THE EFFECT OF FAMILY INFLUENCE ON AN ORGANIZATION’S INTENTION TO HIRE MANAGEMENT CONSULTANTS

by

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ABSTRACT

RICHARD ALAN BERNARDO. The Effect of Family Influence on an Organization's Intention to Hire Management Consultants (Under the direction of DR. TORSTEN M. PIEPER)

For centuries trusted advisors have helped leaders address knowledge gaps and provided an opportunity to evaluate logic processes and ideas before executing them. In industry, management consultants have turned the trusted advisor role into a profession that has increasingly garnered academic focus over time. While the benefits of management consulting may be difficult to quantify, the study of those benefits has been primarily case based and focused on publicly traded companies. Family businesses constitute 59% of the private sector workforce and 54% of private sector GDP in the US, representing a significant impact on the economy. But we know little about what influences a family business to seek external help or when a family business hires management consultants. The present study extended bounded systems theory to explore how family influence and succession intentions affect the intention to hire management consultants, and how performance aspirations moderate this relationship. The research identified a positive relationship between succession intentions and the intention to hire management consultants. It also demonstrated that family influence is not a statistically significant determinant of intention to seek external help. The results from this study help advance academic knowledge and provide useful insights to practitioners.

DEDICATION

This dissertation is dedicated to my family who nurtured and encouraged my intellectual curiosity. Thank you to my amazing wife Astri, who enabled me to spend countless hours reading and writing while she took care of our family. Thank you to our wonderful children Kylie, Katie, and Kai who inspire me with their own academic journeys and who encouraged me to continue in spite of the fact that it meant spending time away from them. Thank you to my mom who instilled and nurtured in me a curiosity from a very young age to ask why and work to understand how.

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SECTION 1 - INTRODUCTION

1.1. Dissertation Purpose

Institutions of all types turn to trusted advisors when they seek help solving challenges (Strike, 2013). These individuals provide an honest sounding board from which to explore options, understand the potential impact of decisions, test the logic of a thought sequence, or fill knowledge gaps. Trusted advisors can range from informal, such as childhood friends or family members, to formal, such as attorneys, CPAs, and specialized consultants with depth of knowledge and learned patterns of problem exploration (Strike, 2012). Over time, the management consulting (MC) profession, a subset of formal trusted advisors, has grown to formally fill the role of trusted advisors for many organizations (Mattila et al., 2019).

The increasing reliance on MC has opened the door to growth for many consulting companies as the MC profession has grown to be worth over $55B in revenue for 2023 in the US alone (MordorIntelligence, 2023). Top MC firms such as McKinsey, AT Kearney, and Booz Allen Hamilton trace their roots back over 100 years, with most of the larger firms founded in the early 1900s employing scientific management approaches to improve organizational performance (McKenna, 2001). Academic research on the MC profession however has not kept pace with the industry's growth, with some academics arguing that academia follows industry trends rather than theory based academic research leading industry's focus (Cerruti et al., 2019).

The majority of existing research tends to focus on large organizations through case studies and in-person interviews, which according to the Small Business Administration (2020) definition of a large business, narrowly focuses the predominance of research on 1% of all businesses. With up to 89% of all businesses falling into the broadest conception of what constitutes a family firm, focusing on family businesses provide a greater understanding and impact to a broader population (Pieper et al., 2021).

The academic literature provides limited research on family businesses' use of trusted advisors or management consultants (Strike, 2012; Strike et al., 2018). Family businesses introduce objectives into the business that extend beyond traditional hard financial metrics such as generational succession planning or the overlap between family priorities and firm culture (Cabrera-Suarz et al., 2001; Habbershon & Williams, 1999). The extension of business objectives to include family influence based objectives across the majority of businesses in an area with little or no research provides an opportunity to expand upon our academic body of knowledge to the benefit of practitioners.

The predominance of academic focus has been on case studies and observations rather than on developing theory based approaches to provide forward looking perspectives and academic leadership in the management consulting field of study (Cerruti et al., 2019). The lack of theory based approach resulted in more historical documentation of what happened rather than an academic understanding of the theories behind emerging patterns and a means to apply those theories to future situations that enable predictable outcomes. These gaps in theory based studies to predict behaviors results in academia following and identifying trends and behavior after the fact rather than providing leading thinking and perspectives.

The dearth of academic knowledge places the burden of knowledge leadership on MC, which often results in a less rigorous approach in determining their benefits. The literature has multiple references to management consultants being referred to as fashion setters (Abrahamson, 1991; Canato & Giangreco, 2011; Cerruti et al., 2019) rather than knowledge leaders. This lack of academic rigor, combined with a focus on large organizations, results in a knowledge gap for family businesses seeking to achieve their objectives. This study applied bounded systems theory (Alderfer & Cooper, 1980) to better understand the relationship between how family power influence and succession intentions affect the intention to hire a management consultant. The study further evaluated that relationship as moderated by the perception of firm performance against aspirations by leadership.

By focusing on family influence and family business leadership perspectives, this study incorporated the unique aspects of familiness and socioemotional wealth (SEW) into the analysis (Gomez-Mejia et al., 2018; Reay et al., 2013). "The SEW model suggests that family firms are typically motivated by, and committed to, the preservation of their SEW, referring to nonfinancial aspects or "affective endowments" of family owners" (Berrone et al., 2012, p. 259). The author views this as a first step in applying academic rigor to better understanding why family power influence can positively or negatively affect a family business' intention to hire management consultants to achieve its business objectives. Since a third of family businesses fail within the first generation's control and two-thirds fail by the end of the second generation's control (Baron & Lachenauer, 2021), this knowledge informs our understanding of the reasons why family businesses would, or would not, seek the external expertise of management consultants that large organizations use to improve performance and seek competitive advantage.

1.2. Family Influence on an Organization's Help Seeking Behavior

To understand why a firm would seek help from a management consultant requires first developing an understanding of what MC is, what types of services MC includes, and how those services can be utilized by firms. Further, beyond understanding what MC provides, it is essential to understand the organizations that procure MC services and how differentiation in those organizational structures and objectives may affect the benefits derived from the services provided (Mattila et al., 2019).

An area that lacks depth of research is not only the influence of firm size in seeking MC help, most studies focus on large publicly traded firms, but also the impact of family influence on whether a firm will hire MC services (Strike, 2012; Strike, 2013). With the majority of organizations in the United States experiencing some degree of family influence (Pieper et al., 2021; Shanker & Astrachan, 1996), the lack of insight into such a large portion of the economy negatively impacts practitioners' ability to understand how or if MC may be the appropriate means to achieve business objectives.

As an example, 70% of family businesses lose control before the next generation assumes leadership and roughly 60% of those failures are the result of a lack of trust between family members (Castoro & Krawchuk, 2020). Incorporating trusted MC advisors to validate approaches, whether focused on performance improvement or as an objective informant, could help provide the guidance needed to balance the families' business priorities. By incorporating family influence into the analysis, this research effort investigated areas beyond traditional financial metrics, such as family power and generational control, that may influence decision-making in family influenced firms.

1.3. Research Problem and Objectives

While the research on why organizations seek help from management consultants is limited (Cerruti et al., 2019), it does provide some guidance on the five business drivers that motivate organizations to hire management consultants (Kubr, 2000; Wright & Kitay, 2002). Those drivers include achieving organizational purposes and objectives, solving management and business problems, identifying and seizing new opportunities, enhancing learning, and implementing change. Each of these drivers will be reviewed in greater detail in Section 2.

The five drivers inform practitioners and academics why organizations seek external help. These drivers apply to all businesses and allow for heterogeneity in the specific elements of those drivers, which allows them to apply broadly across organizations. While these same drivers apply to family businesses, the research does not evaluate the impact of family power influence on the importance of each driver on leadership intentions to hire management consultants. Familiness and SEW provide numerous family specific drivers such as generational control, aligning family and business culture, or employing extended family members that would fall within the five business drivers and may influence an organization's intention to hire management consultants. Without the requisite level of detail, academics and practitioners may not fully understand the impact of family influence on the intention to hire MC.

Bounded systems theory provides a structured framework to evaluate the relationship between family power and succession intention as they relate to seeking external help. Bounded systems theory states that all systems have a permeable boundary between the members of that system and the external environment (Alderfer & Cooper, 1980). The system may be a task group such as a work team or organization, or an identity group such as a religious or gender affiliation (Alderfer, 1976). The permeability of those psychological and physical boundaries helps determine the degree to which the system allows the external environment to influence the system (Alderfer, 1981). As permeability decreases, the system may become overbounded and lack the benefits the external environment could provide. In an overbounded system leadership can become the primary focus and driver of behaviors. As permeability increases, the system may become underbounded and overly influenced by the external environment. In underbounded systems, the shift to identify group affiliation may overcome task group affiliation resulting in ambiguous goals and lack of clear leadership. Both overbounded and underbounded states represent a shift away from optimal permeability (Alderfer & Smith, 1982; Katz & Kahn, 2015; Mortensen, 2015).

As family influence and succession intentions increase, family businesses lean toward an overbounded state and were expected to be more likely to seek external assistance. The tendency toward overbounded was expected to be moderated by whether the family business is performing above or below leadership performance aspirations. If a firm is performing above aspirations, that was expected to mean that the requisite skills and resource requirements are internal to the family business and the system boundaries remain less permeable. If the firm is performing below aspirations, then the system boundaries were expected to become more permeable and external sources sought to fill the resource gaps within the family business. To provide a more in-depth understanding, this research effort evaluated the moderating effects of firm performance against performance aspirations on the relationship between the family influences discussed and the intention to hire MC.

Closing some of the knowledge gaps better positions family businesses to understand what types of management consultant services may meet their unique requirements and further guide academics in determining areas of research that could provide theory based approaches to inform family business decisions. The three research questions to be addressed on this study are as follows: 1) Does the degree of family influence affect an organization's intention to hire management consultants? 2) Do family business succession intentions affect the intention to hire management consultants? 3) Does firm performance moderate the relationship between family power influence, succession intentions, and the intention to hire management consultants?

1.4. Significance of this Study

There have been a number of calls in the literature to expand the family firm research to increase applicability across the broader management research field (Astrachan & Shanker, 2003; Bird et al., 2002; Chrisman et al., 2003; Van Rossem, 2021; Westhead & Cowling, 1997). Understanding the degree of family influence and formalizing an understanding of the business objectives that reach beyond traditional financial metrics, also known as hard metrics, provides insight into how to better inform the intention to hire management consultants. It may also lead to decreased dissonance as the family objectives, business objectives, and operational execution align. This study is predicated on the belief that understanding how all of these factors influence the intention to hire management consultants would likely better position family businesses for competitive advantage.

For academics, the insights gained from understanding the impact of family influence on management decisions would likely produce a more rigorous, theory oriented approach to MC research in the family business field. By extending bounded systems theory to better understand how family influence affects leadership decisions and impacts the organization's competitiveness, academics will be better able to predict the intrinsic and extrinsic ramifications of those decisions. Specifically, academics will be able to provide leading research on how family businesses can improve performance by developing deeper understandings of what motivates family businesses to resist or embrace hiring external subject matter experts. By taking a systems based approach that evaluates many different elements of a bounded system to hypothesize relationships in the concept model, this study incorporates the call to utilize more holistic models when evaluating firm behavior (Grewatsch et al., 2023). The ability to forecast and take a leadership role in the management consulting field for family businesses, where historically management consultants have held the thought leadership role, will provide needed guidance and rigorous investigation of approaches that reenforce competitive advantage (Cerruti et al., 2019).

This study documented the effects of family power influence and succession intentions on a family business' intentions to hire management consultants. In addition, the research further clarified the moderating effect of firm performance as it relates to the relationship between family power influence, succession intention, and intention to hire MC. By incorporating bounded system theory and family influence, researchers are better positioned to take a leadership role regarding MC rather than a follower role.

For practitioners or firm leadership, the research provides a better understanding about how to leverage limited resources, including external help, when seeking to achieve business objectives. It also serves to identify the drivers that family businesses should consider when deciding to hire management consultants. From the management consultant's perspective, it provides additional insights into what type of business environments they can better serve and the importance of seeking information beyond hard measure focused business objectives.

1.5. Research Methodology

This study employs a quantitative research design using a mix of existing questionnaires from published academic research and researcher modified questions to evaluate the identified relationships on family businesses in the United States. The original management consulting portion of the questionnaire was sent to a variety of firms in the UK as part of a UK government study, a business culture similar to that of the United States and, as such, the questionnaire is expected to align with the United States business culture as well. Mattila, Tukiainen, and Kajal (2019) further refined the original questionnaire based on an evaluation of the resulting data to narrow the questions down to statistically significant ones. The present study incorporated that refined list of questions as highlighted in Appendix A. In addition, the questionnaire included questions from the F-PEC scale to evaluate the degree of family influence exhibited in respondents' organizations (Astrachan et al., 2002). The combined questionnaire resulted in a data set that enabled an evaluation of the relationship between family power influence, succession intention, and the intention to hire management consultants, as moderated by firm performance against leadership aspirations.

The information collected was evaluated using standard statistical metrics and the two-step procedure for partial least squares structural equation modeling (PLS-SEM) as described by Manley et al. (2021). Confirmatory composite analysis (CCA) was applied to confirm the measurement model. The cross-sectional study identified the best fit model and the explanatory power of the four independent variables (IV) identified in Section 2, and the moderating impact of firm performance as they influence the relationship between the IVs and the independent variable (DV), intention to hire MCs.

SECTION 2 - LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The role of advisors has been mentioned in common cultural references, such as the St. James Bible and Greek history for thousands of years. Family business literature segments advisors into three primary categories; formal advisors, informal advisors, and family firm boards (Strike, 2012). Formal advisors receive renumeration for their advice and may serve in either an internal or external firm capacity (Michel & Kammerlander, 2015). Kaye and Hamilton (2004) further subdivided formal advisors into content experts or process consultants. Content experts typically focus on a specific area that falls into one of three categories: family, ownership, or business (Davis & Tagiuri, 1982). Formal advisors may provide temporary services to the family or the firm (Grubman & Jaffe, 2010). Process consultants focus on the enabling operational and governance structures that permit firm leadership to institutionalize the culture and activities that align with the firm's goals (Hilburt-Davis & Dyer, 2003). Process consultants often provide services over a greater period of time, sometimes spanning generations, and during transitional periods (Grubman & Jaffe, 2010). Accountants are often cited as the most trusted advisors to family businesses (Chrisman et al, 2009; Jaffe et al., 1997). Formal advisors also include attorneys, financial experts, wealth management, taxes, and other professional services (Strike 2012). Several scholars have studied the benefits of a multi-disciplinary approach to formal advisors, finding benefit in coordinating advice across professional service providers (Astrachan & Astrachan, 1996; Swartz, 1989; Su & Dou, 2013; Thomas, 2002; Upton et al., 1993).

Informal advisors receive no renumeration for their efforts and may or may not be members of the firm or family (Strike, 2012). They include individuals such as spouses, mentors, clergy, friends, peers, or other members in the individuals' network (Boyd et al., 1999; LaChapelle & Barnes, 1998). Informal advisors often have expertise in specific areas and have as much influence as formal advisors (Yan & Sorenson, 2006), however the informal nature of the relationship often results in a “lack of time, goals, and continuity” (Strike, 2012, p. 158).

Research indicates that the primary function of family firm boards is to provide advice and provide valuable decision making guidance (Alderfer, 1988; Chrisman et al., 2004; Corbetta & Salvato, 2004; Ward, 1988a). The family firm board may be a formalized board of directors with all of the associated legal and governance responsibilities or may be a less formal advisory board (Tillman, 1988). Boards typically provide advice for strategy, organizational issues, CEO priorities, and succession in descending order of prevalence (Ward & Handy, 1988). While boards can provide the type of multi-disciplinary advice recommended by scholars, research indicates that families prefer advisory boards to provide flexibility in determining how that advice is followed (Horan, 2003; Lambrecht & Lievens, 2008).

Strike (2012) would have placed management consulting within the formal, content or process, business advisor category, yet the predominance of the literature on family business focuses on professional business advisors with little mention of management consulting. This may be because, unlike the professional advisors identified in the literature that are singular in focus and depth, management consulting occupies a broad range of focus areas, incorporating both content and process consulting. This differentiation separated management consulting from other professional advisors in the literature review.

In strategy and management literature advisors became more structured and evolved into the management consulting profession (McKenna, 1995). The profession has grown significantly in the last four decades and is currently estimated to be $55.24B in annual revenue, with forecasts projecting it to grow to $76.9B by 2028 across a broad range of disciplines in the United States (MordorIntelligence, 2023). As the profession has continued to grow, academic interest in MC increased as well; however, that level of interest appears to be limited and provides mixed results on the benefits provided (Cerruti et al., 2019).

