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Innovating Management Control Systems through a Dialectical Triad: A Social Construction Perspective on Family Business Succession

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ABSTRACT

We analyze how the processes of externalization, objectification, and internalization sustain the social construction of innovation in the instruments of the Management Control System (MCS) during the succession process in a Brazilian family firm operating in the food sector. We draw upon the dialectical perspective of the Social Construction of Reality (SCR) and employ a single-case study. Our findings reveal that the successor with formal and managerial knowledge acted as a catalyst for administrative innovations, promoting the formalization, professionalization, and legitimization of management practices. The dialectical cycle of the SCR highlighted the interdependent phases: (i) externalization of the successor's new managerial vision; (ii) objectification through the institutionalization of instruments such as strategic planning, budgeting, and financial indicators; and (iii) internalization that fostered the acceptance and routinization of these instruments among both family and non-family managers. The succession process proved to be a window of opportunity for innovations within the MCS, strengthening governance and ensuring the continuity of the family firm's innovation culture. The results contribute to the international literature by positioning the MCS as a symbolic mediator between generations and by emphasizing the roles of formal knowledge and social legitimacy in transforming the MCS.

KEYWORDS

Social Construction of Reality; Succession; Family Firms; Management Control Systems; Administrative Innovation

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1. Introduction

Succession can offer an opportunity to preserve and enhance the innovative capacity of family firms. It can also serve as a critical moment of strategic and symbolic renewal, rather than just a time to "preserve and expand," which is a more common academic phrase (Baltazar et al., 2023; Cesaroni et al., 2021; Capella et al., 2024; Dorsch et al., 2023; Ge & Campopiano, 2022; Ward, 1987). This process involves a transfer of power and a shift in organizational roles. It prompts the restructuring and renegotiation of the firm's social reality (Berger & Luckmann, 1966; Cisneros et al., 2022). Succession may disrupt established practices and stimulate innovation, reinforcing the long-term path of the family business (Frezatti et al., 2023; Shirokova et al., 2025).

Second-generation successors, when assuming leadership, tend to promote transformations that go beyond products and processes, encompassing managerial, cultural, and symbolic dimensions of the organization (Baltazar et al., 2023; Capella et al., 2024; Cesaroni et al., 2021; Zybura et al., 2021). These changes may craft the successor as an agent of change and catalyst for innovation, responsible for proposing, legitimizing, and institutionalizing new practices (Baltazar et al., 2023; Capella et al., 2024; Chen et al., 2025; Zybura et al., 2021).

Unlike other strands of New Institutional Sociology (NIS), such as Tolbert and Zucker (1999), which emphasize how innovation stabilizes and spreads in organizational fields, the SCR treats innovation as emerging from daily interactions and shared meanings. Tolbert and Zucker (1999) focus on how new practices become institutionalized. Berger and Luckmann (1966), in contrast, highlight the micro-social and symbolic processes that

come before and support institutionalization. The new generation thus drives innovation and symbolic change in firms by reinterpreting inherited values and practices (Cesaroni et al., 2021; Flen Rossi & Rojas-Vallejos, 2024; Liu, 2022; Zybura et al., 2021).

We argue that the SCR provides a way to explain how managerial control practices are socially constructed as innovations during succession. The SCR sees innovation as arising from everyday interactions and shared meaning among organizational actors (Berger & Luckmann, 1966). It emphasizes the dialectical processes of externalization, objectification, and internalization. Through these, meanings linked to the Management Control System (MCS) instruments are produced, made tangible, and adopted by organizational members. This view helps us understand how beliefs, values, and control practices are actively reconstructed during succession, rather than merely maintained as pre-existing institutional forms.

In this context, the successor is a transformative agent for MCS technologies. Succession changes authority, legitimacy, and decision-making structures in family firms (Cesaroni et al., 2021; Cesaroni & Sentuti, 2019; Frezatti et al., 2022; Leotta et al., 2017, 2023). Innovations in MCS instruments qualify as administrative innovations when they are new to the organization and depart from prior management logic, even if they are used elsewhere (Sulaiman & Mitchell, 2005; Wongsansukcharoen & Thaweepaiboonwong, 2023).

According to Sulaiman and Mitchell's (2005) taxonomy, such changes may involve additions, modifications, or reconfigurations of control instruments and information outputs. From a SCR perspective, these innovations become organizational realities as they are externalized through the successor's initiatives, objectified in formal systems and routines, and internalized by organizational members as legitimate forms of management and control (Berger & Luckmann, 1966).

Although MCS change may also be influenced by organizational growth, market dynamics, or external advisory support, prior research consistently identifies succession as a critical mechanism of organizational change in family firms, as it enables the reconstruction of meanings, power relations, and legitimacy structures (Leotta, Rizza & Ruggeri, 2017; Cesaroni et al., 2021; Capella et al., 2024). Accordingly, this study understands succession as the primary social mechanism through which administrative innovation in the MCS is constructed, legitimized, and sustained.

MCS often combines traditional and contemporary instruments, reflecting varying levels of sophistication and openness to innovation (Barros & Ferreira, 2023; Chenhall & Langfield-Smith, 1998). Despite advances in research on MCS and innovation, important gaps remain regarding how these instruments are socially reconstructed during family business succession (Amato, Broccardo & Tenucci, 2024; De Massis et al., 2015; Frezatti et al., 2023; Thakur & Sinha, 2024).

