definition, a firm’s employees, such as management accountants, can also serve as (human) resources to the firm, as they may carry distinct knowledge and capabilities that provide the firm with a competitive advantage (Toms, 2010; Coff and Kryscinski, 2011).
However, not all human resources fit all organizational structures. Some knowledge or capabilities are specific to an industry sector or a single firm (Castanias and Helfat, 1991). Family firms were particularly found to rely on distinct (human) resources compared to non-family firms (Habbershon and Williams, 1999). For instance, family firms show a high level of survival ability and more patient shareholders, which enables them to have a long-term perspective and to focus on sustainably developing the firm (Dreux, 1990; Sirmon and Hitt, 2003; Hiebl, 2012). On the one hand, with regard to human capital, family firms often rely on highly committed and long-serving employees, and offer a warm and friendly environment as well as the potential for the development of deep firm-specific knowledge. However, on the other hand, family firms may have problems attracting and retaining capable non-family personnel, as family firms could lack professional growth perspectives and show limitations in wealth transfer compared to non-family firms (Astrachan and Kolenko, 1994; Sirmon and Hitt, 2003). Therefore, the notion becomes evident that based on their distinct resources, family firms may also seek different aspects of human resources when hiring financial management personnel, including management accountants (Hiebl, 2012).

3.2. Required Skills for Management Accountants in Family Firms

One aspect of the proposed role change of management accountants is the increasing importance of soft skills, such as team, presentation, or communication skills (Yazdifar and Tsamenyi, 2005; Byrne and Pierce, 2007). Thus, it becomes more and more important for management accountants not only to draw the right analytical conclusions and create correct reports, but also to properly communicate the outcomes of their work and effectively advise management personnel (Weber, 2011). In the view of the RBV, these soft skills are a valuable resource to both management accountants and their employers, as they can increase effective collaboration between management accountants and management, which might also create a competitive advantage.

Family firms are often described as exhibiting a specific culture, which is built upon mutual trust, high value commitment, and informal controls (Corbetta and Salvato, 2004; Eddleston et al., 2008). This culture is frequently characterized by a high usage of oral agreements that are not formalized or codified (Gedajlovic et al., 2004; Ogbonna and Harris, 2005; Lambrecht and Donckels, 2006; García Pérez de Lema and Duréndez, 2007). As commitments or plans are generally made orally, family firms may also maintain higher flexibility because they stick less to formalized procedures and plans (Yu, 2001). In addition, management accountants are likely to adapt to this culture and therefore rely heavily on soft/social skills. However, soft skills are generally becoming more important for management accountants, and interpersonal skills or soft skills should have an even higher value for management accountants in family firms than for management accountants in non-family firms, as these skills are likely to be demanded more from family business owners than from non-family business owners. Therefore, we hypothesize:

H1: For management accountants in family firms, soft skills are more important than for management accountants in non-family firms.

3.3. Role Images of Management Accountants in Family Firms

Competitive advantages of family firms are often associated with the integration of the controlling family in the firm: a long-term engagement in the firm enables family members to gain deep knowledge of the firm and its customers, competitors, and suppliers, which is often not possible to the same extent as for professional managers in (short-term oriented) non-family firms (Chirico, 2008). The personal union of family managers as owners and managers of the firm also enables quicker decision making than in non-family firms, as a lengthy process of aligning the owners’ and the management teams’ suggestions and views is not necessary (Ward, 1997; Braun and Latham, 2009). Family members were also found to eschew sharing decision-making power with non-family managers or employees because they fear a loss of influence in “their” firm (Fiegener et al., 2000; Setia-Atmaja et al., 2009; Bammens et al., 2011).