This literature review follows a structured format that begins with an in depth understanding of what management consulting is and provides a rationale for the definition selected as boundary conditions for this research. The review then explains the five primary drivers behind why organizations seek to hire management consultants. This is followed by an explanation of the role management consultants assume in providing help and explains how organizations use management consultants to achieve their objectives. A review of the literature on family influence and why this study has chosen to focus on influence rather than ownership follows the MC section. Bounded systems theory is then examined as a framework for understanding how family business systems respond to the external environment. Lastly, the review provides a discussion on the proposed hypotheses developed based on combining existing theory, literature, and literature gaps. Figure 1 below provides a pictorial overview of Section 2.

Figure 1: Literature Review and Hypothesis Development Overview

Section 2.1 Defining management consulting	Defines management consulting for this study
Section 2.2 Why use management consultants	Identifies the five drivers behind why organizations seek help from management consultants
Section 2.3 Role of management consultants	Clarifies the three roles firms seek management consulting's help filling
Section 2.4 How are management consultants used	Identifies the ten primary ways management consultants provide help
Section 2.5 Family influence	Reviews the elements of family influence and its relevance to this study
Section 2.6 Bounded systems theory	Discusses bounded systems theory and the eleven variables used to determine permeability
Section 2.7 Hypothesis development	Impact of power and experience influence on relationship between IV & DV

2.1. Defining Management Consulting

The literature on management consulting is primarily case based with few hypotheses-driven studies to identify when employing MC firms increases competitive advantage or how to objectively determine the success of MC engagement (Canato & Giangreco, 2011; Cerruti et al., 2019). This lack of documentation and ability to identify a clear and decisive framework to guide practitioner behavior has left a gap in our understanding of the MC profession and its true impact on the business environment. As such, management must determine when to seek help from MC firms and when to use internal resources based on their personal experience and perspectives.

Defining MC provides the foundation for further exploration of the topic and establishes the boundary conditions of the proposed research. The literature provides an array of potential definitions, ranging from very broad and general such as any attempt to change or improve a situation or business activity for which one does not have direct influence of, to much more detailed and focused definitions (Block, 1981). This type of definition would mean that many middle managers could be considered consultants. The broader definitions lack meaningful specificity and open the aperture of potential topics beyond the scope of a single research effort. By thoughtfully employing a more precise definition, it both facilitates a narrower focus, and reduces the number of assumptions required when determining the appropriate sample population. To understand which definition aligns with this study, further explanation of the various approaches is warranted. The literature identified two primary approaches to defining what constitutes MC (Kubr, 2004). The two approaches center on functional and professional services views of consulting.

Steele's definition exemplifies the functional view of consulting, "By the consulting process, I mean any form of providing help on the content, process, or structure of a task or series of tasks, where the consultant is not actually responsible for doing the task itself but is helping those who are" (Steele, 1975, p. 202). Based on this definition, any individual could be considered a consultant if and when they are giving advice. This definition could open the door to including areas of focus beyond business management related topics such as accounting, law, or tax and require additional refinement to narrow the focus.

Greiner and Metzger (1983) incorporated additional characteristics while aligning with a special professional service approach to their definition, "management consulting is an advisory service contracted for and provided to organizations by specially trained and qualified person who assist, in an objective and independent manner, the client organization to identify management problems, analyze such problems, recommend solutions to these problems, and help, when requested, in the implementation of solutions" (Greiner & Metzger, 1983, p. 368). This definition incorporates a number of key items that refine the boundary conditions of the area of focus to professionals (trained and qualified) that are independent.

To determine the appropriate definition to align the research purpose of this study with the appropriate population of trusted advisors within the broad field of management consulting requires understanding the five primary characteristics that further define the elements of the MC definition: professional, advisory, independent, temporary, and commercial. The following sections provide a more detailed review of the five characteristics listed above with the final subsection of 2.1 identifying the definition used for the balance of this study.

2.1.1. Professional Services

Management consultants provide a practical solution to business problems through experience and skills. Their knowledge may be gained through in-depth experience, research, or learned by working with others who share their knowledge. Management consultants, whether full-time consultants or ad-hoc consultants, often acquire their knowledge while working with various clients or business situations (Anand et al., 2007; McKenna, 2001). For the purpose of this research, the study focused on external consultants and leaves internal consulting to future research endeavors.

While the skills and experience a consultant brings to bear on a problem may lack the specific client knowledge that internal management would have, external consultants bring an understanding of how similar challenges were addressed with other clients and have an ability to quickly understand specific challenges, identify potential solutions, and guide how those solutions could be tailored to the specific client requirements (Nordenflycht, 2010).

2.1.2. Advisory Services

Due to the nature of advisory services, consultants do not make management decisions on behalf of their clients or assume responsibility for day-to-day operation of the business. Their role is to provide guidance and recommendations based on their knowledge and experience to address the specifics of their client's specific business objectives (Zardkoohi et al., 2011).

As John C. Collins once stated, "To profit from good advice requires more wisdom than to give it." For an advisor to be successful, it requires more than just giving appropriate advice for a business to reach its business objectives. The consultant must provide the correct person with timely and quality advice for it to be valuable and effective. As Mr. Collins highlighted in his quote, it is also incumbent upon the practitioner to understand the advice and know how to effectively employ the advice for optimal benefit. Successful consultants align their messaging and communication style to that of clients for optimal results and help lead the client while lacking any formal authority (Bellman, 2001).

2.1.3. Independent Services

Management consultants bring an external perspective leveraging knowledge and experience to help practitioners address business needs. A key component of that perspective relies on the concept of independence. Independence in this case refers to technical, financial, administrative, political, and emotional (Canato & Giangreco, 2011; Cerruti et al., 2019; Kubr, 2004).

Technical independence refers to the consultant's ability to present an objective perspective and recommendations based on their knowledge and experience without undue influence from the business or its leadership. This often means that consultants employ an agnostic approach to specific processes, technologies, or potential solutions to let the specific situation guide decisions rather than outside interests (Canato & Giangreco, 2011; Kubr, 2004).

Financial independence indicates that the consultant will not let their personal financial interests cloud the recommendations or advice given. For example, a consultant should not provide recommendations based on financial interest in a company that would benefit from their client taking their advice or render advice for the purpose of gaining more work with the client (Canato & Giangreco, 2011; Kubr, 2004).

Administrative independence tends not to be a problem for external consultants since they do not have a direct reporting relationship with the client. There is only an administrative conflict when the consultant is a subordinate of the client and could be adversely influenced by that relationship when providing advice. For internal consultants, this could present a challenge that requires specific actions to prevent (Canato & Giangreco, 2011; Kubr, 2004).

Political independence addresses the potential scenario where members of the client organization attempt to influence the consultant's recommendations through political memberships, organizations, or influential politicians. The consultant should retain independence from outside political influences when developing recommendations and advice (Canato & Giangreco, 2011; Kubr, 2004).

Emotional independence refers to the consultant's ability to remain impartial irrespective of any emotional attachments that may form either prior to, or during, the consulting assignment. The consultant should provide objective recommendations based on the facts and available information without the influence of friendship, empathy, or other emotional attachments shaping the advice provided (Canato & Giangreco, 2011; Kubr, 2004).

2.1.4. Temporary Services

A key differentiator between consulting and managing is the temporary nature of the relationship (McKenna, 1995). Clients rely on consultants to fill gaps in their skillset, complement existing capabilities to increase the breadth of skills and knowledge, or provide surge capacity (Cerruti et al., 2019). The consultant can address specific business needs without diluting the focus on existing client resources focused on day-to-day operations. The consulting engagement will end, and the consultant will either shift focus to a new business challenge, as is often the case when the consultant becomes a trusted advisor or depart entirely.

2.1.5. Commercial Services

MC firms provide professional services in exchange for a fee. The MC firm is a business that must remain profitable to continue as an ongoing business concern. As such, clients must deem the value of the advice and recommendations given to be of greater value than the cost of the services provided (Anand et al., 2007; Gross & Poor, 2008). If a MC firm continues to provide advice that does not result in addressing their client's business needs for a fee that is greater than the perceived value of the cost of the advice given, the firm will be a business without clients and eventually cease operation. On the other hand, if the clients are unwilling to pay the consultants fees that the consultants deem reasonable for the impact they provide clients, then the MC firm will choose to cease providing services (Wright & Kitay, 2002). A good example of this is when an industry moves away from a specific technology or product, and the MC firm does not keep pace with industry trends, or when regulations change, and clients no longer need specific services to meet the new regulatory requirements.

Based on the characteristics identified above, and balance of the literature, the following definition of management consulting will be used for the balance of this research:

> *Management consulting is an independent external professional advisory service provided by trained and knowledgeable individuals assisting practitioners in achieving organizational purposes and objectives by solving management and business problems, identifying and seizing new opportunities, enhancing learning, and implementing changes.*

The above definition largely aligns with Kubr (2004) but specifically incorporates the concept of externality and trained individuals. Both of these elements align with the concept of MC firms and eliminate the inclusion of individuals and persons acting as advisors. The importance of a clear definition lies in the means by which the family business literature incorporates MC consulting into research. While Cerruti et al. (2019) established that there is limited understanding of MC and the underlying theories that support it, Strike (2012) highlighted that the focus on advisors in family business limits the understanding in the family business literature even further. In the literature we see examples of research studies such as the work by Perry, Ring, and Brobert (2015) in which the authors study family business trust in business advisors. In this study the authors specifically call out management consultants being included in the evaluation of business advisors, but the survey the study is based on included the following business choices: “Accountant, Banker, Business peer,…Financial services,…Insurance agent, Lawyer…” (Perry et al., 2015, p. 217). This conflagration of professional advisors with management consultants leads to a lack of specificity in analysis and potential misunderstandings when evaluating correlations and explanatory value.

A clear definition of what MC is leads to increased specificity of who can be considered a management consultant. Understanding why organizations use management consultants in the broader management field informs researchers how they would be used by family businesses as well. Family businesses are subject to the same business challenges as publicly traded firms, in addition to the unique family specific complexities. The following subsection reviews the literature on why firms use management consultants to establish an understanding of how it would apply to family businesses.

2.2. Why Use Management Consultants?

Practitioners seek help from management consultants for a variety of reasons. Typically, the practitioner desires guidance to provide increased confidence that they are properly addressing a specific business need. From a broad perspective, practitioners typically seek help for five purposes (Kubr, 2004; Wright & Kitay, 2002). Those five purposes include: achieving organizational purposes and objectives, solving management and business problems, identifying and seizing new opportunities, enhancing learning, and implementing changes.

These five drivers provide the key to understanding what role management consultants fill and validate that those same roles apply to all organizations, irrespective of family ownership or influence. After demonstrating the applicability of the five roles to family businesses through the literature review, the purpose of this study was to assess the effect of family power influence and succession intention on the intention to hire management consultants as moderated by the perception of firm performance.

2.2.1. Achieving Organizational Purposes and Objectives

The management consulting definition chosen for this study identified achieving organizational purposes and objectives as a central function of MC. The purposes and objectives can be varied and diverse to include market leadership, socially desirable efforts, revenue growth, competitive advantage, brand perception, operational efficiencies, improved profitability, inorganic growth, or divestiture for market alignment, as well as others (Kitay & Wright, 2007). The duration of the efforts will depend on the specifics of the engagement, and the specific skills or experience will change as the purpose and objectives change, but the driving force will remain the same. In all cases, the value of management consulting should be measurable and provide tangible results that further the organization's purpose and objectives (Wright & Kitay, 2002; Stroh, 1987).

Defining the client's purpose and objectives creates the foundation for the management consultant. Working closely with the client, the consultant ensures that the business objectives are clearly understood and agreed on by key stakeholders prior to addressing the business challenge (Appelbaum & Steed, 2005). While seemingly straightforward, the experienced consultant understands that the vary things which led the practitioner to seek help are the same things that may prevent the client from properly defining the business purpose and objectives of the proposed effort.

When incorporating the unique aspects of family business that introduce objectives such as aligning firm culture with family culture, generational succession, or the desire to employ many different family members the breadth of business objectives grows beyond those found in the typical large, public company (Westhead & Cowling, 1997).

2.2.2. Solving Management and Business Problems

Mattila, Tukiainen, and Kajalo (2019) describe the management consultant's objective as issue and root cause identification, and issue resolution concerned with business management challenges across functional and strategic boundaries. The concept of assisting practitioners in solving problems was identified throughout the bulk of the literature. Those problems often represent a divergence from a desired or expected state that the practitioner seeks to resolve. This divergence may represent a change from a previously attained state, such as seeking to dominate market share, a gap when compared to a benchmark, such as achieving specific return on investment goals, or a desired future state, such as translating business to business success into a business to consumer success (Gross & Poor, 2008). These problems may be unique to a family business environment or more broadly applicable to large public organizations.

Consultants often find themselves providing advice and recommendations to practitioners that will result in their organization achieving parity against a relative measurement. If that relative measurement is a benchmark, then by definition, the organization will be seeking a level of performance that does not create a competitive advantage. This is one of the common criticisms that consultants face (Cerruti et al., 2019). While the organization's performance will have been improved as measured against benchmark achievement, and the business purpose or objective furthered, this does not always translate into competitive advantage. This may or may not be a hurdle as competitive advantage in all areas may not be needed to position the broader firm to achieve sustainable competitive advantage (Barney, 1991; Stonehouse & Snowdon, 2007).

2.2.3. Identifying and Seizing New Opportunities

While management consultants may perform current state assessments, comparisons to benchmarks, and other diagnostic services, many organizations hire management consultants to focus on future opportunities (Kubr, 2004). This may involve helping with new product research and development, positioning an organization to enter a new market, building out the internal capability to expand service offering, or other approaches to monetizing new opportunities. The objective tools, frameworks, and experience management consultants develop while working with various clients is perceived by organizations as a means to quickly leverage those lessons learned from the broader industry to improve their competitive advantage (Cerruti et al., 2019).

2.2.4. Enhancing Learning

In Section 2 the definition identified a key characteristic of management consulting is the temporary nature of the relationship. Education and learning enable the temporary nature of the relationship by passing along key information and teachings to practitioners (Kubr, 2004). Whether through processes, tools, or techniques, part of the consultant's role is to ensure that the client can continue to experience the benefits of those efforts after the consultant disengages. The degree of learning is often influenced by the level of client involvement and the type of effort engaged in. As Lyndon Urwick stated, "The only work that is really worth doing as a consultant is that which educates – which teaches clients and their staff to manage better for themselves."

The family business introduces unique knowledge requirements due to fact that families may place less qualified individuals in key roles to meet family priorities and may not want to highlight that more qualified individuals who do not need additional learning were not chosen. In short, those in power may seek enhanced learning through covert rather than overt channels to avoid scrutiny (Lee, 1997).

The benefits of learning work for both the practitioners and consultants. Consultants both enhance their existing knowledge as they adapt prior experience to meet the needs of different organizations, as well as develop new skills and approaches as they engage in new situations. Those new skills and experiences can then be used with future clients.

2.2.5. Implementing Changes

Practitioners seek consulting advice to help drive change in the organization. Change may be driven through people, processes, or tools and often times require organizations to not only absorb the recommended adjustments, but to embrace the new approach to fully realize the benefits (Cerruti et al., 2019). Change management, as consultants often refer to this, has become ubiquitous across various aspect of management consulting to help management and staff fully embrace the potential benefits of the consulting engagement. It is not uncommon for organizations to react negatively to change and never fully realize the potential benefits sought. This can be the result of either overt or passive resistance to change and often results from a lack of preparation and communication from management to those affected (Alderfer, 1980).

2.3. Role of Management Consultants

Section 2.2 provided a literature based overview of the areas that organizations sought help in and why they employed management consultants. Section 2.3 focuses on the roles that management consultants fulfill to provide that help. Canato and Giangreco (2011) identify four primary management consulting typologies: information sources, standard setter, knowledge brokers, and knowledge integrators. The four typologies align with a more modern perception of the change agent and can be grouped into a single category. In line with the findings from Cerruti, Tavolettie & Grieco, (2019) the literature identifies two additional role types that form the components of change agent. Those are uncertainty agents and fashion setters.

The six typologies result in three primary management consulting roles: change agents, uncertainty agents, fashion setters. The three roles, defined in greater detail in the next three subsections, provide insight into why the roles that a management consultant provides for large companies could provide value for family businesses as well. Reinforcing the need to understand if family influence and succession intention affect the intention to hire external MCs.

2.3.1. Change Agents

Studies support the concept that in innovation-oriented environments, employing consultants can improve rapid decision making (Eisenhardt, 1989). Eisenhardt (1989) further expanded on the concept by addressing the value of antecedents such as greater information, increased number of alternatives, and advisor engagement. Studies further indicate that successful practitioners employ future focused advisors to enhance innovation (Brown & Eisenhardt, 1997). The value of advisor in these studies align with the consultant's ability to provide information and insights to practitioners.