Existing studies have addressed the interactions among MCS, innovation, and succession in a fragmented manner, often treating each dimension in isolation (Capella et al., 2024; Cesaroni et al., 2021; Einhorn, Heinicke & Guenther, 2021; Leotta, Rizza & Ruggeri, 2023). Because of this fragmentation, a theoretical gap remains in understanding the full dialectical cycle of processes that sustain the social construction of innovation in MCS instruments throughout family succession. Addressing this gap is central to our study.

To address this gap, we adopt the SCR dialectical perspective (Berger & Luckmann, 1966). Accordingly, the research question is: How do the dialectical processes of externalization, objectification, and internalization shape the social construction of innovation in MCS instruments during a family firm's succession process? From this perspective, changes in the MCS become innovation, that is, a socially constructed reality, as they are externalized by the successor's actions, subsequently objectified in formal instruments, routines, and systems, and finally internalized and reproduced by the organization's members.

The contributions of this study are threefold: (i) it offers an empirical analysis of the SCR phenomenon, showing how externalization, objectification, and internalization promote legitimacy for both the new MCS and the successor’s leadership; (ii) it positions succession as a catalytic mechanism interacting with organizational and individual factors such as formal knowledge and symbolic capital (Golden, 1992); and (iii) offers a methodological contribution by employing Discursive Textual Analysis (DTA) to interpret the temporality and dialectics of the SCR processes (Moraes, 2003; Moraes & Galiazzi, 2006).

Finally, this study broadens the international debate on management accounting by proposing a theoretical framework that integrates the SCR and management control, and illustrates how the MCS functions as a symbolic and cognitive mediator of organizational change in family contexts. This approach contributes to contemporary discussions of

administrative innovation, legitimacy, and professionalization, thereby reinforcing the explanatory potential of the SCR in the international management accounting literature.

2. Research Methods

To achieve the research objective, we conducted a qualitative interpretive study using a single-case design. The selected firm was chosen based on field accessibility, a necessary condition for conducting in-depth, qualitative, interpretive research (Stake, 1995; Lincoln & Guba, 1985). This choice proved methodologically appropriate, as the organization, a large Brazilian food manufacturing firm employing approximately 150 workers and reporting annual revenues of around BRL 550 million, exhibited characteristics relevant to the phenomenon under investigation, particularly as a family firm undergoing intergenerational succession, a context recognized as analytically fertile, albeit not exceptional, for qualitative research on family businesses (De Massis & Kotlar, 2014).

From an interpretive case study perspective, the case is understood as instrumental, as it enables the examination of how succession, management control systems, and organizational innovation are articulated within a real organizational context (Stake, 1995). Accordingly, the study's contribution lies in the transferability of its findings rather than in statistical generalization (Lincoln & Guba, 1985).

To ensure rigorous case delimitation, the selection considered specific criteria: (i) being a family firm; (ii) undergoing a succession process; (iii) showing active family involvement in management; (iv) having an established Management Control System (MCS); and (v) displaying recent innovations associated with the succession process.

The first contact with the company occurred in November 2018 to verify the case's theoretical relevance. Once confirmed, a Letter of Introduction was approved by the President. Data collection took place between June and September 2019 through interviews, observations, and document analysis. Contextual perceptions were recorded in a field diary, enriching the textual corpus for analysis (approved by the Research Ethics Committee for Human Subjects).

During fieldwork, informal daily interactions were maintained with various employees, including those at the security gate, reception, and product store. Their perceptions and comments were recorded in a field diary, enriching contextual understanding. The interviews, observations, and documents formed the empirical textual corpus, and all data

were treated as text, consistent with the Discursive Textual Analysis (DTA) epistemological positioning (Moraes, 2003; Moraes & Galiazzi, 2006). In this sense, participants' accounts were analyzed as discursive constructions and situated interpretations of organizational reality, and were clearly distinguished throughout the analysis from the theoretical inferences developed by the researchers.

The interviewees were selected based on two criteria: (i) being a member of the owning family who was actively involved in management, or (ii) being a non-family manager occupying a relevant role in organizational decision-making. Table 1 presents participants' profiles, summarizing their main characteristics.

Table 1

List Of Interviewees

Interviewee	Higher Education	Age (Years)	Time In The Company (Years)	Time In The Position (Years)
Executive director (heir)	Food Engineering	40	18	8
Founder (partner) – unformalized role	Civil Engineering	63	29	29
Financial/Administrative Manager	Economics	42	25	10
Quality manager	Food Engineering	37	15	7
Human resources manager	Pedagogy	58	22	10
Accountant	Accounting sciences	40	14	10
Production manager	Administration	38	21	5
Logistics and supply manager	Administration	33	22	6
Sales manager	Accounting sciences	41	21	8
President (founder)	Chemical engineering	69	29	29
T&D Coordinator	Pedagogy	43	7	7

All interviews were conducted on the company's premises during regular working hours, and each session was scheduled in advance. Before each interview, participants received the Case Study Protocol and the Informed Consent Form, which granted formal authorization for audio recording and data use. In total, the interviews amounted to 690 minutes of recorded material.

