



# PROCEEDINGS OF PRAGMATIC CONSTRUCTIVISM

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## The multiple learning behind the process of advising: toward a learning theory of language game

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### 1. Setting the scene

Family firms are widespread around the world. They are a fascinating field of study because of the intricate connections between the business and the families which characterize such firms. The influence of the family over the business vision is so relevant that the decision process, the governance and the organizational structure of the family firm is often the exit of intuitive motives which reflect the values and the principles of the family. It is in the growth of its turnover and in the increase of its market share that the family firm needs to acquire managerial competences. In this phase the firm needs the support of an external advisor and, possibly, the recruiting of a professional manager, external to the family; a process that the family business literature calls: professionalization.

The research deals with the learning processes that occur during the professionalization of family firms. Professionalization requires the introduction of new managerial practices that may need the help of external advisors. The latter can act as specialists in satisfying the new firm's needs. Financial statement analysis, product/process cost accounting and management, budgeting and performance management are but some examples of new managerial practices to be introduced. While, on the one hand, the founder and her family need to learn the principles behind the abovementioned managerial practices, on the other hand, they are accustomed to follow the intuitive approach that has sustained the vision of the family. It is this vision which has to be learned by the external advisor or manager while introducing managerial practices.

### 2. Research objectives and theoretical lens

In the specific case when an external advisor is involved to facilitate the process, the professionalization of a family firm requires the enacting of multiple learning processes (Mueller, 1988; Krasnow & Wolkoff, 1998; Barbera, Hasso, 2013; Strike, 2013). One process of learning involves the external advisors, who need to learn the current rules and routines developed within the firm. Another process of learning focuses on how the current rules and routines

within the family firm are changing in line with the vision of the new professional manager (Hernández-Linares and López-Fernández, 2018). Further processes of learning involve the family and non-family members of the business, who are not familiar with the financial rules and routines required by the new managerial practices (Dyer, 1986; Hall and Nordqvist, 2008). The success of new managerial practices results from the integration of the various processes of learning just described, which leads to the construction of an overarching set of rules and routines: a higher level rules and routines resulting from the fusion between the family firm's and the professional's values and principles.

In order to grasp the context-specific aspects of rules and routines developed within the family firm and, on the other hand, within the professional community, we draw on the concept of language game developed by Wittgenstein (1951). Besides addressing the specificity of a given context, the language game concept helps us to focus on the communicative aspect in the interaction amongst the family, non-family members, the external advisors and the new professional managers, who are the principal actors involved in the professionalization process (Chiva and Alegre, 2005). The adoption of the language game concept offers some arguments to interpret professionalization as a process of reciprocal learning of the language games spoken by the principal groups of actors involved. Another set of arguments is needed for us to understand how a language game can be learnt, namely how a language can affect the family and the professional manager's way of reasoning. We propose that the latter set of arguments can be found in the late Heidegger's conception of language (Heidegger, 1959). According to Heidegger, language speaks and shapes our thought and values (Kure et al. In Norreklit, 2017) Applying these two theoretical views on language to the case of family firm professionalization means examining how managerial and financial language speaks to family members and how family language speaks to professional manager in the shaping of a common language game. A learning theory of language game is thus proposed in the study of family business professionalization. Such a theory highlights the dynamic nature of the process under discussion as it relies on the learning process. Moreover, such a theory aims to represent the language games spoken within the different communities as dynamic, since their integration represents what makes successful the professionalization process.

### **3. Research method and main results**

In order to deeply explore the challenges that may emerge during the above-described process, drawing on the theoretical proposal outlined earlier, a case of a family firm facing a process of professionalization is studied. The case refers to a pharmaceutical family firm which has recently hired a professional manager in the aim to sustain its international growth following a managerial approach. The introduction of a financial statement analysis was one of the challenges that the new manager was willing to face with the help of a team of external advisors formed by the authors of the present paper. Following an interventionist research approach, the case study points out the main challenges that occur during the development of the financial statement analysis and the presentation of its main results. Mostly, such challenges referred to the difficulties faced by the principal actors in integrating their principles and values. More particularly, since the founder is a university professor of pharmaceutical sciences, the family's values and principles were informed on a very sound belief in science and in scientific method, while less attention was devoted to cash flow management. Liquidity management was one of the main issues introduced by the external advisors, with the help of the new professional manager, who applied such concepts to the specific context of the firm and therefore mediates between family's and managerial principles and values. Using the proposed theoretical lens, such concerns were interpreted as problems of integration amongst different language games which needed to be overcome through constructing an overarching language game. Such an integration was difficult in listening to what the business language speaks to the family members and in listening to what the family language speaks to professional manager and external advisors. The longitudinal approach followed in the study was helpful. The case study embraces a three years period where the external advisors repeated financial statement analyses each year. Each analysis was followed by a discussion with the CEO of the firm, whose actors were exposed to the listening of business language, while the external advisors were exposed to the listening of the family language bringing its vision of the firm. That underlined the dynamic nature of the language game integration, confirming the necessary learning approach.

The main results of the case study suggest the need for further conceptual development of the learning theory of truth, extending it toward a learning theory of language game.

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