Consultants provide insights into industry trends and information regarding specific markets, technologies, or concepts. This information acts as an enabler for organizations to accelerate learning and focus on their competitive strengths. Allen (1977) provides examples of how a project manager benefited from consultant's market knowledge to help identify key technologies need for their project. Once those insights were provided, the project manager used that knowledge to create an innovative solution without further help from the consultant.

The institutional theory of organizations literature provides detail on management fads and fashions (DiMaggio and Powell, 1983), as well as fashion setters (Hirsch, 1972) that indicate practitioners tendency to adopt innovations and trends in conformity with their industry or business environment (Abrahamson, 1991; Abrahamson & Fairchild, 1999). The literature provides multiple examples of the media or popularity of a management approach driving adoption rather than objective evidence of the approach's efficacy (Abrahamson & Fairchild, 1999; David & Strang, 2006).

Bloomfield and Danieli's (1995) research indicates a strong correlation between the knowledge based, tactical management consulting tasks and the relationship aspects of the role. As Abrahamson and Fairchild (1999) also noted that consultants drive organizational and technical transformation as standard setters. By creating a need for the services consultants provide, they in effect propagate the management fad or fashion the media helps popularize. "Management consultants have an explicit interest in exercising power and try to convince clients of the indispensable nature of the solutions they propose" (Canato & Giangreco, 2011, p. 234).

Through the standard setter role, when combined with ambiguous results as is often the case with management consulting, consultants leverage practitioners perceived need to maintain parity or surpass industry standards. As fads and fashions propagate through an industry, consultants reinforce the need for practitioners to continue innovating, and practitioners seek out the aid of consultants to provide trusted advice and recommendations (Sturdy, 2009). This self-reenforcing loop serves to increase the consultants' stature as the knowledge leader, further driving the need for consulting support, and further disseminating the fads and fashions through an industry.

To continue innovating MC firms, develop new ways to leverage or advantage their clients while implementing fads and fashions. This serves to differentiate MC firms from one another and further reinforces the need for practitioners to seek consulting help. "The key aspect to understand is the role of consultancies as deliberate aids to the progressive standardization of tools used in an industry, and as active ‘gatekeepers’ of the use and evolution of these methods” (Canato & Giangreco, 2011, p. 234).

Consultants act as knowledge brokers by transferring knowledge from one industry or organization to another (Hargadon, 1998). Early literature focused primarily on the transfer of technology knowledge, but later research indicates that consultants provide this knowledge transfer for organizational and consumer aspects as well (Verona et al., 2004). Research by Hargadon and Sutton (1997) demonstrated the ability of a consulting firm to “inspire” a client to exploit technologies and solutions effectively used by different industries.

Through this knowledge broker position, management consultants are well positioned to exploit the knowledge they gain in one industry and share that knowledge in innovative ways with clients in other industries. Effectively driving innovation through their superior set of skills across industry boundaries. This knowledge broker role is maintained as long as the consultant can effectively operate across industries and leverage their unique access to information to continually innovate across industry boundaries. It is the temporary nature and ad hoc engagement with various clients that enables knowledge development. Werr & Stjernberg (2003) identified the means utilized by large MC firms to facilitate knowledge transfer between engagements and their own internal teams.

The study of innovation provides insight into consultants as knowledge integrators, the fourth aspect of their role as change agents. Theories on the retention of knowledge, knowledge transfer; and diffusion of knowledge or innovation adoption all relate to how consultants function as knowledge integrators (Bessant & Rush, 1995; Lissoni & Metcalfe, 1994; Szulanski, 1996; Von Hippel, 1994). “Management consulting firms thus are bridging institutions that lower knowledge barriers and fill managerial gaps by providing additional know-how” (Canato & Giangreco, 2011,

p. 235). Bessant and Rush (1995) identified similar findings and focused on MC firm's ability to teach clients at the organizational level. The literature provides support for the concept of management consultants educating and supporting clients as they implement complex new solutions. (Tyre & Hippel, 1997).

Management consultants' unique position providing visibility into various knowledge areas across industries allows them to further integrate that knowledge into broader solutions and innovations with generalizable applicability. This solution-oriented approach allows the MC firms to educate their consultants on new approaches in an industry that they then carry forward with new clients. Continuing the cycle of education, integration, and proliferation of knowledge.

2.3.2. Uncertainty Agents

As identified in Section 2.2, consultants may be hired to act as standard setters. At times, practitioners seek stability and standardization rather than change. In this instance, consultants' function to address uncertainty and help create stability. While the literature is split on whether consultants reduce (Sturdy, 1997) or increase (Pemer & Werr, 2013) uncertainty, neither should be viewed as a positive or negative in and of itself. The consultant's ability to evaluate or assess uncertainty should be the focus, rather than their ability to remove it (Czarniawska, 2013).

2.3.3. Fashion Setters

The literature on this aspect of management consulting addresses one of the negative aspects of the profession. The overarching perspective is that management consultants, "tend to empathize their novelty through jargon, rhetoric, storytelling and elitism, and operate as management fashion setters" (Cerruti et al., 2019, p. 912). The literature also explores the nature of consultants as mediators between innovative concepts and practitioners (Scarbrough, 2002). Key elements of the literature evaluate how management fads develop (Sorge and Van

Witteloostuijn, 2004), the techniques that are employed to share them (Berglund & Werr, 2000), and the connection to the academic environment (Nicolai & Robken, 2005).

The literature identifies the connection between academia and management consulting as an area worthy of additional study. Research indicates that this may be one of the few areas where academia is following industry trends to provide validation for concepts that are already deployed rather than providing theory and research supported approaches to guide industry (Nicolai & Robken, 2005). “This means that management concepts and theories that have been adopted by numerous, prestigious and successful companies gain legitimacy in academic research despite any consideration regarding their internal theoretical coherence and novelty” (Cerruti et al., 2019, p. 913).

2.4. How are Consultants Used?

The literature provides many different examples of how consultants are used within the parameters of the three roles described in Section 2.3. While the list is extensive, and potentially ever evolving, ten primary ways repeatedly appear in various articles (Kubr, 2000). This section summarizes the ten primary ways management consultants engage their skills with their clients in Table 1. A more complete explanation is provided in Appendix B. This study evaluated the management consulting use cases identified in the literature review to validate their applicability to family firms irrespective of industry or degree of ownership and found no differences at the industry level. As will all broad categorizations, the specifics of any one firm may deviate from the mean.

Table 1: Ways Firms Use Management Consultants

MC use cases	Description
Providing information	Collect, analyze, or provide information
Specialist resources	Access special skills or resources not available internally
Facilitate network contacts	Provide access to business network or individuals
Subject matter expertise	Expert opinion or advice
Performing diagnostic work	Deploy diagnostic skills or implements
Creating implementation plans	Develop solutions to address challenges
Improving systems & methods	Improve technology systems, organizational processes and approaches
Change management	Implementing change across people, processes, and product
Training and development	Training and development services
Coaching	Personal advising to individuals

The ten ways organizations can use management consultants apply to all organizations, irrespective of family influence, however the literature provides little evidence that the topic has been explored beyond the focus on trusted advisors. As documented by Strike, Michel, and Kammerlander (2018) in their literature review on family business advising, professional advisors to family business tend to fall within specific functional areas such as a CPA or attorney. Evidence suggests that coordination across professional advisors with different functional experience helps improve the advice given to family businesses (Upton et al., 1993; Su & Dou, 2013). The study by Su and Dou (2013) provides support that a more holistic approach, such as one provided by management consultants, would benefit family businesses. The next section explores family influence and what makes family businesses unique compared to other forms of (non-family) organizations.

2.5. Family Influence

The prior sections explored why firms hire management consultants, the roles firms hire management consultants to perform, and how firms leverage management consultants to achieve their objectives. The literature and meta-analysis conducted by Cerruti, Tavoletti, and Grieco (2019) identified only 116 relevant peer reviewed articles in the period from 1971 to 2016 specific to the search term management consultant. The predominance of the research identified in their literature review focused on large, publicly listed organizations. The role of ownership was not mentioned in the management consulting literature review or in the meta-analysis conducted by Cerruti et al. (2019). CEOs and hired managers often base decisions in these organizations to align with market driven metrics. Family businesses on the other hand are driven by metrics that include family objectives, as well as hard financial metrics. This form of ownership and influence makes family businesses unique. Adding family specific search terms narrowed the list of relevant articles significantly.

A review of the literature was conducted using Business Source Complete and the search terms family business, management consultant, consultant, consulting, hire, hiring, outsource. The articles were limited to peer reviewed, in English, and no constraint on timeframe. The search combination that yielding the highest response rate was “family” and “consulting.” This search yielded 27 articles, which upon further review included five articles that were specific to consulting and only two that were specific to management consulting. In line with Strike, Michel, and Kammerlander (2018) who found 51 viable articles in their literature review on family advising, the search was expanded to include the search terms advisor, advising, or advise. Since many of the articles on family advising are focused on areas that would not be considered management consulting, the expanded search added five additional articles to the prior list of five.

Note that articles on succession planning have been included due to their reach beyond the psychological aspects of the transition. Table 2 below provides a list of the ten articles identified.

Table 2: Articles Identified in the Business Source Complete Literature Review

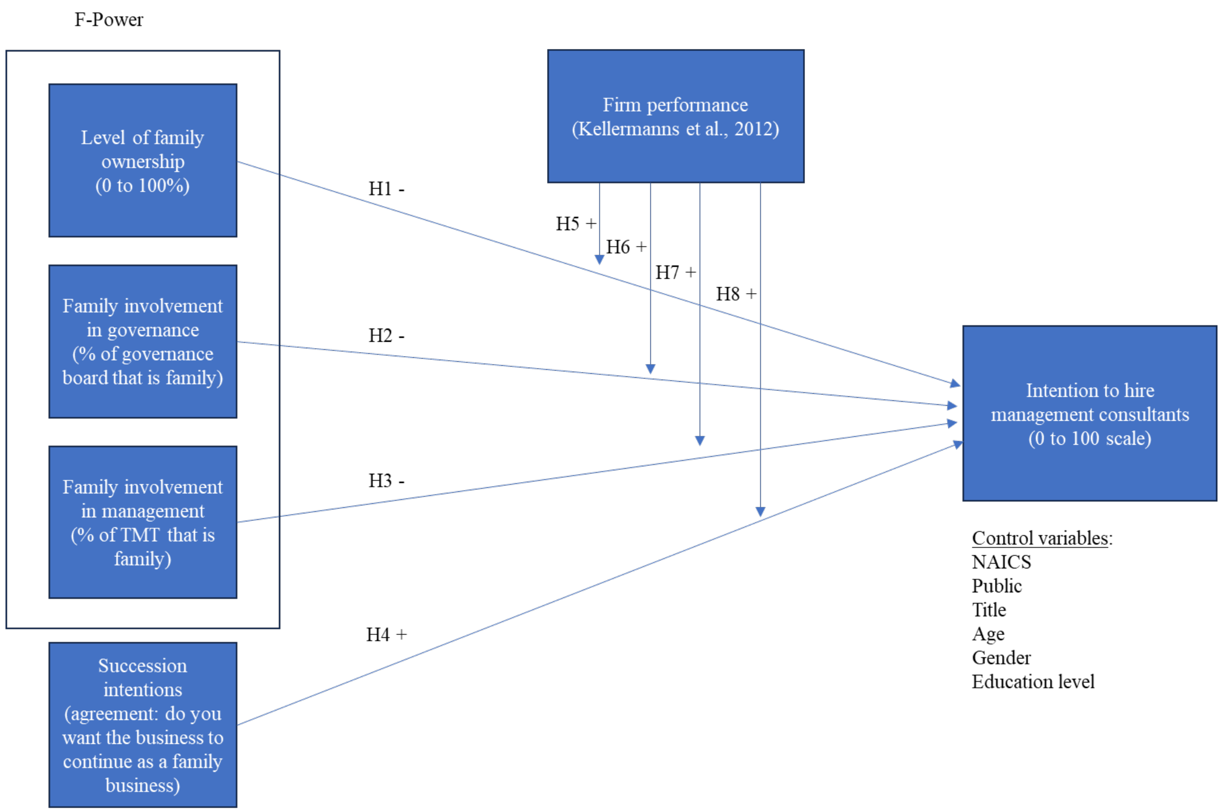
Journal	Full Reference
Consulting to Management	Jaffe, D. T. (2006). The World of Family Business Consulting. Consulting to Management - C2M, *17*(1), 21–24.
Organizational Dynamics	Levinson, H. (1983). Consulting with Family Businesses: What to Look For, What to Look Out For. Organizational Dynamics, 12(1), 71–80.
Family Business Review	Quarchioni, S., Ciccola, R., & Chiucchi, M. S. (2022). Advising in Family Firms: Shaping Relational Dynamics and Trustful Connections in Strategy Work. Family Business Review, 35(4), 338–360.
Family Business Review	Strike, V. M., Michel, A., & Kammerlander, N. (2018). Unpacking the Black Box of Family Business Advising: Insights From Psychology. Family Business Review, 31(1), 80–124.
Family Business Review	Su, E., & Dou, J. (2013). How Does Knowledge Sharing Among Advisors From Different Disciplines Affect the Quality of the Services Provided to the Family Business Client? An Investigation From the Family Business Advisor's Perspective. Family Business Review, 26(3), 256–270.
Family Business Review	Strike, V. M. (2012). Advising the Family Firm: Reviewing the Past to Build the Future. Family Business Review, 25(2), 156-177.
Journal of Business Strategy	Braun, M., Latham, S., & Porschitz, E. (2016). All together now: strategy mapping for family businesses. Journal of Business Strategy, 37(1), 3–10.
Management Review	Blank, S. J. (1987). Leon Danco: Family Business "Shrink." Management Review, 76(7), 16.
Small Business Economics	Bertschi-Michel, A., Sieger, P., & Kammerlander, N. (2021). Succession in family-owned SMEs: the impact of advisors. Small Business Economics, 56(4), 1531–1551.
Entrepreneurship Theory and Practice	Gersick, K. E. (2015). Essay on Practice: Advising Family Enterprise in the Fourth Decade. Entrepreneurship: Theory & Practice, 39(6), 1433–1450.

For the purpose of this study, the research focused on family businesses rather than publicly listed, anonymously held organizations that are traditionally the subject of most management consulting research. With family businesses spanning the breadth of organizational size classifications, this represents a new approach to evaluating the intention to hire MC. Previous research identified the five drivers discussed in Section 2.2 of this paper to explain why organizations seek external help from management consultants. The present study evaluates whether the degree of family influence (specifically, family power as determined by percent ownership, management and governance) and the family's succession intentions affect an organization's intention to hire MC. The following subsections detail the elements of family influence and provide the rationale for how bounded system theory informs the expectations of organizational behavior within the systems identified.

In addition, based on hypotheses developed by applying bounded systems theory to the proposed conceptual model, this study evaluated the moderating effects of firm performance on the relationship between family power influence and succession intentions on the likeliness to hire MC. Section 2.7 discussed the rationale and hypotheses associated with the moderated relationship. Figure 2 provides the proposed conceptual model for these relationships.

The following subsections provide a brief overview of literature regarding family firms and family influence. For the purpose of this study, and for reasons that will be delineated in subsection 2.5.2, the focus will be on family influence. This allows the study to accomplish two primary objectives while avoiding the unnecessary ambiguity associated with how best to define a family firm. The first objective is to understand the effect family influence has on the intention to hire MC. A binary family firm vs non-family firm approach does not provide the data required to statistically evaluate the relationship. The second primary objective is to validate that a bounded systems theory based approach can inform expectations to assist practitioners and academics in future efforts regarding the intention to hire MC. Once again, the binary results of querying family firm versus non-family firm provides limited insight into how each of the independent variables affects the intention to hire management consultants.

Figure 2: Conceptual Model



2.5.1. Defining the Family Firm

The literature provides a long list of potential definitions for what constitutes a family firm. Many of the definitions revolve around three key concepts: ownership, management, and essence. Each component of the three concepts can be controversial and has led to multiple academic articles debating the merits of each dating back to when family firm research began to break out beyond management or entrepreneurial research (Astrachan et al., 2002).