In addition to the interviews, documentary sources were analyzed to deepen the understanding of the company's trajectory, symbolic context, and public discourse surrounding succession and innovation. These sources included the corporate website,

regional and national magazine features, publications from the local business association, and materials from the consulting firm involved, as summarized in Table 2.

Table 2

Documentary Sources

Documentary Source	Evidence Collected / Analytical Purpose
Company website	Provided an overview of the company's history, initial understanding of the manufacturing field, product lines, vision, mission, and values, as well as contact information and published news. Highlighted the firm's social and environmental commitments, evidencing aspects of its organizational culture.
Regional and national magazine articles	Described the company's history and growth trajectory, emphasizing milestones in its development and public image.
Publications from the local Business Association	Presented the roles of the founder and the successor as leaders within professional associations, and disclosed details of the intergenerational leadership succession process published in the association's magazine.
Consulting firm website (engaged since 2011)	Provided insights into the consulting services offered to the company, including strategic planning, budgetary control, and organizational structure design. Also revealed approaches to intergenerational leadership succession adopted by the consulting firm.

The data were analyzed based on the theoretical constructs presented in Table 3, which link the empirical and theoretical categories derived from SCR (Berger & Luckmann, 1966), the innovation typology proposed by Sulaiman & Mitchell (2005), and the management control instruments identified by Oyadomari et al. (2010).

Table 3

Research constructs

Categories	Subcategories	Author(s)
Organizational Innovation	Addition of new components; Replacement of components; Modification of information outputs; Modification of system operation; System reduction	Sulaiman & Mitchell (2005)
MCS	ROE - return on equity; ROI – return on invested capital; EBITDA; Strategic planning; Standard Cost; Variable cost; Absorption cost; Result by Business Unit; Balanced Scorecard (BSC); EVA – Economic Value Added; ABC – Activity Based Costing; Market Value Added – based on the market value of the shares; Zero-Based Budgeting; Target Cost; Kaizen or Six Sigma; Continuous Budget - Rolling Forecasting; Budget; Cash Flow; Sales Made; Customer Satisfaction	Oyadomari et al. (2010)
SCR	Externalization; Objectification; Internalization	Berger & Luckmann (1966)

The data obtained from interviews, observations, and documentary sources were triangulated, enabling the capture of multiple dimensions of the dialectical processes described by the SCR framework (Berger & Luckmann, 1966). The interviews

illuminated aspects of internalization (actors' subjective realities); the observations reflected externalization (actions and habitualizations); and the documentary analysis evidenced objectification (the social facticity of innovation). Given that part of the empirical evidence consists of retrospective narratives, this triangulation enabled confronting participants' memory-based accounts with observational and documentary evidence, thereby helping mitigate potential recall bias (Lincoln & Guba, 1985).

Although access to internal managerial documents was limited, the documentary corpus (news reports and publicly available materials) and the interviewees' narratives provided sufficient evidence to analyze objectification, as SCR recognizes language as the primary vehicle for the objectification of social (Berger & Luckmann, 1966).

The innovation typology proposed by Sulaiman & Mitchell (2005) was employed to empirically classify the innovations, interpreting them as "recipe knowledge" (Berger & Luckmann, 1966), that is, socially shared practical knowledge. The integration of the SCR framework with Discursive Textual Analysis (DTA) provided the analytical foundation for reconstructing the social and symbolic processes through which managerial knowledge was externalized, objectified, and ultimately internalized as organizational reality.

The data were organized and coded in NVivo software, ensuring traceability, analytical rigor, and consistency between empirical and theoretical categories. In addition to the a priori categories presented in Table 3, new interpretive categories emerged from the empirical analysis, expressing how innovation within the MCS is socially constructed during the succession process. These categories are presented and discussed in the Results section.

The phenomenon analyzed is longitudinal and retrospective, even though data collection was cross-sectional, which underscores the risk of recall bias inherent in accounts that reinterpret past events in light of subsequent experiences (Alvesson & Sköldberg, 2017). Accordingly, DTA was applied as a reconstructive method, enabling the interpretation of narratives and documents as historical expressions of the SCR's phases. The analytical process followed the recursive DTA cycle, unitarization, categorization, and communication, which integrates empirical material with theoretical constructs.

During unitarization, interviews, field notes, and documents were segmented into meaning units corresponding to the phases of externalization, objectification, and

internalization. For instance, excerpts in which the successor described the initial proposal of strategic planning were associated with externalization, whereas references to the formalization of budgetary control and financial indicators were linked to objectification, and accounts describing the routine incorporation of these instruments by managers were related to internalization. In line with the assumptions of Discursive Textual Analysis (DTA), meaning units were not treated quantitatively nor counted by category; instead, the analysis was guided by the recurrence and interpretive stabilization of emerging meanings (Moraes & Galiazzi, 2006).

In the categorization stage, these fragments were grouped by semantic similarity, allowing for overlapping units in line with the symbolic and intersubjective nature of discourse (Moraes & Galiazzi, 2006). For example, excerpts that simultaneously addressed the introduction of control instruments and the legitimation of the successor were associated with both the category of administrative innovation and that of managerial legitimation.