Controlling families are often able to provide general management know-how from within the ranks of the family (Le Breton-Miller et al., 2004). However, when specialized know-how is needed, for instance in the field of financial management and accounting, they often cannot provide family member specialists and have to rely on non-family experts in these fields, which may also affect the employment of
management accountants (Filbeck and Lee, 2000; Lutz and Schraml, 2012; Hiebl, 2012). Research has also shown that family firm owners only employ non-family experts in financial management when they are forced to, for instance in times of financial distress and/or when they are required to by banks or other creditors (Lutz et al., 2010). Thus, it seems likely that family firm owners, who (have to) employ professional management accountants, assign these management accountants with roles focused on core management accounting practices for which specialized management accounting knowledge is essential. These core management accounting practices are usually associated with traditional role images of management accountants, such as “financial analyst”, “number cruncher”, “scorekeeper”, or “bean counter” (Yazdifar and Tsenanyi, 2005). In contrast, advanced management accountant role images, such as “business partners” or “internal advisors”, would include the openness of the management to include management accountants in the decision-making process (Malmi et al., 2001). Considering the above described aim of controlling families in order to keep the decision-making power within the ranks of the family, it is unlikely that family firm owners would assign management accountants with advanced roles. However, in non-family firms, managers do not have the level of knowledge of the firm that family managers have (Sirmon and Hitt, 2003), and thus rely more on management accountants’ views and advice in decision making, which corresponds more with advanced role images of management accountants. Thus:

**H2:** Management accountants in family firms play a more traditional role than management accountants in non-family firms.

4. METHODOLOGY

4.1. Sample

To test our hypotheses, we conducted an online survey of Austrian firms with at least 250 employees. These firms are regarded as “large” according to the European Commission, 2003, because small and medium enterprises are defined as having less than 250 employees. Before launching the survey, we pilot-tested the questionnaire for intelligibility with three management accountants and two personnel consultants specialized in the recruitment of financial management personnel, and afterwards amended the questionnaire according to their suggestions. Between July and September 2011, we contacted 1,223 Austrian firms through e-mail. We invited the heads of management accounting of the firms to participate in our online survey. Five weeks after the initial invitation, we also sent out reminder e-mails to non-respondents in order to increase the response rate.

We received a total of 314 responses, which translates into a gross response rate of 26%. Of these responses, 42 survey responses were mostly empty and could not be evaluated. In addition, 18 respondents declared that they did not serve as management accountants and were therefore also excluded from the analysis. The remaining 254 survey responses were used as the basis of our analysis. To control for non-response bias, we compared early respondents (first third) with late respondents (last third) (Leslie, 1972; Creswell, 2009). There was no indication for a non-response bias, as we could not detect significant differences between these two groups concerning their response behaviors (Fowler, 2009).

4.2. Measures and methods

This paper seeks to analyze the effect of firm type (family firms vs. non-family firms) on the required skills of management accountants and the roles that they play. To distinguish between family firms and non-family firms, we applied the concept of “Substantial Family Influence (SFI)” to our sample, which was introduced by Klein (Klein, 2000). Amongst other available family firm definition approaches (Chua et al., 1999; Astrachan et al., 2002; Rutherford et al., 2008), we chose the SFI concept, as the SFI shows significant impact on organizational structure (Lindow et al., 2010) and has been proven to be a reliable measure in various empirical studies on family firms (e.g., Jaskiewicz et al., 2005; Hiebl et al., 2011; Lutz and Schraml, 2012; Tappeiner et al., 2012; Hiebl et al., forthcoming). According to the SFI concept, a firm may be regarded as a family firm if a controlling family holds at least some share of the firm’s equity, and the family’s share of equity, members of the executive board, and members of the supervisory board adds up to at least 1 (out of 3) (Klein, 2000).

To analyze the required skills for management accountants, we presented the participants of the survey with a total of 16 skills (of which five can be regarded as soft skills) and asked them whether
they regard these skills as “important”, “rather important”, “rather unimportant”, or “not important” for their current position. A similar approach was used to investigate the roles performed by management accountants: we asked the participants to which extent they perform nine typical roles of management accountants. For each of the nine roles, the participants were invited to state whether they perform the respective role “very frequently”, “frequently”, “seldom”, or “never”. The 16 skills and nine role images presented to the survey participants were based on an analysis of the items used in former research on management accountants’ skills and roles (Malmi et al., 2001; Yazdifar and Tsamenyi, 2005) and complemented by the authors. To determine the applicability of our two hypotheses, we performed Mann Whitney U tests for each of the items. The firm type (family firms vs. non-family firms) served as the group variable.

5. RESULTS

The survey participants’ view on the required soft skills for management accountants is shown in Table 1. Our results showed that communication, team-work, and leadership appear to be the most important soft skills for management accountants. Thus, results from other European countries (namely the UK and Finland) were also confirmed for Austria, because these soft skills were also of high importance in studies from those countries (Malmi et al., 2001; Yazdifar and Tsamenyi, 2005).