At first glance, ownership would seem to provide the least controversial of the concepts: however, a deeper review of the literature indicates ownership provides a depth of complexity. When one considers the case of a family owning 100% of the business, it would seem obvious that the firm is a family firm (Babicky, 1987; Churchill & Hatten, 1976; Donckels & Frohlich, 1991). Does the same perspective apply to the family firm if a family owns 100% of the firm and chooses to remain a silent partner providing complete autonomy to the firm's management team regarding strategy, operation, and decision making? According to Barnes and Hershon (1976) because the Porsche family owns a majority stake in Porsche Zwischenholding GmbH, which in turn owns a majority voting share in Volkswagen AG, they would consider Volkswagen a family firm. Some authors conclude that ownership alone does not indicate whether or not a firm should be considered a family firm (Carsrud, 1994; Davis, 1983).

Furthering the conversation on ownership also requires understanding who meets the definition of family. Does family refer to the immediate family, relationship by blood, relationship by marriage, extended family, or more than one family member. If the widow of a family member is the only surviving member of the family to retain ownership of a firm, is the firm still considered family? Chua et al. (1999) evaluated 21 family firm definitions incorporating a variety of perspectives ranging from narrowly prescriptive to broadly inclusive in determining whether a firm meets the definition of being a family firm. The one consensus across the various studies is that ownership and management controlled by a nuclear family is always considered a family business.

As demonstrated in the literature, family engagement in the management of a firm can make the difference between being considered a family business and being considered a non-family business (Davis & Tagiuri, 1985; Dreux, 1990; Handler, 1989). Management aligns the firm's strategic vision with day-to-day operations and instills a sense of direction from which a firm creates value. The question then becomes, if a family manages an organization should that in and of itself determine if an organization is a family firm? The literature leaves the door partially open on the topic; however, the majority of authors appear to view family management alone as not sufficient to meet the definition of a family firm.

Essence, also referred to as familiness by Habbershon and Williams (1999), refers to the combination of characteristics that differentiate family business as unique from non-family business. “The nature of a family business must transcend its components in terms of family involvement in ownership and management” (Chua et al., 1999, p. 24). In other words, just owning a business or being a member of the management team alone does not inherently determine familiness, rather it is the intersection of family and business values, goals, and culture that create the familiness. The family creates a vision for an improved future and the firm is a vehicle for the family to achieve their vision. Collins and Porras (1996) formalized the concept of vision by identifying its core elements: “core values, core purpose, big-hairy-audacious-goals, and vivid description.”

A well-crafted definition should be able to provide a clear delineation of concepts to allow for proposer categorization. The definition for essence, or familiness, does not resolutely meet that criteria (Chrisman, Chau, & Sharma, 2005; Chua, Chrismand & Sharma, 1999). Familiness is actually a construct measured through other variables (Cliff & Jennings, 2005).

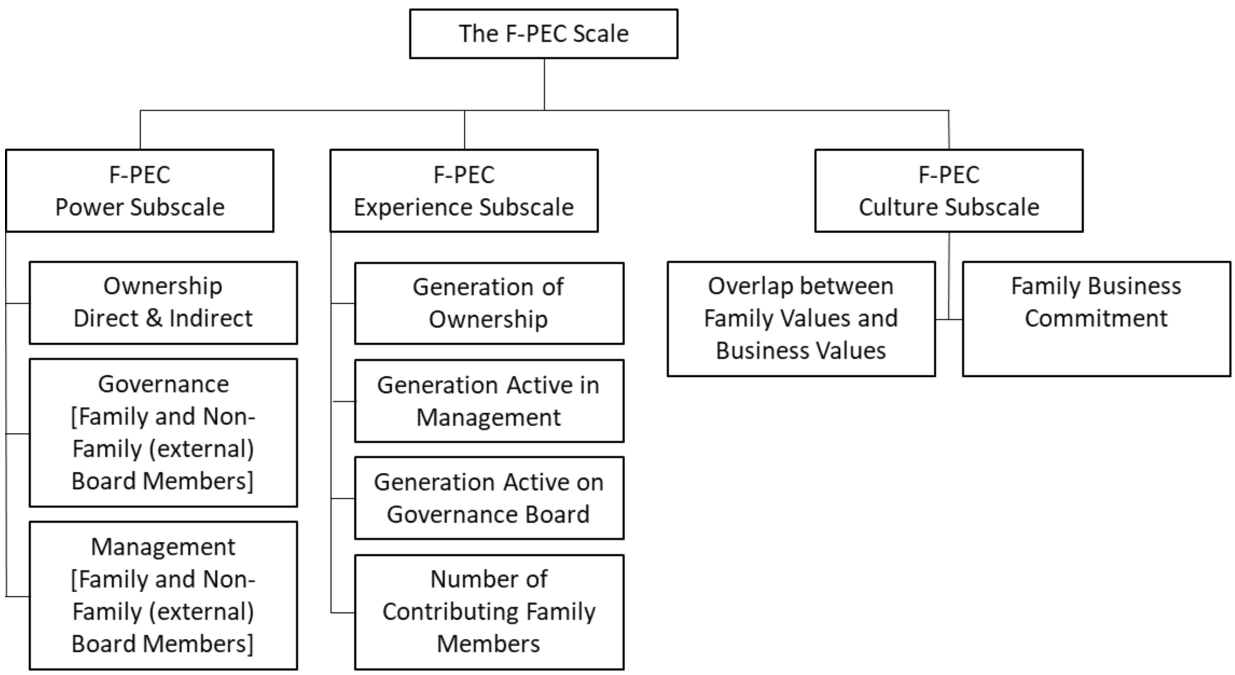
No matter how broad a definition one chooses to determine what constitutes a family business, their impact on the economy is significant. According to Pieper, Kellermanns, and Astrachan (2021), family businesses represent 14% of private sector US GDP, 19% of all business tax returns, and 14% of the private sector US workforce when using the narrowest of definitions. Their same study found that family businesses represent 54% of the private sector US GDP, 87% of business tax returns, and 59% of the private sector US workforce when using a broad definition of family firm. Less than 1% of all firms, family and non-family, meet the definition of large firms, but the majority of the literature coverage in MC is focused on large, publicly traded organizations (Luo, 2019). Large, publicly traded firms tend to be led by CEOs and managers focus on hard financial metrics that drive a quarterly business performance focus (Cerruti et al., 2019; Strike, 2012; Strike et al., 2018). As family influence increases, the planning horizon shifts to long-term oriented (Cabrera-Suarz et al., 2001; Habbershon & Williams, 1999). This phenomenon only increases as generational succession increases in priority (Bertschi-Michel et al., 2021; Williams et al., 2013; Woodman, 2017). Studying what drives family businesses to seek MC help addresses this knowledge gap. Further exploring the moderating impact of perceived firm performance on the decision to seek help better inform practitioners about how to improve MC utilization and identify potential barriers to benefit realization that would align with the family's business' objectives.

2.5.2. Determining Family Influence

As the field strove to develop a meaningful definition of family firm through the 1990s and into the 2000s, some researchers shifted to using definitions that attempted to determine the degree of family influence as a means to understand family versus non-family firms. Shanker and Astrachan (1996) developed a definition that places family involvement on a continuum ranging from low to high. The definition provided additional perspective beyond just ownership and management involvement but did not allow for the complexities of multiple types of family involvement at various levels in the organization. This shift away from a dichotomous definition of family versus non-family helped pave the way for the F-PEC scale of family influence.

"A relevant issue, therefore, is not whether a business is family or nonfamily, but the extent and manner of family involvement in and influence on the enterprise" (Astrachan et al., 2002, p, 47). In their foundational 2002 article on development of the F-PEC scale, the authors identify the three dimensions of family influence as power, experience, and culture. Each of these dimensions include subscales that can be measured individually for study, or in aggregate to create an overall family influence index. Their objective was to create a means for researchers to have a standardized foundation to engage in study, discussion, and comparison of family influence within a firm without having to determine if a firm is defined as a family or non-family one.

Figure 3: F-PEC Power, Experience, and Culture Subscales (Astrachan et al., 2002)

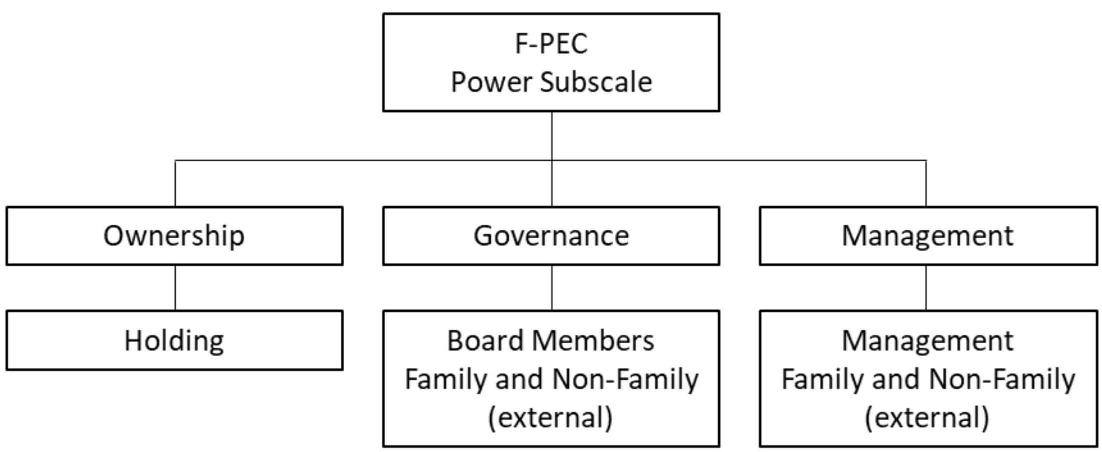


The power and experience subscales directly align with this study. The power subscale investigates how involved the family is with respect to ownership, leadership, and governance. The experience subscale evaluates succession and generational control. These relationships will be explored in greater detail in the power and experience subscale sections and is a focus of the survey identified in Appendix A. The following subsections review the three subscales of the F-PEC to provide a more thorough understanding of how the degree of family influence is identified. While the culture subscale will not be evaluated as it relates to the intention to hire a management consultant, the dependent variable in the proposed conceptual model, the subscale will be briefly explored to help complete the holistic understanding of family influence.

2.5.3. F-PEC Power Dimension

As Figure 4 identifies, the power F-PEC subscale consists of three distinct ways in which a family can influence the firm direction. While all of these factors influence the degree of family power, they should also be evaluated through the legal, political, and economic lens of the regulatory environment in which the firm operates. The power subscale allows for the incorporation of a one-level board system, such as in the United States, or a two-level board system found in some European countries. The F-PEC scale incorporated both the number of family members on each board (one or two), as well as the number of people appointed by the family to each board. The approach better approximates the true level of firm family influence and avoids the potential pitfalls associated with a dichotomous family vs non-family (Astranchan & Shanker, 2003, Klein, 2000).

Figure 4: F-PEC Power Subscale (Astrachan et al., 2002)



The types of influence that leaders can exert, and more specifically, the types of influence that families can exert through leadership have been well documented in the literature. The means through which that power is exerted and the impact on the firm have been researched from many different perspectives including legitimate leadership, performance, principal-agent theory, and governance structure (Aronoff & Ward, 1995; Kehr, 1996; Neubauer & Lank, 1998; Schjoedt et al., 2013). Each of these perspectives provides valuable insight with regard to their area of focus. Unlike when Westhead & Cowling (1997) endeavored to evaluate the difference between performance of family and non-family organizations using common business performance metrics, the power subscale only identifies the degree of family influence within a firm.

Klein (2000) incorporated an influence based model that integrated a family's involvement in the ownership of the firm, board of directors, and top leadership of the family firm into the definition. In line with the F-PEC scale, Klein (2000) allowed for a balance between the three elements that acknowledged a lower degree of influence in one area could be offset by a higher degree of influence in another area. While his definition resulted in a dichotomous output, family or non-family, it based that determination on precursor characteristics. "Influence in a substantial way is considered if the family either owns the complete stock or, if not, the lack of influence in ownership is balanced through corporate governance or influence through management" (Klein, 2000, p. 158).

The power subscale provides a continuum measure of influence incorporating both direct and indirect influences. While indirect influences may not be readily apparent and consequently have not been considered a factor in many family firm definitions or studies, the management structures common in some markets make indirect influence an important characteristic for consideration.

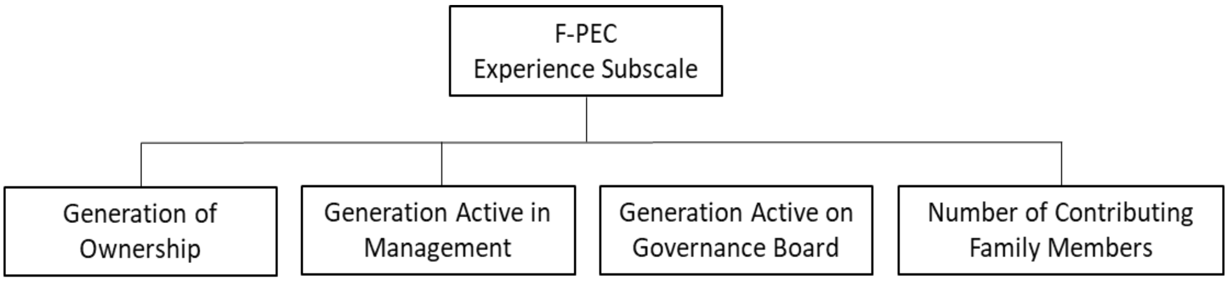
Take for example a holding company structure that acquires other companies. The holding company may have substantial influence or may choose to allow significant autonomy within each of the companies in the portfolio (Faccio & Lang, 2002). A separate and common scenario exists where the family may not directly hold a board or management position, but rather appoint people to those positions. In that case the influence could be high, or the family could choose individual(s) for their experience and unique non-family perspective which would reduce the family's overall influence. In either scenario, incorporating the indirect influence may significantly impact the overall determination of outcomes or performance. This also highlights a challenge in comparing the results of past studies specific to any family versus non-family metric due to the ambiguity around whether or not a firm was placed in the correct category (Bird et al., 2002).

2.5.4. F-PEC Experience Dimension

The experience subscale focuses on succession and family member involvement in the business. A number of researchers identify succession planning involving the next generation of a family as a requirement for a firm to be considered a family firm (Barach & Ganitsky, 1995; Heck et al., 1999; Ward, 1988b; Williams et al., 2013). Some researchers expect a minimum of one generational transfer to have occurred (Daily & Thompson, 1994). In line with the previous finding that family firm definitions span a broad range, some authors view founders leading management decisions in a family firm to be sufficient to meet a category of family firm (Eddleston, 2008). The general consensus in the literature reflects an increasing degree of familiness with each successive generational transfer.

"It could be argued that the level of experience gained from the succession process is greatest during the shift from first to second generation. During the first generation many new rituals are installed" (Astranchan et al., 2002, p. 49). The creators of the F-PEC scale espoused a non-linear benefit to the experience brought by successive generations, proposing diminishing returns over time to the positive correlation.

Figure 5: F-PEC Experience Subscale (Astrachan et al., 2002)



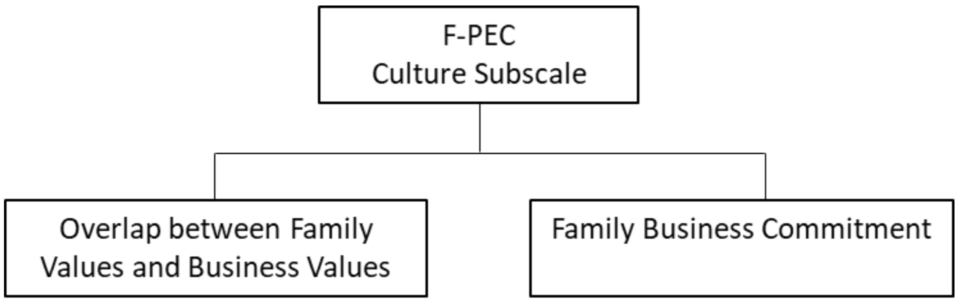
Poza and Messer (2001) identified the positive correlation between the breadth of family member involvement in a firm and the degree of family influence. The literature provided numerous examples of how a spouse, child, or other family member has extended the family firm's business efforts beyond the founder's achievements, reinforcing the broader family influence and impact resulting from greater family member participation.

2.5.5. F-PEC Culture Dimension

The culture subscale focuses on two primary family firm influence characteristics: the confluence of family value and business value, and the degree of family business commitment. Research indicates that key personnel who have been leaders in a business for ten years or more influence the culture of that business through their behaviors and actions (Astrachan et al., 2002). These values influence the centralization or decentralization of a business, how conflicts and escalations are handled, and means by which politics affect firm operations.

A family firm is evidenced by the alignment of family and business values and perspectives. F-PEC scale evaluates the impact of family influence on the two culture subscale. Core family values are the result of what a family identifies as important and aligns with the vision integrated into the business (Carlock & Ward, 2001). Family commitment is positively correlated with family impact. In line with this approach Carlock & Ward (2001) identified three elements of commitment alignment between the family members and the firm’s goals or vision, a desire to be part of the family firm, and a desire to formalize their relationship with the firm.