In the communication phase, a descriptive-interpretive metatext was developed, synthesizing the understanding of the phenomenon by articulating succession and MCS, and demonstrating how innovation becomes objectified as institutional reality and internalized as subjective experience (Berger & Luckmann, 1966). For instance, the consolidation of budgeting and strategic planning was interpreted as shared symbol of professionalization that legitimized the successor's leadership and came to guide managers' everyday practices.

3. Results

3.1. Company Context: Owning Family and Succession Process

The company operates in the food manufacturing sector, focusing on the production and commercialization of healthy food products, and is a limited liability partnership founded in 1990 in Brazil. The ownership structure comprises two partners: the founder, who holds 90% of the capital, and his wife, who owns the remaining 10%. The founding couple has three children, but only one of them is involved in the company's management.

The firm's origins stem from the founder's transition from academia to the food industry, driven by his research on sugar substitutes. Following the company's foundation in 1990,

product diversification in the late 1990s enabled it to reach a broader consumer base through innovative healthy-eating concepts.

The production was initially limited to a single product. Still, over time, driven by growing market recognition and the desire to expand beyond that initial offering, the company broadened its portfolio. Diversification began in the 1990s, when the founder-initiated research to replace certain ingredients without altering taste. To pursue this objective, he established a laboratory where he conducted a series of experiments until achieving satisfactory results, culminating in the creation of a new product line. This development paved the way for the launch of additional products, aligned with the concept of healthy eating, enabling the company to reach a broader consumer base, including those without dietary restrictions.

According to the Production Manager:

“It is a restless company, always seeking innovation in new products and new work methodologies to serve the market. The company has grown significantly, seeking innovation in its products, and it is no surprise that today it has a varied product portfolio to meet the increasingly demanding end consumer and to face the growth of competition. The company is open to new challenges, and we, as employees, have the freedom to express our ideas”.

The founder currently serves as the company’s President. The eldest son began working at the firm at 21 and, now 40, has 19 years of experience. He has held various positions across multiple departments, including sales, product development, laboratory, finance, and planning. He has served as Executive Director for the past seven years and has two children (the third generation of the owning family). From this point forward, he is referred to as the successor in this study. The other two siblings do not participate in management and currently work in unrelated fields.

Throughout his career at the company, the successor served as interim manager for 2 years due to his father’s temporary absence. Both the founder and the managerial team considered him the natural successor. Thus, succession in this company does not follow a formal, pre-established plan, as recommended in the literature (Le Breton-Miller et al., 2004), but rather has instead evolved organically through initiatives undertaken by the founder and the successor, particularly since 2008.

3.2 Administrative Innovation in the Management Control System (MCS)

The company under study emerged from product innovation and continued to expand through subsequent innovations in its product line. Its organizational structure developed in parallel; however, significant managerial and MCS-related changes, classified as administrative innovations, took place once the successor became actively involved in management, a period that coincides with the ongoing succession process. This moment marks the initial phase of the social construction of innovation, in which the successor begins to articulate new managerial meanings, characterizing the externalization stage of the SCR.

Interview data revealed a series of administrative innovations that emerged particularly after the successor completed a Master of Business Administration (MBA) in Business Management. According to the successor: "We began to structure the administrative area [...] as soon as I finished my MBA, I understood what a company truly was. Because before that, I didn't. I had studied engineering." This narrative evidences the role of secondary socialization in enabling the successor to externalize a new managerial vision grounded in formal knowledge.

During his leadership trajectory, the successor began to apply what he had learned during the MBA, as he explained: "[...] at that time, I started to put into practice what I had seen in the MBA." He also added, "Throughout the company's history, as I took on more responsibilities, I sought training, and at the same time, I began to structure things. Today, we have a training department, not just for me, but for everyone." These statements reinforce the externalization phase, as managerial ideas are translated into intentional actions and interactions aimed at reshaping organizational practices.

In 2003, the successor stated that, with the support of an administrative/financial staff member, he began restructuring the financial department, improving cash flow management, and establishing new relationships and partnerships with banks – a crucial step in the company's financial reorganization, which had never been undertaken before. He also emphasized that, from 2004 onward, he worked with this same employee to reorganize the administrative area, particularly focusing on understanding and improving the organizational chart and introducing strategic planning. As stated by the Administrative and Financial Manager:

“Bringing this into the company was truly fantastic because the idea came from the successor. We needed strategic planning. Looking back, that first plan was very simple but essential; it represented a milestone. It was the first one we ever made”.

At this stage, the successor’s externally articulated managerial ideas become progressively objectified, as strategic planning and financial controls start to materialize as formal instruments within the MCS.

From 2005 onward, the company underwent formalization of its structural and procedural, encompassing inventory movements, financial controls, and production monitoring. This process culminated in the implementation of in-house accounting via an Enterprise Resource Planning (ERP) system that had existed since 2002 but had not yet been fully adopted. By mid-2006, with accounting internalized, budgeting practices were introduced. The Logistics and Supply Manager noted that the successor's arrival marked a turning point, introducing long-term strategic planning and effective budgetary control, which had not previously existed, leading to more efficient management of the firm's accounts.