<table>
<thead>
<tr>
<th>Soft Skill</th>
<th>Family Firms</th>
<th>Non-Family Firms</th>
<th>p Value (Mann Whitney U Test)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Median</td>
<td>Median</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Importance¹</td>
<td>Importance¹</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Range¹</td>
<td>Range¹</td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>57</td>
<td>85</td>
<td>0.403</td>
</tr>
<tr>
<td>Team-work</td>
<td>57</td>
<td>85</td>
<td>0.743</td>
</tr>
<tr>
<td>Presentation</td>
<td>57</td>
<td>85</td>
<td>0.858</td>
</tr>
<tr>
<td>Leadership</td>
<td>57</td>
<td>85</td>
<td>0.329</td>
</tr>
<tr>
<td>Change Management</td>
<td>57</td>
<td>84</td>
<td>0.081*</td>
</tr>
</tbody>
</table>

¹ 4-point scale of importance of skills for current position: 1 (“important”), 2 (“rather important”), 3 (“rather unimportant”), 4 (“not important”)
Level of significance: * p < 0.10; ** p < 0.05; *** p < 0.01

Hypothesis H1 stated that in family firms, soft skills would be of higher importance for management accountants than in non-family firms. Based on our results, this hypothesis cannot be broadly confirmed, as the Mann Whitney U tests we performed did not indicate significant influence of the firm type (family firms vs. non-family firms) on most of the analyzed soft skills. The only skill that was significantly attributed higher importance by management accountants in family firms was “change management competency”. Although we did not find a difference in the median importance between family and non-family firms for this skill in Table 1, management accountants in family firms ascribed “change management competency” to be “important” or “rather important” more often than their peers in non-family firms. A weak tendency supporting H1 was also found in a larger range in non-family firms on the importance of some soft skills. This suggests that there are more management accountants in non-family firms than in family firms who assess communication, team-work, presentation, leadership, and change management skills as less or no importance.

The roles performed by management accountants are shown in Table 2. According to their self-perception, management accountants more frequently perform advanced management accountant roles, such as advisor, business analyst, business partner, or financial conscious than traditional roles, such as bean counter or number cruncer. This is also in line with former studies that have investigated the self-perception of management accountants (Granlund and Lukka, 1998; Burns and Baldvinsdottir, 2005; Jäärvnenpää, 2007). However, with regard to hypothesis H2, which stated that management accountants would perform more traditional roles in family firms than in non-family firms, our data did not confirm this hypothesized relationship. Although not statistically significant, descriptive results even show an inverted relationship: management accountants in non-family firms reported that they would perform rather traditional roles, such as bean counter or financial analyst, more often than management accountants in family firms. The role image of the “number cruncher”, this relationship is even statistically significant, indicating that management accountants in non-family firms clearly feel that they are more “number crunching” than their counterparts in family firms.
TABLE 2 - ROLES PERFORMED BY MANAGEMENT ACCOUNTANTS

<table>
<thead>
<tr>
<th>Role Performed</th>
<th>Median Frequency of Role Performed</th>
<th>Range</th>
<th>n</th>
<th>Frequency of Role Performed</th>
<th>Range</th>
<th>p Value (Mann Whitney U Test)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisor</td>
<td>57</td>
<td>1-3</td>
<td>2</td>
<td>82</td>
<td>1-4</td>
<td>0.205</td>
</tr>
<tr>
<td>Business Analyst</td>
<td>55</td>
<td>1-3</td>
<td>2</td>
<td>80</td>
<td>1-4</td>
<td>0.209</td>
</tr>
<tr>
<td>Business Partner</td>
<td>55</td>
<td>1-4</td>
<td>2</td>
<td>82</td>
<td>1-4</td>
<td>0.112</td>
</tr>
<tr>
<td>Supervisor</td>
<td>57</td>
<td>1-4</td>
<td>3</td>
<td>82</td>
<td>1-4</td>
<td>0.533</td>
</tr>
<tr>
<td>Bean Counter</td>
<td>56</td>
<td>1-4</td>
<td>4</td>
<td>79</td>
<td>1-4</td>
<td></td>
</tr>
<tr>
<td>Financial Analyst</td>
<td>56</td>
<td>1-4</td>
<td>3</td>
<td>82</td>
<td>1-4</td>
<td>0.377</td>
</tr>
<tr>
<td>Number Cruncher</td>
<td>54</td>
<td>1-4</td>
<td>3</td>
<td>81</td>
<td>1-4</td>
<td>0.011**</td>
</tr>
<tr>
<td>Scorekeeper</td>
<td>57</td>
<td>1-4</td>
<td>3</td>
<td>81</td>
<td>1-4</td>
<td>0.503</td>
</tr>
<tr>
<td>Financial Conscious</td>
<td>57</td>
<td>1-4</td>
<td>2</td>
<td>81</td>
<td>1-4</td>
<td>0.368</td>
</tr>
</tbody>
</table>