Figure 6: F-PEC Culture Subscale (Astrachan et al., 2002)



2.6. Applying Theory to Guide Family Business’s Intention to Hire

Sections 2.2 through 2.4 examined the role of management consultants and the activities they typically perform to fulfill those roles. The types of services provided by MCs can fill knowledge gaps in organizations and provide an opportunity to complement existing internal firm resources with external MC resources. In general, publicly listed, non-family firms focus on hard financial metrics when seeking help from management consultants to improve performance or position themselves in a new market (Cerruti et al., 2019; Strike, 2012; Strike et al., 2018). Family businesses often incorporate family objectives into their business objectives.

In addition to the typical measures of financial firm performance, family firms tend to value impact and benefits beyond the hard measures that can be referred to as the familiness of a firm (Habbershon & Williams, 1999). By taking a Resource Based View (RBV) of family firms, the literature identified five categories of resources unique to family businesses that create competitive advantage: human capital, social capital, survivability capital, patient capital, and governance structure (Sirmon & Hitt, 2003). RBV suggests that the family business inventory of resources across the five categories shape the decisions and logically would drive decisions regarding hiring externally or looking internally. This approach suggests a logic driven, perfect world analysis when assessing resources that does not necessarily align with how family business leaders behave in an imperfect world.

The literature provides a depth of research on the value of RBV in the field of strategic management (Sirmon & Hitt, 2003) where decision maker incentives typically tie to hard financial metrics. The literature on family business focused research references RBV infrequently when compared to agency theory. Agency theory has common application in family business research and effectively identifies the potential influence of risk and loss aversion impacting the relationship between principal and agent (Eisenhardt, 1989; Jensen & Meckling, 1976; Woodman, 2017). Both RBV and agency theories can be applied to the relationship this research study focuses on, but neither adequately accounts for the nuanced relationship between family influence or succession intention and the dependent variable intention to hire MC. Bounded systems theory provides a more detailed explanation and fit for the many facets of family.

Bounded systems theory enables greater insights into understanding the relationships identified in Figure 6 by evaluating eleven variables against an optimal boundary permeability-based foundation (Alderfer & Cooper, 1980; Mortensen & Hass, 2018). This approach enables a degree of granularity and depth of analysis that provides for a richer data set and more detailed predictive ability for hypothesis development. The next section will define bounded systems theory and explain how it enables better predictive capabilities for the concept model utilized in this research study.

2.6.1. Bounded Systems Theory and Family Business

Human systems entail relationships both within the system, between systems, and with their external environment (Alderfer, 1981). A system is a group of independent but interrelated elements that together create a whole. Examples of systems include working teams, functional groups, or entire organizations. All human systems are open to a certain degree based on the structure of the boundaries the system has established (Alderfer, 1976). The degree to which the boundary is open to the external environment is referred to as its permeability. The greater the permeability, the greater the openness of the system. The less the permeability, the more closed the systems become (Alderfer, 1981; Alderfer & Cooper, 1980). Systems require a balanced degree of permeability to allow for optimal interaction with the external environment (Alderfer, 1976).

An overbounded system describes a boundary that is less permeable than optimal for the system and an underbounded system describes a boundary that is more permeable than optimal for the system. In practical terms, an overbounded system refers to an organization that is too closed off from outside influences, due to physical and or psychological boundaries, and unable to effectively adapt to changes in the business environment (Alderfer & Cooper, 1980). This may manifest in the business not adapting to external forces due to lack of visibility into the changing environment or from a lack of internal capabilities to adapt to the external environment. As family power influence increases, awareness of the potential for overbounded business systems or leadership teams becomes increasingly important. This will be discussed in greater detail in Section 2.6.

An underbounded system presents the opposite challenge. In an underbounded system, the system has become too open to the external environment and runs the risk of losing focus on the system's identity and objectives (Alderfer & Cooper, 1980). An example of this is an organization that becomes overly focused on current trends in the environment and loses focus on their core competitive differentiators resulting in poorer organizational performance and loss of market share (Stonehouse & Snowdon, 2007).

2.6.2. Eleven Variables of Bounded Systems Theory

According to Alderfer and Cooper (1980), while the boundaries of a system may be difficult to assess for an outsider, there are eleven variables that when evaluated indicate if a system has moved to an overbounded or underbounded state. Table 3 below identifies the eleven variables and their respective properties.

Table 3: Properties of Overbounded and Underbounded Systems (Alderfer & Cooper, 1980)

Overbounded Systems	**Variable**	**Underbounded Systems**
Goals clear; priority unequivocal	Goals	Goals unclear; priorities equivocal
Monolithic	Authority relations	Multiple and competing
Minimal short term stress	Economic conditions	Impending economic crisis
Precise, detailed, restrictive	Role definitions	Imprecise, incomplete, overlapping
Difficulties with openness when people meet	Communication patterns	Difficulties in determining who can and should meet
Constrained, blocked	Human energy	Diffuse, exhausting
Positive inside; negative outside	Affect distribution	Negative inside; negative outside
Task groups dominate	Intergroup dynamics	Identity groups dominate
Dependency	Unconscious basic assumptions	Flight-fight
Long	Time span	Short
Single-theory ideology	Cognitive work	Multiple or no theory-ideology

The following provides a brief description of each variable to provide a greater understanding of how each variable influences system permeability:

Goals – Defines the objectives of an organization or system in either conceptual or empirical terms (Perrow, 1961; Porter et al., 1975; Simon, 1964). Overbounded systems have clear consensus around goals and the priorities of those goals. Underbounded systems lack goal clarity due to poor goal definition or a lack of consensus around the goals themselves. Underbounded systems are associated with increased permeability to the external environment and overbounded systems with decreased permeability (Alderfer & Cooper, 1980).

Family businesses tend to lean overbounded due to the centralization of goal creation with a founder or family and the focus on familiness or SEW creation (Cabrera-Suarz et al., 2001; Habbershon & Williams, 1999). The greater the focus on family-oriented goals such as succession planning, generation control, alignment with family culture, or other family specific goals, the greater the probability the firm leans overbounded. Family rather than non-family management will likely drive goal development, establishment, and implementation.

Authority Relations – Overbounded systems are typically hierarchical in structure with centralized leadership and control. Organizational literature refers to this as a traditional pyramid structure (Gulick & Urwick, 1937). Underbounded systems typically lack a clear leadership structure and responsibility for tasks (Alderfer & Cooper, 1980).

The greater the degree of family influence and integration into firm management and governance, the higher the probability that the firm will be hierarchical, and the greater the probability that firm will lean overbounded (Habbershon & Williams, 1999). Outsiders may find it difficult to attain senior leadership positions as those roles are reserved for family members or trusted individuals that will act on the family's behalf.

Economic Conditions – This variable has an effect on psychological boundaries and influences the ability of a system to attract and retain members. Underbounded systems tend to be more exposed to the impact of worsening economic environments due to their inability to effectively manage their existing resources. All systems experience stress during economic hardships as members become concerned about their individual well-being and employment (Alderfer & Cooper, 1980).

Family businesses tend to be more long-term focused and family centric (Cabrera-Suarz et al., 2001; Habbershon & Williams, 1999). The greater the focus on generational control and succession planning, the greater the focus on long-term thinking and resistance to short-term thinking. These traits tend to be balanced or lean overbounded and lead to less influence from the external environment.

Role Definitions – Individuals integrate their personal behaviors, characteristics, and abilities into the roles defined by the system (Alderfer & Smith, 1982; Katz & Kahn, 1978; Levinson, 1959). In overbounded systems roles are clearly defined and exacting, which can lead to a sense of constraint or restriction that prevents the individual from fully expressing their abilities. In underbounded systems roles are poorly defined and may be conflicting, which can lead to frustration, a sense of isolation, and lack of direction (Alderfer & Cooper, 1980).

The greater the family influence in the firm, the higher the likelihood of having clearly defined roles and governance (Habbershon & Williams, 1999). The governance may be centered on a single individual, as in a strong founder centric firm, or it may be around several members of the family or family delegates in key decision making roles. This structure often leans increasingly overbounded as the role structure and hierarchy increases in rigidity.

Communication Patterns – Poor communication within an organization leads to reduced performance (Alderfer & Smith, 1982). In overbounded systems, clearly defined communication channels become subject to biased messaging and a propensity to withhold negative messages from senior leadership until no other choice is available. In an underbounded system, communications channels may not be defined and clarity around what messages should be directed to various leaders misunderstood (Alderfer & Cooper, 1980).

In line with the family centric perspective that influences role creation and definition, the communication patterns follow a similar pattern. Clear lines of communication articulate appropriate communication flow, however, the focus on familiness and SEW likely influence members of the organization to avoid focusing on metrics and decisions that may be good for the firm to avoid conflict with family members (Habbershon & Williams, 1999). As such, family businesses tend to lean overbounded with non-family members withholding perspectives that may not align with stated family goals.

Leadership or generational transition may significantly influence lines of communication as family goals may become blurred by alternative family drivers and new leadership seeks to demonstrate control. In the transition phase the system will likely lean underbounded until new communication channels and leadership roles become better defined.

Human Energy – All systems rely on individual effort to achieve goals. The amount of effort or human energy required to achieve those goals is heavily influenced by the permeability of that system. In an overbounded system, such as those with strong family influence, effort may be constrained while individuals wait for the system to allow activities to take place. This pent up energy may be viewed as energy lost. In an underbounded system, the effort required to accomplish poorly defined or understood goals tends to be unfocused and diffuse. The increased energy expended may feel unproductive and ineffectual for individuals in an underbounded system (Alderfer & Cooper, 1980).

Affect Distribution – The emotions and feelings individuals and groups bring to a system permeates across the system and influences the general tenor of the system. Overbounded systems tend to align with a positive internal effect due to the broad understanding and the structures in place, which also tend to quell internal dissention and focus negative emotions outside the system. Firms with stronger family influence would be expected to demonstrate a greater alignment with family values and lean overbounded as the firm goals align with the family members' emotions and feelings. The literature on familiness and SEW provides evidence that the increased internal focus is viewed as a competitive advantage by families and helps ensure those principals remain a part of the firm over time (Cabrera-Suarz et al., 2001; Habbershon & Williams, 1999).

Underbounded systems tend to be less positive due to the confusion and additional effort required to achieve progress (Alderfer & Cooper, 1980). Both overbounded and underbounded systems benefit from optimizing permeability to better balance the positive and negative emotions present in healthy systems.

Intergroup Dynamics – The dynamics between groups affect the health of the system. Groups within a system are often divided into task and identity groups. Task groups are work and level dependent, e.g. supply chain, operations, foreman, or line worker, and identity groups tend to be associated with an individual's identity, such as gender or class status (Alderfer & Smith, 1982). The stronger the family influence in a firm, the stronger the task group, or firm based, identity will likely be. As family influence increases, system permeability is expected to decrease. Understanding the task versus identity group origins of a conflict is key to determining how to resolve those conflicts.

Overbounded systems tend to be task group oriented and overwhelm identify group perspectives. This provides a strong sense of alignment around system vision and goals but may preclude individuals from bringing the richness and diversity of thought inherent in their identity group. Underbounded systems experience greater environmental permeability and therefore are more prone to identity group orientations. Since identity groups align with non-system goals and priorities, this may lead to additional intergroup challenges (Alderfer & Cooper, 1980; Alderfer & Smith, 1982).

Unconscious Basic Assumptions – The unconscious basic assumptions of individuals within a group help define how those individuals operate within the group. A family member in a family business likely has an unconscious bias toward family business objectives and makes day to day decisions based on that assumption (Cabrera-Suarz et al., 2001; Habbershon & Williams, 1999). In overbounded systems, affiliation with leadership tends to be present and the overarching objective to operate within the governing structure. In underbounded systems, the lack of structure and clear leadership tends to result in individuals taking positions on topics and defending their positions against the system (Alderfer & Cooper, 1980).

Time-Span – The duration of system focus varies across overbounded and underbounded systems due to the inherent security and stability attributed to the two system states. The overbounded system tends toward longer planning horizons because near-term stability is predictable. Family oriented business objectives align with long-term thinking a lean overbounded. The underbounded system tends toward shorter-term thinking due to the inherent instability of the system and individuals' concerns that the system may dissolve or change before long-term objectives can be achieved (Alderfer & Cooper, 1980).

Cognitive Work – Individuals bring a personal understanding of how the system works. That personal understanding provides a mental algorithm for how the system has responded to and will respond to situations, inputs, or strains in the future. Whether accurate or inaccurate, this understanding provides either positive or negative association with the system (Alderfer & Cooper, 1980).

In overbounded systems, the overarching understanding tends to proliferate through the system and create a common understanding across individuals. Underbounded systems may have multiple conflicting understandings or no common understanding at all across individuals.

Rather than attempting to define a system as overbounded or underbounded, the eleven variables provide insight into the propensity of the organization to behave in certain ways based on the permeability of the system boundaries. While any one variable may lean toward an overbounded or underbounded state, it's the overall permeability of the system that aligns with specific behavioral responses within the system (Alderfer, 1976). For example, you may have an underbounded system, such as a working group, that operates within an overbounded suprasystem, such as a heavily hierarchical organization with a strong CEO (Alderfer & Cooper, 1980; Alderfer & Smith, 1982). The working group may have clear goals provided by the CEO, yet the working group is underbounded because the team has poorly defined roles, with unclear authority since members are loaned from different teams that result in negative intergroup dynamics, and a short time span due to immediate economic conditions.

2.6.3. Effects of Bounded Systems Theory

Bounded systems theory provides a means to evaluate the overall permeability of the system through the eleven variables to determine a richer understanding of the conditions experienced by those in the system and the means by which to address system challenges. Bounded systems theory provides the basis for the proposed hypothesis provided in Section 2.6 and 2.7.

The next section discusses the concept of family influence to provide a foundation for the independent variables of family power influence and family succession intention in the concept model. Bounded system theory provides the framework for predicting how the independent variables in family power influence affect the dependent variable, intention to hire MC.

2.7. Hypotheses Development

The MC literature provided five reasons why organizations hire management consultants to help them achieve their business objectives. A review of the family business literature validated that those same business objectives impact family businesses. Family businesses experience a number of additional family-oriented objectives beyond the typical hard financial metrics of non-family firms (Bertschi-Michel et al., 2021; Björnberg & Nicholson, 2012; Gersick, 2015; Strike et al., 2018), but they all still fall into the five MC categories. While the literature has yet to focus on how family business objectives influence an organization to seek external help, bounded systems theory provides insights into their expected behavior. Section 2.7 explores this relationship in greater detail to develop the eight hypotheses underlying the conceptual model.

Irrespective of the potential benefits, the literature provides limited evidence of family businesses utilizing MC services. Outside of specific examples of trusted advisors guiding senior family members (strike, 2013; Strike et al., 2018) or a few case studies differentiating between large and small firms seeking MC help (Van Rossem, 2021), the literature identifies limited MC involvement.

Table 4: Predicted Impact of Family Power Influence on Bounded Systems

Variable	**As family power influence increases the firm leans….**
Goals	Overbounded – Family specific objectives and long-term orientation
Authority relations	Overbounded – Highly centralized, family locus of control
Economic conditions	Balanced – Strong goals and centralization decrease environmental permeability
Role definitions	Overbounded – Well defined, roles for family members
Communication patterns	Overbounded – Family centric authority and approval
Human energy	Balanced – Clear hierarchy and roles, family members in key roles may lack skills or education
Affect distribution	Overbounded – Resistance to environment provided diversity in favor of family objectives
Intergroup dynamics	Overbounded – Family personal equals task identity integral to firm and may supersede group identity
Unconscious basic assumptions	Overbounded – Allegiance to family and business objectives
Time span	Overbounded – Long-term oriented, willing to forgo near-term financial benefits to secure generational control
Cognitive work	Overbounded – Multi-generational family businesses will bring a long history of “how things are done” to business execution

Bounded systems theory provides a logical framework through which to examine this behavior. When evaluating the permeability of family business systems, the greater the family influence, the lower the environmental influence expected. Family businesses likely influence the eleven variables of bounded systems theory in unique ways summarized in Table 4.

The greater the level of family ownership or governance, the greater the expectation that familiness or SEW will be viewed as a key element in the family's business objectives (Gomez-Mejia et al., 2018). As family involvement increases, the competitive differentiators for the family business result in a greater internal focus for differentiation and competitive advantage (Habbershon & Williams, 1999). As indicated in Table 4, the increasing internal focus increases the likelihood of creating an overbounded system, indicating decreased permeability. Decreased permeability, by its very nature, reduces the availability and diversity of information and resources from the external environment (Alderfer & Cooper, 1980). Since management consultants strive to align with leading management thinking, the reduced permeability associated with increasing family power influence reduces the likelihood of family business exposure to MCs and leading management thinking. Which results in the following hypothesis associated with family power influence.