These developments represent a clear objectification phase, in which managerial intentions are institutionalized through formalized routines, control instruments, and systems that acquire a taken-for-granted status within the organization.

These findings reinforce the emergent category of the successor’s legitimation through MCS instruments. The budget and strategic planning became symbols of rationality and competence, serving as a language of authority and professionalism (Ahrens & Chapman, 2007). In SCR terms, this legitimation reflects the consolidation of objectification, as the successor’s leadership becomes embedded in socially recognized and legitimate control mechanisms. The implementation of these mechanisms marked the objectification of the successor’s leadership, translating his managerial vision into institutionalized practices.

By late 2008, a family holding company was established under the founder’s usufruct. In 2010, the successor began to enhance control mechanisms and to introduce new instruments to support decision-making. Regarding this development, he stated: “That’s why planning was necessary, to start organizing everything, to be able to manage, to show whether something was right or not, calculating ROI (Return on Investment), because there was nothing. It was all very empirical and based on assumptions”. This statement

illustrates the continued objectification of managerial knowledge through calculative practices that formalize decision-making criteria.

Currently, he works with budgetary information and comparative financial statements that contrast the budgeted and actual results, including EBITDA calculations and financial ratio analyses. Between 2013 and 2019, the company continued to develop more complex decision-making structures. It now conducts internal and external audits, including full financial statements. Strategic planning is revised annually with consulting support. As the Accountant emphasized: "[...] the company has evolved a lot, in terms of the number of products, organization, structure, infrastructure, controls, systems, hardware, and software". At this point, the widespread use of these instruments signals the transition toward internalization, as control practices are incorporated into everyday managerial routines.

The company's information system is supported by an Enterprise Resource Planning (ERP) software implemented in 2002 and continuously developed throughout the company's history. The successor explained: "[...] we've had the same system for 'three hundred years,' and today it's very robust, much more than it used to be. The software is open. If you know how to program, you can customize it. For us, that helps a lot [...] we have four programmers". Regarding information system development, the Logistics and Supply Manager added: "[...] the information system has evolved greatly. We've implemented several tools, information systems, control systems, and inventory management through the Warehouse Management System (WMS) we have today. We now have excellent inventory management". These accounts reflect the internalization of technological and control innovations, as they become normalized and embedded in organizational practices.

These transformations constitute the study's emergent analytical category: professionalization of management as a dual symbol of modernization and family continuity. Internally, the managerial changes were perceived as translating the family heritage into a technical, institutionalized language. Henceforth, the MCS came to embody a synthesis of tradition and innovation, thereby functioning as a symbolic bridge between generations. This synthesis is sustained through the internalization of objectified control instruments, which reconcile inherited values with new managerial practices.

These findings indicate that throughout his ascent to leadership and later as Executive Director, the successor employed the MCS as a language to articulate and progressively embed his managerial vision into the family organization. From an SCR perspective, this process reflects the recursive movement between externalization, objectification, and internalization, rather than a merely chronological sequence of changes. This process aligns with the findings of Leotta, Rizza, and Ruggeri (2017), who describe how successors construct their leadership profiles. Based on empirical evidence, Table 4 lists and classifies some administrative innovations in the MCS instruments that emerged during the succession process in the company under study.

Table 4

Qualification Of Organizational Innovations and MCS Instruments

Organizational Innovations	MCS Instruments
Addition of new components	Strategic planning
	Matrix budget
	ROI
	Ebitda
	Variable cost
	Market-share
Modification of information outputs	Daily Cash Flow
	Sales made
Modification of system operation	ERP implementation
	WKS implementation

The evidence indicates that while family values remain stable and widely shared across the organization, the successor introduced a new managerial vision during his succession. This vision, rooted in newly acquired capabilities and skills, proved crucial to gaining the founder's, the families, and external stakeholders' acceptance of his leadership (Leotta et al., 2017). From the perspective of the SCR, this finding reflects the internalization of the successor’s managerial vision, as new meanings associated with control and professionalization become socially shared and taken for granted within the organization.

These findings reinforce the argument that administrative innovation, while materializing in new control instruments, is fundamentally a social process of legitimation and professionalization. In this process, the Management Control System (MCS) functions as a symbolic mediator of succession and a vehicle for organizational meaning (Ahrens & Chapman, 2007; Berger & Luckmann, 1966; Leotta et al., 2017). Analytically, this mediating role of the MCS consolidates objectification, through which managerial

practices acquire institutional status and support the legitimacy of the successor's authority.

The new management control instruments introduced following the successor's involvement also facilitated product innovations, which became a distinctive feature of the company. This interaction illustrates the recursive nature of the SCR dialectical process, in which objectified control practices create conditions for further externalization of innovative initiatives. This dynamic can be observed in the Human Resources Manager's statement:

"For the next year, I've been considering the "just like that" project, so that we can validate the differentiated budget. Today, we have this possibility for discussion, always thinking about improvements. Therefore, all our projects today must be based on strategic planning. If I present a project to the board today, I must first explain its expected impact on results in terms of strategic planning. In this way, good projects are always approved". The routinized use of budgetary control and strategic planning as criteria for project approval indicates the internalization of these instruments as legitimate and shared references for decision-making.