1. 4-point scale of frequency of role performed: 1 ("very frequently"), 2 ("frequently"), 3 ("seldom"), 4 ("never")

Level of significance: * p < 0.10; ** p < 0.05; *** p < 0.01

6. DISCUSSION AND CONCLUSIONS

This study aimed to investigate the effects of a firm being a family firm on the required skills for management accountants and the roles that they play. We hypothesized that management accountants in family firms would rely more on soft skills and perform more traditional roles than their peers in non-family firms. Using a survey investigation amongst Austrian firms with at least 250 employees, we tested those relationships using bivariate statistical analyses. However, both hypotheses could not be broadly confirmed, and we only found a statistically significant difference for one skill ("change management") and one role image ("number cruncher") between family and non-family firms. Therefore, we conclude that among large firms, the roles of management accountants do not differ based on the firm type (family firms vs. non-family firms). However, the higher importance of "change management" in family firms than in non-family firms may indicate that in family firms, management accountants are asked more often to be drivers of change than in non-family firms. This result fits well into existing case study findings by Giovannoni et al. (2011), who described the management accountant as supporting the professionalization and change process of a family firm by introducing more sophisticated management accounting practices. Our study therefore supports the notion that professional management accountants are employed and actually perform as change agents in family firms.

To date, a quantitative investigation on the roles of management accountants in family firms has not been conducted. Therefore, these findings extend the existing literature on management accounting in family firms. In addition, with regard to the role of management accountants, our results confirm that large family firms do not significantly differ from large non-family firms concerning the institutionalization of management accounting (Speckbacher and Wentges, 2012; Hiebl et al., forthcoming; Feldbauer-Durstmüller et al., 2012). It therefore can be concluded that the resources specific to family firms diminish when family firms grow in size. One possible explanation might be that a culture of mutual and reciprocal trust, which is idiosyncratic to family firms (and often associated with stewardship culture, see Davis et al., 1997; Corbetta and Salvato, 2004; Vallejo, 2009), could get lost together with firm growth, as previous informal collaboration in a family firm is simply made impossible due to a larger and more complex organization. Another possible explanation for our findings is that when family firms grow, they also employ professional managers more often who are accustomed to including management accountants in their decision-making process. In this regard, the roles of management accountants resemble the situation in non-family firms. Family firm owners can conclude from our results that when they grow in size, it is likely that the management accounting function will have to increasingly resemble non-family firms. Thus, they can estimate that due to growth, higher costs for coordination and control will occur in the form of increased and advanced usage of management accountants. Nevertheless, our results also show that in change management processes, such as professionalization, management accountants may play an important role, especially in family firms.

Future research should further investigate the reasons why family firm-specific resources may vanish when family firms grow. Focusing on the role of management accountants, it might also be rewarding...
to replicate our study investigating small and medium-sized firms. Assuming a more intact family firm-specific culture amongst family firms in this size category, there should also be observable differences in the role of management accountants. Eventually, the contingency factor “existence of non-family management” should also be included in further research.

This study also had some limitations. First, we only investigated Austrian firms, which might limit the applicability of our results in other cultural settings. Second, to define family firms, we utilized the SFI concept, which is only one concept amongst a large array of family firm definitions. Future research might utilize different defined approaches to prove our results. Third, we focused on firms with at least 250 employees. Using the results from other studies, we concluded that in smaller firms, there should be a difference in the role of management accountants between family and non-family firms. However, this hypothesized relationship will need to be proven in future research, as we cannot confirm this relationship with our current data. Another limitation of our study is that our results rely on the self-perception of management accountants, which might not coincide with the view of managers or owners of a firm. Future research should therefore also include other perspectives in order to more comprehensively analyze the role of management accountants in family firms.

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