Chapter 11

The Need for Accounting in Dialects:
Making the Special Competitive Culture in Family-Run Companies Sustainable

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ABSTRACT

This chapter deals with the challenge of ensuring and sustaining cultural competitiveness in a globalised world where control and management tend to be made at a distance. The authors illustrate this by arguing that family-run businesses have a special culture that makes them good at creating and taking part in innovative networks. Today this culture is however threatened. Implementation of technologies for controlling and governing at a distance destroy this special family-run business culture. As a solution to this problem the authors suggest that new technologies of communication have the potential to strengthen the ability to create innovative networks. New technologies of communication do this when they give rise to alternative forms of communication and thus complement management based on "controlling and acting at a distance".

THE CHALLENGE OF ENSURING AND SUSTAINING CULTURAL COMPETITIVENESS

Family firms have a special culture that makes them good at creating and taking part in networks. But, there is a risk that this culture is destroyed when technologies for controlling and acting at a distance are implemented, as often is the case when alliances with bigger firms are created or when a family-run company itself becomes larger. Such technologies, as for example standardized accounting systems, often tend to leave out the informal accounting that is important for the special family firm culture. The question then is how this special culture can be made sustainable? Questions like these have been discussed in accounting research before, see for example Bebbington et al. (2007); Boyce (2000); Brown (2008); Forsberg (2009); Gray (2002): Gray

et al. (1997); Macintosh and Baker (2002); Morgan (1988); O'Dwyer (2005) and Towley et al. (2003). In these studies an alternative accounting form that stimulates democracy and deliberation are discussed. Therefore, accounting that is more informal, dialogical and include oral accounts have been suggested.

It is against this background that we in this chapter explore how different "communication technologies" affect the competitiveness of family-run business. As stated above, smaller family-run companies have a special culture that gives them a special competitiveness. This culture is especially beneficial for creating networks. Below we describe three conditions that are required for the successful joining and creating of such networks under three different headlines:

1. Informal ways of decision-making and a non-hierarchical organization,
2. Being an agent of a community, family and place,
3. Mutual interest and sympathy

Our argument that informal ways of decision-making and less hierarchy are prerequisites for innovative networks is based on theories about industrial networks (Gadde, et al. 2003) together with theories on the strategies of development companies and what might happen to small companies that are incorporated into big companies (Jönsson 1973). But we also discuss negative effects that companies may experience when they to an increasing degree are managed and controlled from a distance (Robson 1992, Latour 1987, Preston 2006) and when financial incentives create "agents of economy".

The ability to join and create networks also depends on the actions of the management. Networking is facilitated if the management in the words of Wendell Berry (2005) acts as an agent "of a place, a family and a community" rather than as an "agent of an economy". In communities virtues and qualities are developed that en-able people to cooperate. Moreover, the fact that a person belongs to a family, a community and a place directs his/her actions towards what is good in the long run, which in turn entails that others know "where they have you".

Mutual interest and sympathy (sympathy that explains actions that are based on empathy and what are considered to be good actions in the eyes of others) instead of individual interest and individual rationality increase the company's capability to create and take part in networks. Our presentation of sympathy builds on Adam Smith's theory of moral sentiment (Smith 1759, Otteson 2002).

However, problems arise when these rather small family-run companies expand by themselves or if they are bought and incorporated into a larger group of companies. When this happens it is common that new technologies for governance are implemented and an external decision center starts to manage and control the local company from distance. People at these decision centers often face problems that have to do with access to good information about what actually is going on. The local communities (in the family company) that work close to the costumer make use of informal accounts that hardly can travel to the external center. Another problem occurs when an external center is governing from a distance - it might crowd-out the informal ways of decision-making together with the informal way of organizing, the connection to a place, community and family together with the role of sympathy.

It is against this background that new technologies of communication must be explored. Can such technologies give rise to, not one standardized language developed in order to make controlling and acting from a distance possible - but accounting in dialects in order to make cooperation and networking possible, and thereby strengthen the competitiveness of family-run business?

To summarize our argument:

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