This perspective aligns with Chenhall and Moers (2015), who emphasize that the budgeting, despite its traditional association with static control, can be used flexibly to accommodate innovation. This is evident in the analyzed firm, where the budgeting instrument supported managerial efforts driven by product innovation. Within the SCR framework, this flexibility reinforces the idea that internalized control practices are continuously reinterpreted and mobilized to sustain innovation and organizational learning.

3.3. Social Construction of Administrative Innovation in the Management Control System (MCS) Based on Intergenerational Succession

The gathered evidence through observations and interviews illustrates that the company's philosophy, vision, mission, and goals are deeply rooted in the founders' historical actions. This symbolic legacy constitutes the foundation of the existing organizational reality, which the successor continually reinterprets. Guided by newly acquired knowledge and practices, the successor focused on formalizing and rationalizing the MCS through administrative innovations that modified and expanded its instruments.

Analytically, these dynamics are interpreted through the SCR dialectical triad, which frames how inherited meanings are rearticulated and transformed during succession.

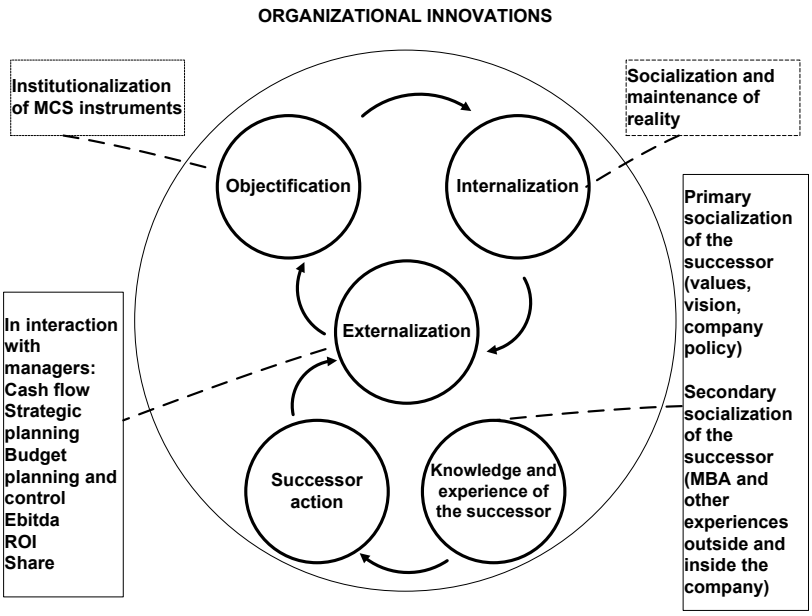
According to SCR, social reality is produced through the externalization, objectification, and internalization of actions that enable the transfer of knowledge among interacting individuals. Applied to the MCS, this triad explains how control instruments become institutionalized as socially recognized artifacts that express shared values, beliefs, and practices, thereby structuring organizational life (Ahrens & Chapman, 2007; Berger & Luckmann, 1966). This theoretical lens guides the interpretation of the empirical material, rather than functioning as a mere descriptive backdrop.

Through this dialectical cycle, the MCS and its instruments evolved into a system of symbols embodying interrelated meanings that were perpetually shaped and reshaped to define the organization's reality. The control instruments began to function as both a formal and symbolic language, conferring visibility and legitimacy to the successor's leadership. It is important to note that the dialectical triad operates simultaneously and interdependently (Berger & Luckmann, 1966). Thus, changes in control practices are understood as cumulative and recursive rather than linear or sequential.

In this context, Figure 1 illustrates the process of the MCS instruments' social construction, which characterizes the administrative innovations initiated by the successor in managing the company under study. The figure synthesizes the analytical chaining underpinning the narrative presented in this section, offering a visual articulation of the dialectical processes discussed below.

Figure 1

Social Construction of Organizational Innovations and MCS



The process begins with the successor externalizing new ideas — acquired through academic training and professional experience (secondary socialization) – and translating them into practices and interactions with managers. These ideas become objectified when formalized into MCS instruments and routines such as budgeting and strategic planning, thereby acquiring legitimacy as organizational realities. Subsequently, through internalization, these instruments are adopted by managers and family members, fostering shared learning and mutual trust. Ultimately, the collective acceptance of these new instruments consolidates the symbolic meaning of professionalization and strengthens the successor's role as a legitimate leader. This articulation clarifies how managerial intentions, once externalized, acquire institutional form and are progressively incorporated into everyday organizational practices.

This cycle repeats for each administrative innovation, meaning that every modification to the MCS represents the sedimentation of new social meanings. Once an instrument becomes ingrained, it creates space for reflection and further innovation, broadening shared knowledge and symbolic cohesion among organizational members. In this sense, the MCS functions as a social mediator of integration and learning (Englund & Gerdin, 2014; Leotta et al., 2017). Accordingly, the MCS is not merely a technical system, but a vehicle through which meanings are stabilized and reinterpreted over time.