H1 - Higher family ownership is related with lower intention to hire management consultants.

Families exert influence over firm decisions and direction through various channels. Direct management control exemplifies the type of influence exerted when a family occupies key roles in the top management team (TMT). Advisory or governance boards provide another channel to propagate family influence. Family owners typically see boards as a means to guide the business and influence decisions that the firm is required to address (Horan, 2003; Lambrecht & Lievens, 2008).

The greater the level of family involvement in governance, the greater the expectation that familiness or SEW will be viewed as a key element in the family's business objectives (Gomez-Mejia et al., 2018). By influencing a firm's strategic choices and managing the firm's risk profile through the governance process, the board is able to steer the firm away from external influences that would introduce perspectives deviating from the family's long-term objectives. The decreased influence from the external environment will further encourage the board to maintain the firm's internal focus when seeking competitive differentiators (Habbershon & Williams, 1999). This internal focus increases the likelihood of creating an overbounded system, indicating decreased permeability. (Alderfer & Cooper, 1980).

The bounded system variables affected by a governance board that views the elements of familiness as a competitive differentiator include goals, authority relations, role definition, human energy, affect distribution, and unconscious basic assumption would all lean overbounded. Management consultants strive to align with leading management thinking, the reduced permeability associated with increasing family involvement in governance reduces the likelihood of family business exposure to MCs and leading management thinking.

H2 - Higher family involvement in governance is related to lower intention to hire management consultants.

In a heavily family influenced firm one of the goals is often to hire family members to create lasting opportunities for the family to retain control of the firm. This may lead to hiring less qualified family members to perform key roles (Dunn, 1995). Limited opportunity for advancement may dissuade qualified managers, focus on family wealth rather than employee wealth, and lack of business rigor (Covin, 1994; Donnelley, 1988; Horton, 1986). In addition, family firms tend to place less value on outside experience in their promotion decisions (Fiegener et al., 1996).

By optimizing family objectives in the firm, the family may be choosing to de-optimize firm performance against hard measures. In this scenario, the family would be less likely to seek to hire a management consultant due to the perception that a management consultant would favor improvements that influence hard measures or changes aligning with broader management practices in the business environment. At a minimum, the recommendations chosen to incorporate into the business would likely be evaluated with a different set of criteria than what an external management consultant would advocate. This misalignment between family objectives and MC's focus on hard metrics would likely negatively affect family leader's expectations that MC could provide a positive ROI.

H3 - Higher family involvement in management is related with lower intention to hire management consultants.

Key components of a MC engagement are the temporary nature of the effort and the objective of enhancing learning for both the firm and the management consultant (Greiner & Metzger, 1983). Those components suggest that the firm will benefit from the engagement, retain the knowledge or skills required to attain the benefit, and retain control of the business once the management consultant has completed the effort. This aspect of MC fits well with generational succession planning and leaders who recognize or are willing to address the gaps in their firm's knowledge or skills.

The theory of guided preparation suggests that the attainment of tacit and implicit knowledge when engaged in a contextual effort, and guided by a knowledgeable advisor, may provide the foundation for a sustainable competitive advantage (Chrisman & McMullan, 2004). While the literature on knowledge indicates a positive correlation with competitive advantage (Grant, 1996; Kogut & Zander, 1992), Barney (1991) would suggest that it must be valuable and rare knowledge for it to be sustainable. Learning about a topic in a class or allowing a management consultant to do the work for the firm will only increase knowledge through direct interaction with key members of the organization (Chrisman et al., 2012).

The benefits associated with generational succession are tied to the elements of familiness and SEW (Berrone et al., 2012). In the presence of emotional ownership by follow-on generations, those unique family business traits that provide the perceived competitive advantage, or at least the advantages that the family desires, increase with generational succession (Björnberg & Nicholson, 2012). This succession maintains the power held by the family and incorporates the benefits of bringing new thinking with the successive generations. Generational transfer provides an opportunity to effect positive change and realign with current market conditions, while maintaining familiness or SEW.

Generational succession creates a unique opportunity to allow for increased permeability to the outside environment during the transition period. Oftentimes the generational succession, especially when from the founder to the second generation, creates dissonance in the system and causes a shift in a number of key bounded system variables. Authority relations can become confusing as power shifts from one generation to another. The role definitions may shift as family and nonfamily members maneuver within the changing power structure. The shift in role definition may create confusion in the communication patterns and human energy may increase to deal with and attempt to overcome the challenges created by the changes. While these changes in and of themselves are unlikely to shift the family business to an underbounded system, the unbalancing of bounded variables opens the door to environmental ideas that otherwise would not be sought.

Due to increased permeability of the family business system leadership may seek help with smoothing the generational transition by employing a trusted advisor, as well as seeking to hire outside experts to enter new markets, expand on current foundations, or align process, tools, and frameworks to improve firm performance (Blank, 1987; Gersick, 2015; Bertschi-Michel et al., 2021). The opportunity to update numerous aspects of the business provided by generational success suggests a positive relationship with the intention of hiring a management consultant.

H4 – Higher succession intentions are related to increased intention to hire management consultants.

2.7.1. The Moderating Effect of the Perception of Firm Performance

As identified in Section 2.2 the literature provided five primary reasons for a firm to seek MC help. While the literature is relatively scarce on the benefits of MC engagements and how best to quantify those benefits, the primary rationale for many organizations in hiring management consultants is to improve hard financial metrics (Cerruti et al., 2019; Strike, 2012; Strike et al., 2018). Hard financial metrics typically revolve around improving the organization's economics through improvements of areas such as market share or profitability.

Family businesses often view their competitive advantage to be a result of familiness or SEW and turn inward when seeking to improve their performance (Cabrera-Suarz et al., 2001; Habbershon & Williams, 1999). While the family aspects of the business allow for longer term thinking due the greater focus on sustainability with decreased focused on near-term benefits that are more common in publicly traded organizations, the need to have solid financials is important for family businesses as well. When financial metrics tied to firm performance trend down, this increases pressure on family business leaders to make changes to improve the economics. According to bounded systems theory, as the effects of environmental forces on economic conditions increase in an overbounded system, the introduction of economic stress will increase the permeability of the system (Alderfer & Cooper, 1980). If family business leadership determines that they lack the required resources or knowledge to address the performance gaps, then the likelihood of seeking external help from management consultants would increase. This ties directly to the five roles that organizations typically hire MCs to fill. If the firm were to become non-viable, then both hard financial and key family business objectives would be lost.

As firm performance trends below family leadership expectations the negative shift in the organization's sustainability, which aligns with family objectives, will influence leadership thinking regarding external help due to increased permeability of the system boundaries. Perry et al. (2015) found that as family business increases focus on financial wealth, there is an increased likelihood of seeking external advisors. For this reason, firm performance is expected to positively moderate the relationship between family power and the intention to hire MCs. Specifically, as the three elements of family power are expected to negatively correlate with the intention to hire MCs, that negative correlation will be reduced if firm performance is below expectations. This leads to the following hypotheses:

> H5 – Firm performance below expectations will positively moderate the negative relationship between the level of family ownership and the intention to hire MCs, hence making the negative relationship less negative.

The same factors that would influence family business owners to seek outside support when financial constraints on the business increase, also lay the foundation for a similar response from the governance structure within a family business. Family owners typically see boards as a means to guide the business and influence decisions that the firm is required to address (Horan, 2003; Lambrecht & Lievens, 2008). If firm performance is deemed below expectations by board members, they will likely shift the focus from SEW to be more aligned with financial performance and wealth. The focus on financials over SEW is expected to shift the board's objectives away from leveraging the internal resources that historically drove competitive advantage to external influences able to provide new courses of action (Perry et al., 2015).

According to bounded systems theory, the introduction of economic stress will affect a number of key variables to increase the permeability of the system (Alderfer & Cooper, 1980). Firm goals will likely shift to focus more on financial metrics to ensure long-term viability of the firm. Deteriorating economic conditions will shift to a less bounded system permitting increased influence from the external environment. The lack of internal resources or skills to address the economic challenge will increase permeability to allow the influence of external knowledge providers and increase the human energy required to achieve objectives. The typical long-term, generational approach to planning afforded by business stability will shift to a shorter time horizon as near-term viability takes precedence.

The confluence of increased financial pressure shifting the focus from internal to external, and the increased influence of the external environment suggested by the shift toward a less bounded system, will increase the probability of seeking external help. Since management consultants represent the standard bearers for leading management thinking (Kubr, 2004; McKenna, 1995), increased financial pressure will positively influence the probability of a family business seeking MC assistance as the degree of family influence in the governance process increases. Hypothesis 6 is as follows:

H6 – Firm performance below expectations will positively moderate the negative relationship between family involvement in governance and the intention to hire MCs, hence making the negative relationship less negative.

Family involvement in management will likely follow patterns of behavior similar to the one identified in hypotheses five and six. family businesses typically look inward when seeking competitive advantage to leverage the benefits of familiness or SEW (Cabrera-Suarz et al., 2001; Habbershon & Williams, 1999). As family members increase their control of a business by holding management positions, this perspective will result in leadership decisions that align with the family orientation. As firm financials underperform expectations, leadership will begin to shift their focus away from family objectives and reorient their focus on financial metrics. This increase in focus on financial metrics is positively correlated with an increased likelihood of seeking external help (Perry et al., 2015).

Bounded systems theory helps explain why management would seek external help in times of financial stress. The introduction of stress to the economic conditions variable will increase the permeability of the system (Alderfer & Cooper, 1980). Increased permeability is expected to encourage the overbounded system to allow external environmental influences into the system as it moves toward underbounded. The focus of the external environmental influences will be on sources of information and resources that management believe will positively influence their ability to address financial stress. Two of the primary drivers for hiring management consultants are to gain access to knowledge bearers and have them train internal resources to absorb that knowledge (kubr, 2004). For these reasons, as financial stress on a family business increases, the probability of seeking external help from a management consultant increases. This leads to hypothesis 7.

H7 - Firm performance below expectations will positively moderate the negative relationship between family involvement in management and the intention to hire MCs, hence making the negative relationship less negative.

"Core ideology provides the glue that holds an organization through time" (Collins & Porras, 1996, p. 66). According to Collins and Porras (1996) a core ideology is a key component of creating a vision. As family influence increases, and family members occupy key management positions, the alignment between family values and the firm's values become increasingly intertwined. This translates into a firm vision that aligns with the family's vision. The greater this alignment, the higher the likelihood that the system will lean overbounded. Generational succession often introduces dissonance in the firm's vision, or how that vision is operationalized, through the transition from one leader to another (Bertschi-Michel et al., 2021; Gersick, 2015).

The more foundational the change contemplated, the greater the opportunity for dissonance, and the more likely the family would be predisposed toward seeking external help. If the family business was not providing the benefits expected, or a foundational change led to a dramatic shift in the family's vision, then a family business would be even more likely to seek external support (Lee, 1997). In other words, as the impact of firm performance negatively impacts the system, the system will move more toward a less bounded state (Alderfer & Cooper, 1980). That less bounded state will be more open to environmental influences from resources such as management consultants. Succession from a long tenured leader to a younger generation leader may also benefit from external help (Salvato & Corbetta, 2013). This leads to the final hypotheses.

H8 - Firm performance below expectations will positively moderate the positive relationship between family succession intentions and the intention to hire MCs, hence making the positive relationship more positive.

Based on the eight hypotheses developed by applying bounded systems theory to evaluate the relationship between family power influence and succession intentions as independent variables, the intention to hire management consultants as the dependent variable, and firm performance positively moderating the relationship between the IV and DV, this study will employ a questionnaire-based approach to gather data to test these proposed relationships. The Methodology section will detail the proposed approach.

SECTION 3 - METHODOLOGY

Section 1 of this dissertation presented the overarching research questions and the rationale for why these question provide value to both academics and practitioners. Section 2 provided a literature review of management consulting, bounded systems theory, and family businesses. The management consulting subsection explored the five drivers behind why an organization would hire a management consultant. Bounded systems theory provides a framework that describes how permeability affects the behavior of individuals within systems and the relationship of those systems with each other and the external environment. The literature also yielded broad insights into why understanding the degree of family influence better aligns with the purpose of this study than attempting a dichotomous categorization of family versus non-family businesses. The F-PEC scale, and the numerous academic research studies employing it, create the foundation for this research study to explore the relationship between family power influence and succession intention as they relate to an organization's intention to hire management consultants.

Section 3 identifies the methodology this research study utilized to evaluate the eight hypotheses detailed in Section 2. This study employed a quantitative research design using a combination of existing questionnaires from published academic research to evaluate the hypotheses and conceptual model. The questionnaires include elements of the findings from the study conducted by Mattila, Tukiainen, and Kajalo (2019), which examined the heterogeneity in client motives for utilizing management consulting, the F-PEC scale (Astrachan et al., 2002) designed to determine the degree of family influence on a firm, and the firm performance scale developed by Kellermanns et al. (2012).

The following subsections describe the research approach for this empirical study. The first subsection describes the research design and data collection methodology. The next subsection describes how the conceptual model was operationalized into the data collection instrument. The last subsection describes the analytic method and how it was used to evaluate the relationships identified in the eight hypotheses.

3.1. Research Design and Data Collection

The data underlying this study were collected from family businesses with US based headquarters. The minimum criteria for inclusion in the study included: minimum 20 full time equivalent employees, twenty million US$ in annual sales (in YEAR), headquarters based in the United States, respondents at least 18 years of age, and self-identify their firm as a family business. Based on a power calculation at 80% confidence level and 5% margin of error, the sample size sought was a minimum of 110 responses. The literature identified response rates ranging from twelve to over fifty percent for management consulting surveys, that would indicate that over one-thousand surveys may be required to achieve the desired sample size. The surveys were sent to a randomly selected group of firms chosen from the Qualtrics database.

The primary respondents queried were owners and senior leaders responsible for MC selection outside of an official procurement function. Procurement's functional orientation and mandate provide the rationale for not seeking input from procurement professionals. The procurement function's responsibilities typically include source selection related activities, such as identifying potential sources of supply or knowledge service provides, validating provider viability, optimizing contract cost, managing firm risk exposure through contracts, and contract management. While the procurement function provides a key role in the organization, procurement typically does not own the budget for the engagement (profit and loss responsibility is held in other functions), reports organizationally in a manner that breaks the link between their decision-making and long-term success of a MC engagement (typically not involved in day to day project management), and typically are not held accountable for the business implications of the MC selection beyond the criteria given to them from the business. In short, procurement's role is to identify the best source of supply once the requirements have been identified by the business stakeholders.

Since the objective was to understand an organization's intention to hire MCs, and procurement only becomes involved after the organization identifies a source selection need, the surveys were directed to those individuals responsible for creating the requirement to hire management consultants. In the case of family businesses, that may be the CEO or founder, in the case of larger organizations, that may be the CEO or a responsible decision-maker at the business or functional level.

A survey-based approach was utilized to reach a broader sample size than would be available through other means such as interviews or observation. Many studies have successfully employed this approach.

3.1.1. Questionnaire Development

While the information for this study was collected from the individuals identified in Section 3.1, all questions were presented, collected, and assessed at the organizational level. Each of the variables identified in the conceptual model were integrated into the survey, along with the control variables such as organization size, respondent age, and respondent education level. Prior to discussing how the survey questions have been operationalized to elucidate information on the variables, the following provides a short discussion on how the questions were developed.

The survey questions have been designed to align with the variables in the conceptual model. In some cases, this meant that minor adaptations to existing questionnaires were needed to address the variables. For example, the Power subscale of the F-PEC asked questions specific to the managerial board rather than the top managerial team (TMT) and the words managerial board were replaced with TMT. The managerial board questions are well suited to business environments where two boards are more common, e.g. certain European countries, but in the United States that is less of a factor. Since the questionnaire already included questions on the governance board, adding the TMT verbiage meant that the three independent variables related to the power subscale were covered. Most aspects of the succession intention independent variable were covered by the F-PEC Experience subscale, but to eliminate the need to infer the respondent's intention, a question was added to explicitly ask about succession planning.

The questions were reviewed and evaluated by several academics and family business leaders to validate that the questions would be interpreted in line with the study's intent, that no two questions elicit the same answer or are perceived as redundant, and to verify that additional questions should not be added. Once the questions were reviewed and feedback incorporated, the survey was carried out.

3.1.2. Dependent Variable

The dependent variable of intention to hire a management consultant was addressed by the question identified as variable IH1, "Do you intend to hire management consultants in the future?" Several other questions sought to gain additional information regarding the respondent's past experience hiring consultants and the frequency of those experiences. The information served to provide a more holistic picture for future evaluation and study and can be viewed in Appendix A.

Table 5: Dependent Variable

Variable	Name	?#	Question	Answer
Intention to Hire	IH1	Q18	Do you intend to hire management consultants in the future?	Sliding scale 0 – 100

3.1.3. Independent Variables

The independent variables are drawn from the F-PEC subscales and questionnaire (Astrachan et al., 2002). Each is tied to a specific set of questions either as written or as modified for the purpose of this research study. The complete list of questions is available in Appendix A.

Table 6: Independent Variables

Variable	Name	?#	Questions	Answer
Level of family Ownership	LFO	Q28	Please indicate the proportion of share ownership held by family members?	Family %
Family involvement in governance	BD1	Q30	Does the business have a governance board?	Yes/No
	BD2	Q31	How many Board members does it comprise?	# of members
	BD3	Q32	How many Board members is family?	# of family members
	BD4	Q33	How many nonfamily (external) members nominated by the family are on the Board?	# nonfamily members
	BD5	Calc	Percent of Board that is either family member or nominated by family?	Equals (Q32 + Q33) / Q31
Family involvement in TMT	TMT1	Q35	How many persons comprise the top management team (TMT)?	# of members
	TMT2	Q36	How many TMT members are family members?	# of family members
	TMT3	Calc	Percent of TMT that are family members?	Equals Q36 / Q35
Succession Intentions	SI1	Q39	Do you actively plan a succession to the next generation?	Yes/No
	SI2	Q40	Which generation owns the company?	Generation
	SI3	Q41	Which generation(s) manage(s) the company?	Generation
	SI4	Q42	What generation is active on the governance Board?	Generation
	SI5	Q43	How many family members participate actively in the business?	# of members
	SI6	Q44	How many family members do not participate actively in the business but are interested?	# of members
	SI7	Q45	How many family members are not (yet) interested at all?	# of members

3.1.4. Moderating Variable

Firm performance against aspirations moderates the relationships between the four IVs and the DV. Unlike public firms that publish hard financial metrics to help external individuals effectively evaluate firm performance (Branner, 2020; Venkatraman & Rmanujam, 1986), privately held firms often keep detailed financial information confidential. Academic literature provides support for the value of subjective measures and self-assessment when seeking firm performance information (Kellermanns, 2012; Love et al., 2002). Research indicates that respondent responses to qualitative questionnaires on firm performance highly correlate to hard financial metrics (Dess & Robinson 1984; Eddleston et al., 2008; Love et al., 2002; Venkatraman & Rmanujam, 1986).

In line with Kellermanns et al. (2012), respondents were asked to assess their firm's performance against competitors in their field over the last three years. In addition, respondents were asked to assess what they would like their firm's performance to be in three years for the same metrics. This allowed the respondents to gauge their perception of performance against qualitative objectives or family specific goals. It can also serve as a way to assess respondents' levels of optimism. In both cases the respondents were asked to select to respond on a Likert scale ranging from 1 = "much worse" to 7 = "much better." The responses were then modeled as the latent construct Firm Performance. The model was evaluated using current firm performance (CFP) responses individually, future firm performance (FFP) responses individually, and with both CFP and FFP combined to build out the Firm Performance construct. In all instances the results were relatively unchanged and only CFP was used in the final model evaluation as that reflects how the firm is performing today and most closely aligns with the hypothesis that firm performance would moderate the four relationships identified in Section 2.

Table 7: Moderating Variable

	Name	?#	Questions	Answer
Firm Performance			How would you rate your firm's current performance against competitors' performance in the following categories (past 3 years)?	Likert Scale (1 to 7, 1 = much worse; 4 = about the same; 7 = much better)
	CFP1	Q48.1	Growth in sales	
	CFP2	Q48.2	Growth in market share	
	CFP3	Q48.3	Growth in number of full-time employees	
	CFP4	Q48.4	Growth in profitability	
	CFP5	Q48.5	Return on equity	
	CFP6	Q48.6	Return on total assets	
	CFP7	Q48.7	Profit margin on total sales	
	CFP8	Q48.8	Investment in growth from profit	
			Where do you see your firm's performance relative to your competitor's performance in the next 3 years in the following categories?	Likert Scale (1 to 7, 1 = much worse; 4 = about the same; 7 = much better)
	FFP1	Q49.1	Growth in sales	
	FFP2	Q49.2	Growth in market share	
	FFP3	Q49.3	Growth in number of full-time employees	
	FFP4	Q49.4	Growth in profitability	
	FFP5	Q49.5	Return on equity	
	FFP6	Q49.6	Return on total assets	
	FFP7	Q49.7	Profit margin on total sales	
	FFP8	Q49.8	Investment in growth from profit	

3.1.5. Control Variables

The survey included control variables to allow the analysis to evaluate the impact of one variable while controlling for the effects of other variables that may affect the model output (Hair Jr. et al., 2020). The control variables used in this study were: publicly listed or not publicly listed organization, industry, and respondent's title, age, gender, and education level. The control variables chosen each represent items that based on the literature may or not influence the outcome of the analysis. Whether a company is public or not speaks directly to the degree of permeability of the organization to outside influence. A public company includes the impact of outside stakeholders when evaluating decisions in a manner that privately held companies do not. Industry provides insights into whether or not there are standards within different types of industries that may influence respondents' perspectives. The respondent's title, or level in the organization, may determine how the respondent views outside help. For example, a CEO may be focused on long-term strategic market position while the CFO is focused on financial stability. Both perspectives are valuable and may influence their perception of whether outside help adds value. Age and education speak to potential openness to new concepts and changes, which may correlate with willingness to introduce influences from outside the firm. Lastly, gender was selected because data on help seeking from small family firms from incubators indicates a lower willingness from women owned firms than male owned firms (Lee, 1999).

Table 8: Control Variables

Variable	**Name**	**?#**	**Questions**	**Answer**
Controls	NAICS	Q1	Primary industry and/or NAICS Code?	Drop down list
	Public	Q7	Is the company publicly traded?	Yes/No
	Title	Q10	Title?	Drop down list
	Age	Q11	Age?	# years
	Gender	Q12	Gender?	Drop down list
	ED	Q16	Highest level of education?	Drop down list

3.1.6. Questionnaire Structure

The questionnaire was segmented into four sections (please see Appendix A for a copy of the questionnaire). The first section focuses on demographic data including information such as organization size, respondent's role, and industry. The second section includes fourteen seven point Likert scale questions to evaluate the importance of key criteria when selecting a management consultant. In line with Mattila et al. (2019), the answer options ranged between 1 ("strongly disagree") and 7 ("strongly agree"), with 4 indicating the mid-point ("neither disagree nor agree").

The third section covers the F-PEC scale, that seeks to understand the degree of family influence on the firm (Astrachan et al., 2002). The final section is specific to firm performance based on subjective (current and future) financial firm performance according to Kellermanns et al. (2012).

SECTION 4 - DATA ANALYSIS AND FINDINGS

4.1. Measurement Model Evaluation

To evaluate the questionnaire, a small pilot (n=12) was administered to a randomly selected group of respondents who originated from the Qualtrics database. These respondents were only used for pilot testing and not subject to subsequent analysis as part of the full sample. The pilot validated that the time requirement to complete the survey was close to the estimated 15 minutes, ensured that responses were in line with the intention of the questions, and identified potential concerns before launching the full survey. The pilot also identified the need for additional screening criteria to ensure that business leaders selected were not representing single person businesses. As a result of the pilot survey, minimum requirements of one million US$ in sales and 20 full-time equivalent employees were added to ensure the type of businesses surveyed were capable of hiring MCs.

The data were first analyzed through descriptive statistics and evaluation to verify completeness of responses and elimination of any noncompliant data. Any data removed were identified and retained in the raw dataset should future questions arise that warrant their re-evaluation.

Qualtrics distributed the survey to 1,912 recipients, resulting in 651 survey responses. Based on the selection criteria and removal of responses with missing or conflicting data, the final sample size was 116. The final sample includes 64.6% male (75) and 35.4% female (41) respondents. All respondents chose to declare gender. The mean age for respondents fell into the 35 – 44 year old category, mean annual sales was over US$233.1M, and median average sales were US$2M. Mean current FTE was 2,289 with a median of 22, and the mean FTE three years ago was 682, with a median of 10. The mean founding year for the firm was 2007 and the mean time for experience in a role was just over 11.6 years.

PLS-SEM application requires a two-step approach. In line with the procedure identified by Manley et al. (2021), Step one involves using CCA to conduct measurement model evaluation. Step two involves structural model assessment. SmartPLS version 4.1.0.8 provided the analytic evaluations and results (Ringle et al., 2024). When applying PLS-SEM with confirmatory composite analysis (CCA), the first step is to evaluate the reliability and validity of the model. While similar to the more broadly used confirmatory factor analysis (CFA) that relies on common variance of latent variables, CCA evaluates the total composite variance of latent variables (Manley et al., 2021). This shift reduces the constraints on when CCA can be effectively applied and aligns with the boundary conditions of this study. Based on the application guidelines identified by Manley et al. (2021) CCA is applicable to this study for the following three reasons: a primary statistical objective of this study is prediction, the model includes multi-item latent variables, and the survey responses include nominal measurements.

Table 9: CCA Reflective Measurement Model Evaluation (Manley et al., 2021)

Sub-step	**Guidelines**
1 – Estimate loadings and significance	Loadings >0.708, and t-statistic >±1.96
2 – Indicator reliability	Squared indicator loadings
3 – Composite reliability of the constructs	Cronbach’s alpha, composite reliability, or rho_A>0.70
4 – Average variance extracted (AVE)	AVE $\geq$ 0.50
5 – Discriminant validity using HTMT method	HTMT confidence intervals > 0.85
6 – Nomological validity	Correlate the construct score of each construct with one or more other constructs
7 – Predictive validity	R^2, f^2 (effect size), Q^2 (blindfolding)

The first step, measurement model evaluation, employed CCA to evaluate the measurement model for reflective variables. The seven sub-steps within step one provide a reliable, proven process with guidance at each sub-step for understanding the output. As described by Hair Jr. et al. (2020) and Manley et al. (2021) the seven sub-steps are described in table 9.

As shown in Table 10, the loadings for all reflective latent variables exceed the recommended >.708 threshold. Initial evaluation of the latent variables identified a number of loadings that were below the .708 threshold and resulted in removing items BD1- BD4, TMT1 & TMT2, SI 5- SI7, and CFP5 from the model. Table 6 below provides the results of the Cronbach's alpha, composite reliability, and the average variance extracted. All measures meet or exceed the recommended thresholds of Cronbach's alpha, composite reliability, or rho_A>0.70 and AVE ≥ 0.50 (Hair Jr. et al., 2020; Manley et al., 2021) as shown in Table 10.

Table 10: Construct Reliability and Validity

	Cronbach's alpha	**Composite reliability (rho_a)**	**Composite reliability (rho_c)**	**Average variance extracted (AVE)**
Firm Performance	0.953	0.963	0.961	0.781
Succession Intention	0.855	0.882	0.913	0.778

For example, the construct for family board originally included a question to determine if there was a board (BD1). It also included responses to three separate questions to determine how many board members there were in total (BD2), how many board members were family members (BD3), and how many were not family members, but were appointed by family members (BD4). The fifth indicator was a calculation that provides the percent of board members that are family members (BD5). When using SmartPLS to evaluate the measurement model, the four indicators related to questions all fell below the recommended threshold of >.708 and were dropped from the model. The remaining calculated indicator exceeded the threshold as identified in Table 10. The same process was followed for all indicators construct relationships in the model.

Table 11: PLS-SEM Outer Loadings

Model Indicators and Constructs	**Outer loadings**
Age <- Age	1.000
BD5 <- Family Board	1.000
CFP1 <- Firm Performance	0.899
CFP2 <- Firm Performance	0.894
CFP3 <- Firm Performance	0.866
CFP4 <- Firm Performance	0.898
CFP6 <- Firm Performance	0.854
CFP7 <- Firm Performance	0.897
CFP8 <- Firm Performance	0.877
ED <- ED	1.000
IH1 <- Intention to Hire	1.000
LFO <- Family Ownership	1.000
SI2 <- Succession Intention	0.942
SI3 <- Succession Intention	0.908
SI4 <- Succession Intention	0.788
TMT3 <- Family Management	1.000
Firm Performance x Family Ownership -> Firm Performance x Family Ownership	1.000
Firm Performance x Family Management -> Firm Performance x Family Management	1.000
Firm Performance x Succession Intention -> Firm Performance x Succession Intention	1.000
Firm Performance x Family Board -> Firm Performance x Family Board	1.000

Discriminant validity provides a measure of differentiation between constructs. The underlying objective is to verify that the constructs should not be highly related to one another (Henseler, et al., 2015). Two measures to evaluate discriminant validity include Heterotrait-Monotrait ratio of correlations (HTMT) and the Fornell-Larcker (FL) criterion. The HTMT evaluation provided in Table 12 validates that all constructs meet the recommended guidelines of <0.85 and the FL are below 1 in Table 13.

Table 12: Heterotrait-Monotrait Results

	Age	ED	Family Board	Family Management	Family Ownership	Firm Performance	Intention to Hire	Succession Intention	Firm Performance x Family Board	Firm Performance x Family Ownership	Firm Performance x Family Management	Firm Performance x Succession Intention
Age												
ED	0.097											
Family Board	0.133	0.275										
Family Management	0.071	0.094	0.029									
Family Ownership	0.197	0.047	0.096	0.114								
Firm Performance	0.179	0.144	0.404	0.094	0.178							
Intention to Hire	0.299	0.304	0.357	0.06	0.141	0.453						
Succession Intention	0.378	0.112	0.342	0.126	0.143	0.223	0.393					
Firm Performance x Family Board	0.093	0.204	0.711	0.039	0.145	0.039	0.145	0.174				
Firm Performance x Family Ownership	0.267	0.059	0.167	0.173	0.111	0.085	0.093	0.241	0.123			
Firm Performance x Family Management	0.152	0.283	0.044	0.142	0.167	0.025	0.046	0.054	0.117	0.148		
Firm Performance x Succession Intention	0.093	0.087	0.166	0.019	0.201	0.108	0.02	0.086	0.242	0.337	0.088	

Table 13: Fornell-Larker Criterion

	Age	ED	Family Board	Family Management	Family Ownership	Firm Performance	Intention to Hire	Succession Intention
Age	1							
ED	0.097	1						
Family Board	-0.13	0.275	1					
Family Management	0.071	-0.09	-0.029	1				
Family Ownership	0.197	0.047	-0.096	0.114	1			
Firm Performance	-0.18	0.145	0.399	-0.09	-0.175	0.884		
Intention to Hire	-0.3	0.304	0.357	-0.06	-0.141	0.452	1	
Succession Intention	-0.34	0.097	0.306	-0.11	-0.138	0.211	0.366	0.882

Once discriminant validity has been established, nomological validity is assessed across constructs in the nomological net (Hair Jr. et al., 2019; Hair Jr. et al., 2020). As demonstrated in Tables 12 and 13, all results are within expected boundaries.

The last sub-step in model evaluation according to Hair Jr. et al. (2020) involves evaluating the model's predictive reliability. The predictive reliability provides insight into how much of the variability of the dependent variable can be estimated based on the model's constructs and structure. According to SmartPLS, the R^2 for the model is 0.377 as shown in Table 14. This, as well as the other predictive validity measures, will be discussed in greater detail in section 4.2.

Table 14: Intention to Hire R-Square

	R-square	R-square adjusted
Intention to Hire	0.377	0.311

4.2. Structural Model Assessment

Step two of the PLS model assessment evaluates the structural model. In line with Hair Jr. et al. (2020) and Manley et al. (2021) the model was assessed using the sub-steps summarized in Table 15 below.

Table 15: Structural Model Assessment (Manley et al., 2021)

Sub-step	Guidelines
1 – Evaluate structural model for collinearity	VIF < 3.0
2 – Size and significance of path coefficients	Higher path coefficients are more powerful predictors, statistical significance ≤ 0.05
3 – R^2 of the endogenous variables (based on in-sample prediction)	Higher R^2 values are more desirable
4 – f^2 effect size (based on in-sample prediction)	$0.02 < f^2 < 0.15$ = small, $0.15 < f^2 < 0.35$ = medium, $f^2 > 0.35$ = large effect
5 – Q^2 predictive relevance (based on in-sample prediction	$Q^2 > 0.0$ = meaningful, $0.25 < Q^2 < 0.50$ = medium, $Q^2 > 0.5$ = large predictive relevance
6 – PLSpredict out of sample validity	See Hair Jr., Howard & Nitzl (2020)

The first sub-step in structural model assessment is to evaluate the degree of multicollinearity between constructs. High multicollinearity may suggest that the constructs require further evaluation to validate that they respondent independently within the model. As shown in Table 16, the VIF values for Family Management, Family Ownership, Firm Performance, Succession Intention, and the moderated relationships between Firm Performance and the constructs representing the four IVs were all below the recommended <3.0 threshold.