The empirical evidence demonstrates that the social construction of administrative innovation is expressed through the MCS's symbolic language, which is intrinsically

linked to the sustainable continuity of the family firm. The SCR thus enables the interpretation of the MCS as a bridge between tradition and change, where the successor's managerial vision is gradually incorporated into the collective understanding of the family organization. This incorporation reflects the consolidation of shared meanings that support both continuity and transformation within the firm.

These corroborate Letonja and Duh's (2016) findings, which highlight the role of the successor's new perspectives as a source of innovation. They also align with research indicating that the entrepreneurial and cognitive skills inherited from the founders constitute the foundation upon which the successor legitimizes new practices (Letonja, Jeraj & Marič, 2016; Hauck & Prügl, 2015). Within the SCR framework, these inherited skills operate as symbolic resources that facilitate the acceptance of new managerial arrangements.

In summary, the emergent categories derived from the Discourse Textual Analysis (DTA) reveal how the intergenerational succession process acts as a catalyst for administrative innovation. Table 5 below presents the articulation between the identified categories, the corresponding SCR stage, and illustrative examples from the empirical corpus. Rather than representing discrete steps, these categories capture analytically distinct moments of a single, ongoing dialectical process.

Table 5

Emerging Categories Identified

Emerging Category	Interpretive Description	Corresponding SCR Stage	Illustrative Empirical Evidence
Legitimation of the successor through MCS instruments	Changes in the MCS reinforce the successor's authority and professionalization.	Objectification	"The budget gave us another view of control, a more transparent one." (Financial Manager)
Professionalization as a symbol of modernization and family continuity	Adoption of modern managerial practices associated with family tradition.	Externalization / Internalization	"My father sees that we are evolving, but still keeping our values." (Successor)
Reconfiguration of family and managerial roles	Clearer distinction between family relationships and professional functions.	Internalization	"Now decisions are discussed in the boardroom, not at the lunch table." (HR Manager)
The MCS as a language of intergenerational integration	Control mechanisms serve as a shared language between generations.	Objectification	"The numbers help translate the heir's vision." (Founder)

Innovation as a process of social legitimation	Innovation is perceived as a means of recognition and trust-building.	Externalization / Objectification / Internalization	"When they saw the results, they accepted my ideas." (Successor)

These five emergent categories encapsulate the process of social construction of administrative innovation within the MCS, illustrating that intergenerational succession drives a continuous cycle of externalization, objectification, and internalization. Through the lens of the Social Construction of Reality framework, this analysis reveals that the innovations introduced by the successor represent symbolic transformations that redefine roles, reinforce legitimacy, and sustain the professionalization of the family firm. Taken together, the narrative, the figure, and the table provide complementary representations of the same analytical chaining, operating at different levels of abstraction.

4. DISCUSSION

The results of this study corroborate prior research positioning succession as an opportunity for innovation and organizational revitalization (Baltazar et al., 2023; Cesaroni et al., 2021; Capella et al., 2024; Dorsch et al., 2023; Frezatti et al., 2023; Leotta, Rizza & Ruggeri, 2023).

The investigated company experienced substantial administrative innovations only after the successor's participation, suggesting succession functioned as a triggering mechanism for reinterpreting organizational conditions. Equipped with managerial knowledge from an MBA, the successor acted as a change agent by introducing strategic planning, matrix budgeting, ROI, and EBITDA, transforming formal knowledge into concrete practices (Capella et al., 2024; Frezatti et al., 2023). Following Sulaiman and Mitchell's (2005) typology, these additions and modifications qualify as administrative innovations because, although common elsewhere, they represented a rupture with the firm's previously dominant intuition-based practices.

The new leader's legitimation was directly linked to his ability to promote MCS innovations. The introduction of new control instruments during succession served as mechanisms for building legitimacy and shaping his leadership profile, thereby strengthening trust and team engagement (Leotta, Rizza & Ruggeri, 2023). The successor used the MCS as a language to represent his managerial vision, thereby expanding his political and symbolic capital (Capella et al., 2024; Cisneros et al., 2022; Leotta et al.,

2017). In this sense, innovation and legitimation unfolded as intertwined processes, rather than as independent managerial outcomes.

This study's primary contribution is its application of the Social Construction of Reality's (SCR) dialectical triad (Berger & Luckmann, 1966) to elucidate the cycle of administrative innovation. This approach reveals the social meaning of control instruments, framing the MCS as a symbolic system that structures organizational interactions in family firms (Capella et al., 2024). By emphasizing meaning construction rather than conformity or efficiency, the SCR lens extends prevailing explanations of MCS change grounded in institutional or purely technical perspectives.

From this perspective, the MCS functions as a vehicle for objectifying social reality, in which instruments such as the budget and ROI become institutionalized and collectively accepted as "recipe knowledge" (Berger & Luckmann, 1966; Cesaroni et al., 2021). The internalization of these instruments by managers and family members represents the incorporation of a new organizational reality in which control serves as a symbolic mediator of trust and innovation (Frezatti et al., 2023). Thus, innovation is conceived as a socially constructed phenomenon within the intergenerational context (Capella et al., 2024; Cesaroni et al., 2021).

This study extends the literature on succession as a catalyst for MCS change (Leotta et al., 2017) by empirically demonstrating the underlying dialectical cycle - externalization, objectification, and internalization - that constitutes the social construction of control instruments (Leotta, Rizza & Ruggeri, 2023). The use of DTA allowed for tracing the temporal dynamics of these phases and demonstrating how the meaning of management instruments is continuously reconstructed through social interactions. Rather than merely describing succession-related change, this analysis highlights how succession enables the articulation and stabilization of new managerial meanings over time.

The findings also indicate that succession interacts with other factors, including organizational growth and the successor's cognitive capital (Golden, 1992; Cesaroni et al., 2021). The founders' entrepreneurial skills formed the basis for the successor's primary socialization and served as a symbolic resource for legitimizing his leadership, making the succession period a favorable context for innovation (Frezatti et al., 2023; Hauck & Prügl, 2015; Letonja, Jeraj & Marič, 2016). While growth, market dynamics, and accumulated capabilities formed an enabling context, the empirical evidence suggests

that these factors gained transformative force primarily through the succession process, which integrated them into a coherent cycle of change.

Finally, the results show that MCS instruments were used in flexible and innovative ways, diverging from traditional hierarchical control. Budgeting and strategic planning were mobilized to validate improvement and learning projects (Capella et al., 2024; Chenhall & Moers, 2015), while the adaptive capacity of ERP and WMS systems demonstrated technology's role in externalizing and objectifying innovation (Frezatti et al., 2023). These practices illustrate that administrative innovation was not limited to technical implementation but involved the reinterpretation of control instruments as supports for learning, dialogue, and legitimacy.

The integration of SCR and MCS theories illuminates the successor's symbolic legitimation cycle, in which control serves as a mediator of social interactions and a vector of continuity across generations (Capella et al., 2024; Leotta, Rizza & Ruggeri, 2023). Accordingly, succession emerges not as a background event, but as the social mechanism through which administrative innovation in the MCS is constructed, legitimized, and sustained over time.

While alternative explanations such as organizational growth, market competition, and consulting influence may have contributed to changes in the MCS, the empirical evidence suggests that succession served as the primary catalyst, enabling and legitimizing these changes. Succession created a symbolic window of opportunity in which the successor's formal knowledge and authority allowed the introduction and acceptance of new control practices (Berger & Luckmann, 1966; Capella et al., 2024). Rather than competing explanations, these factors operated concomitantly, with succession functioning as the central mechanism that integrated and activated them.

5. CONCLUSIONS

This study aimed to analyze, through the lens of the Social Construction of Reality (SCR), how the processes of externalization, objectification, and internalization underpin the social construction of innovation within the Management Control System (MCS) during succession in a family firm. The single case study, conducted in a large, innovation-recognized Brazilian company, demonstrated that intergenerational succession acts as a catalyst for both administrative innovation and the symbolic legitimation of new leadership.

This study offers the following contributions to the literature and managerial practice:

(i) Empirical Tracing of the SCR Process: The application of Discourse Textual Analysis (DTA) enabled the tracing of the temporal dynamics of the SCR phases, providing empirical evidence of how the social meaning of MCS instruments is constructed and incorporated as a new organizational reality. The results highlight the critical role of objectification and internalization in consolidating the legitimacy of both the MCS and the successor.

(ii) Succession as a Catalytic Mechanism: The study positions succession as a catalytic mechanism that interacts with individual and organizational factors, such as the successor's acquired knowledge. By introducing new management practices, the successor reinforced his role as an innovator, while the founders' entrepreneurial skills established a conducive environment for intergenerational learning and change.

(iii) The MCS as a Symbolic System: The research reinforces the understanding of the MCS as a formal language and a symbolic system of interaction, used by the successor to express his managerial vision and build trust. This language supported his political and social capital, contributing to the firm's sustainable continuity. Even traditional instruments were adapted for innovative efforts, demonstrating the flexibility of control in succession contexts.

From a practical standpoint, the findings emphasize to owners and successors the importance of investing in professional education and adapting control systems, thereby reinforcing the successor's legitimation through the conscious adoption of these managerial instruments. In this context, professionalization emerges as a simultaneous driver of continuity and innovation.

Despite the methodological rigor, certain limitations must be acknowledged:

(i) Cross-Sectional Data Collection: Although the phenomenon has a longitudinal nature, data collection was cross-sectional. The use of DTA helped reconstruct the temporal process, yet the design carries inherent interpretive limitations.

(ii) Limited Generalizability: As a single case study, the results are context-specific and not generalizable to all family firms.

(iii) Document Access: Access to some internal documents was restricted, though the available interview and documentary corpus was sufficient to support the analysis.

For future research, the following directions are proposed:

(i) Longitudinal Studies: Conduct studies that monitor the succession process and MCS innovations in real time, reducing reliance on retrospective accounts.

(ii) The Final Transfer of Power: Investigate the concluding phase of succession, focusing on the complete transfer of power and its implications for the MCS.

(iii) Comparative Studies: Perform comparative studies across family firms of different sizes and industries to explore contextual variations in the relationship between succession, innovation, and symbolic legitimation.

Author Contributions

Conceptualization: CH and CEFL; data curation: CH; formal analysis: CH and CEFL; writing (original draft): CH and CEFL; writing (review & editing): CH and CEFL; supervision: CEFL.

Conflict of Interest Statement

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