The Family Board construct does not fall below the recommended <3.0 threshold. Hair Jr. et al. (2020) recommends addressing potential multicollinearity issues by combining lower-order constructs into higher-order constructs that align from a theoretical and conceptual perspective. In line with Hair Jr. et al. (2020) the constructs for family ownership, family board, and family management were combined to create the higher order construct (HOC) family influence. The model was rerun with the family influence HOC and the VIF fell below the recommended <3.0 with a result of 1.409. The HOC based model, however, did not meet the thresholds in the measurement model evaluation for construct reliability and validity. Additionally, the path coefficient findings were not statistically significant and slightly lowered the model's R-square. The HOC based model demonstrated less explanatory value and the HOC was removed. As will be identified in the balance of this section, the hypothesis associated with family board was not supported and additional steps were not required for the Family Board construct.

Table 16: VIF Results

Constructs/Relationships	Intention to Hire
Age	1.311
ED	1.207
Family Board	3.431
Family Management	1.12
Family Ownership	1.232
Firm Performance	1.52
Intention to Hire	
Succession Intention	1.294
Firm Performance x Family Board	2.979
Firm Performance x Family Ownership	1.452
Firm Performance x Family Management	1.269
Firm Performance x Succession Intention	1.442

Sub-step 2 in the structural model assessment was to examine the path coefficients. The path coefficients range from -1 to +1, where the closer to one the greater the predictive ability of the model for the dependent (endogenous) variable. Figure 7 provides the path coefficients and statistical significance for each of the relationships modeled. A statistical significance of ≤ 0.05 is required. The model indicates that one relationship meets the threshold for statistical significance, the relationship between succession intention and intention to hire with a statistical significance of 0.038. All other relationships in the model are well above the recommended 0.05 threshold. Therefore, the only path coefficient that provides statistically significant finding has a positive coefficient of 0.259. This indicates a strong positive relationship between succession intention and intention to hire. All other coefficients will be disregarded due to being not statistically significant.

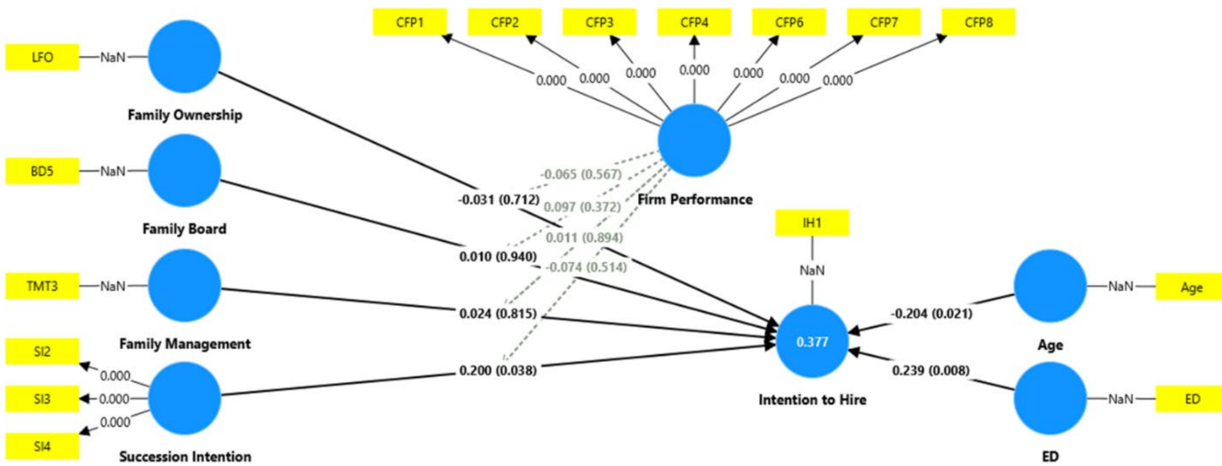
As noted in Table 17, the control variables for whether the company was publicly traded or not (Public), the industry code (NAICS), the title of the respondent (Title), or the gender of the respondent (Gender) were not statistically significant. The respondent's age (Age) had a negative, statistically significant relationship with intention to hire, and the respondent's education level (ED) had a positive, statistically significant relationship with intention to hire. Figure 7 and Table 13 show the control variable path coefficients and p scores.

Table 17: Path Coefficients

	Path Coefficient	Sample Mean	Standard Deviation	T Statistics	P Values
Age -> Intention to Hire	-0.204	-0.206	0.088	2.309	0.021
ED -> Intention to Hire	0.239	0.234	0.09	2.663	0.008
Family Board -> Intention to Hire	0.01	0.009	0.129	0.075	0.940
Family Management -> Intention to Hire	0.024	0.012	0.101	0.234	0.815
Family Ownership -> Intention to Hire	-0.031	-0.021	0.085	0.369	0.712
Firm Performance -> Intention to Hire	0.344	0.363	0.092	3.749	0.000
Succession Intention -> Intention to Hire	0.2	0.196	0.096	2.079	0.038
Firm Performance x Family Board -> Intention to Hire	0.097	0.109	0.108	0.893	0.372
Firm Performance x Family Ownership -> Intention to Hire	-0.065	-0.058	0.113	0.572	0.567
Firm Performance x Family Management -> Intention to Hire	0.011	0.017	0.086	0.133	0.894
Firm Performance x Succession Intention -> Intention to Hire	-0.074	-0.085	0.113	0.652	0.514

The next four steps in the model assessment focus on the model's predictive ability (Hair Jr. et al., 2020). R^2, sometimes referred to as the "coefficient of determination" (Hair Jr. et al., 2020, p. 106), measures the in-sample predictive power. This predictive power, similar to multiple regressions, provides an evaluation of the prediction across all constructs. The measure is intended to provide a measure of the sample data and not be applied to the whole population. R^2 ranges in value from 0 to 1, with 1 representing the highest predictive value and 0 representing the lowest predictive value. The R^2 for intention to hire is 0.377, which indicates a low to moderate predictive value. According to Hair Jr. et al. (2017) R^2 is useful when a model includes nonsignificant relationships such as this one.

Figure 7: PLS-SEM Bootstrapping Output



The f^2 measure is calculated by assessing the various R^2 measurements between independent predictive constructs and the dependent construct by removing individual independent constructs and evaluating the impact on R^2 both with and without the construct (Hair Jr. et al., 2017). This measure, when combined with the R^2 and Q^2, provides insight into the out of sample predictive validity (Manley et al., 2021). SmartPLS performed this evaluation and provided the f^2 measures below. The guidelines for evaluating the effective size for in sample predictions are $0.02 < f^2 < 0.15$ = small, $0.15 < f^2 < 0.35$ = medium, $f^2 > 0.35$ = large effect (Hair Jr. et al., 2020; Manley et al., 2021). As shown in Table 18, the effect size for firm performance as it relates to intention to hire, and the effective size for succession intention as it relates to intention to hire are both in the small range. All other construct relationships fall outside the guidelines.

Sub-step five of the structural model assessment involves blindfolding to determine the Q^2 (Geisser, 1974). Q^2 provides a measure of out of sample predictive value. The strength of this predictive value has been questioned in the literature which suggests PLSpredict provides a better measure. The recommended guidelines for this metric are $Q^2 > 0.0$ = meaningful, $0.25 < Q^2 < 0.50$ = medium, $Q^2 > 0.5$ = large predictive relevance. A Q^2 less than 0 indicates no predictive value. The Q^2 for intention to hire is 0.082, resulting in a meaningful measure (Hair Jr. et al., 2020; Manley et al., 2021).

Table 18: F-Square Measures

Relationships	**F-square**
Age -> Intention to Hire	0.051
ED -> Intention to Hire	0.076
Family Board -> Intention to Hire	0.000
Family Management -> Intention to Hire	0.001
Family Ownership -> Intention to Hire	0.001
Firm Performance -> Intention to Hire	0.125
Succession Intention -> Intention to Hire	0.050
Firm Performance x Family Board -> Intention to Hire	0.006
Firm Performance x Family Ownership -> Intention to Hire	0.004
Firm Performance x Family Management -> Intention to Hire	0.000
Firm Performance x Succession Intention -> Intention to Hire	0.007

R^2 and f^2 measured the in-sample predictive capability of the model. The Q^2 measured out of sample predictive value, however, Hair Jr. et al. (2020) suggested that there is a more robust means to measure out of sample predictive value. PLSpredict automatically generates holdout samples to allow the researcher to better evaluate the out of sample model predictive capabilities (Shmueli et al., 2019). SmartPLS will subdivide the sample data set into k groups, referred to as folds in SmartPLS. The system default is k=10 groups. Shmueli et al. (2019) recommends a minimum of 30 samples in each group, although there is evidence that N=20 may produce robust results (Hair Jr., et al. 2019). Once k is set to the appropriate value based on the size of the sample dataset, SmartPLS will select all but one of the subgroups and combine those into a single sample dataset. The analysis then attempts to predict the value of the holdout sample. This is repeated until all k subgroups have been predicted and measured through analysis. Since our sample population consists of N = 116 the PLSpredict calculation was run for k=5.

PLSpredict provides three primary measures that indicate the error associated with the prediction generated for the dependent exogenous construct. The three measures are mean absolute error (MAE), root mean squared error (RMSE), and linear regression model (LM) benchmark. The MAE measures the average error across a set of predictions irrespective of the sign (positive or negative). The RMSE provides the "square root of the average of the squared differences between the predictions and the actual observations" (Hair Jr. et al., p 107, 2020). RMSE often provides the right insights when evaluating error, but MAE is better suited with non-symmetrical distributions (Hair Jr. et al., 2020). LM prediction errors are then compared to the RMSE. This comparison typically results in one of four model outcomes:

- Lacks predictive power – RMSE and MAE > LM for all dependent construct variable indicators
- Low predictive power – RMSE and MAE > LM for the majority of dependent construct variable indicators
- Medium predictive power – RMSE and MAE > LM for an equal or a minority of dependent construct variable indicators
- High predictive power – LM > RMSE or MAE for all of the dependent construct variable indicators

Table 19 provides the PLSpredict output associated with the model in Figure 7. The RMSE is below the LM and the MAE is above the MAE. This aligns with high predictive power model for the out of sample exogenous dependent construct.

Table 19: RMSE, MAE, and LM Measures

	Q^2predict	PLS-SEM_RMSE	PLS-SEM_MAE	LM_RMSE	LM_MAE
Intention to Hire	0.17	30.632	23.908	31.009	24.509

4.3. Direct Relationship Evaluation

Within the model identified in Figure 8, the direct relationships were evaluated in line with Hypotheses 1 through 4. As shown in Table 17, the direct relationship between family ownership, family board, family management and the dependent construct intention to hire all generated statistically not significant ($p>0.05$) results and did not support H1 ($p=0.712$), H2 ($p=0.940$), or H3 ($p=0.815$). The relationship between succession intention and intention to hire resulted in a statistically significant, positive relationship. This finding supports H4.

The moderated relationships evaluated in the model all resulted in not statistically significant findings. The moderating construct Firm Performance results do not support H5 ($p=0.567$), H6 ($p=0.372$), H7 ($p=0.894$), or H8 ($p=0.514$). Therefore, no statistically significant moderating effects were observed.

Overall, the model demonstrated reliability and validity. However, the model did not support the hypotheses, except one. The model does support the statistically significant, positive relationship between Succession Intention and the dependent exogenous construct Intention to Hire with a unstandardized path coefficient of 0.200 and p value of 0.038.

SECTION 5 - DISCUSSION, LIMITATIONS AND FUTURE RESEARCH

5.1. Discussion

The primary objective of this research study was to understand the effect of family influence on an organization's intention to hire management consultants. Organizations routinely turn to trusted advisors for guidance on how to address business challenges (Strike, 2012). Those trusted advisors may be either formal or informal and may help family businesses address challenges that range from business oriented to family oriented, or a blend of both. Family business literature provides limited research on how family businesses use trusted advisors or management consultants and overall lacks clarity on the differentiation between the two (Strike, 2012; Strike et al., 2018). Through its conceptual grounding, the present research provides clarity around the differentiation between trusted advisors and the management consulting subset of trusted advisors.

This differentiation provides clarity in discussion, research, and practice by ensuring that academics and practitioners engage in precisely defined knowledge sharing and development. Beyond ensuring more effective communication, the fundamental differences between formal and informal advisors speaks to broad variations in the level of expertise, motivation, depth of knowledge, and focus on targeted outcomes (Strike, 2012). Within the formal advisor category, which involves renumeration for the advice sought, studies indicate that a multi-disciplinary approach provides improved benefits from coordination across professional advisors (Astrachan & Astrachan, 1996; Swartz, 1989; Su & Dou, 2013; Thomas, 2002; Upton et al., 1993). By not clearly differentiating the type of formal advisor, as is often found in the literature, the reader is left wondering if the benefits described have already incorporated the multi-disciplinary perspective such as that found in MC, or if the results should be interpreted more narrowly, such as one would expect from the benefits created by a CPA or wealth management advisor.

By clearly articulating that MC falls within what Strike (2012) defined as the formal, process or content, business advisor category, this research study extends the existing family business trusted advisor framework to allow for more accurate evaluation of how external advisors impact firm decision making. The segmentation of professional content or process advisors such as attorneys or industrial engineers, from cross-functional management consultants provides greater insight into the types of advice being sought. By understanding the types of advice being sought, academics and practitioners gain a more nuanced understanding when studying how and when external help seeking behaviors will influence firm performance. This further differentiation in taxonomy helps bridge the gap between management consulting research in the strategy and management fields with the trusted advisor research being conducted in the family business field.

This study extended the use of bounded systems theory into family business research as a framework to evaluate family businesses' permeability to outside influences and explain what criteria may change that degree of permeability (Alderfer & Cooper, 1980). Bounded systems theory provides a number of benefits when evaluating family businesses compared to the more commonly used agency theory, which focuses on the potential influence of risk and loss aversion in a principal and agent relationship (Eisenhardt, 1989; Jensen & Meckling, 1976; Woodman, 2017). The implications of this approach for family business research and practice will be discussed in detail in the theoretical contribution portion of this section.

To accomplish the primary research objective, the analysis focused on three research questions. The first research question was, does the degree of family influence affect an organization's intention to hire management consultants? Focusing on family influence rather than the dichotomous designation of family or non-family business incorporated the impact of SEW and familiness into the analysis (Gomez-Mejia et al., 2018; Reay et al., 2013). The F-PEC scale provided the means to measure and study the relationship between the three independent variables, family ownership, family board, family TMT, and the dependent variable, intention to hire.

The second research question was, do family business succession intentions affect the intention to hire management consultants? A large number of family businesses disappear between the first and third generations due to succession issues (Bertschi-Michel et al., 2021). Generational succession, especially when from the founder to the second generation, creates dissonance in the system and can cause a shift in a number of key bounded system variables away from being overbounded. It is during these times of transition that the key variables in the bounded system become affected and can cause progression toward an underbounded system. Once the transition is complete, then the new family leadership would be expected to reinforce a bounded system in line with their objectives, often leaning overbounded in a heavily family-centric business. If the transition resulted in a firm structure with less family influence, then the system would be expected to be less overbounded.

Hypothesis four (H4) indicated that evaluation of bounded systems variables such as authority relations, role definition, communication patterns, and human energy help explain the criteria driving a family businesses' decision to seek outside help due to generational succession. As the leadership transition begins, members of the firm may find it confusing to understand who has the authority to make difficult or important decisions (Cabrera-Suarz et al., 2001; Habbershon & Williams, 1999) in part due to changing role definitions. Astrachan et al. (2002) identified that the founder generation typically establishes processes that organize and guide family businesses. Second generation leadership often changes or adapts those communication patterns resulting in additional human effort as firm employees adapt to the new processes and leadership expectations. Changes in these four variables increase the bounded system's permeability (Alderfer & Cooper, 1980). The increased permeability of the family businesses system was hypothesized to lead to an increased propensity to seek help with smoothing the generational transition from a trusted advisor. Using bounded systems theory, this research study supported H4 and provided additional theoretical support for the findings in existing literature (Blank, 1987; Gersick, 2015; Bertschi-Michel et al., 2021). The statistical results for all hypotheses, including H4, will be discussed in greater detail later in this section.

The third research question was, does firm performance moderate the relationship between family power influence, succession intentions, and the intention to hire management consultants? Bounded systems theory espouses that all systems have a boundary between system members and the external environment (Alderfer & Cooper, 1980). Task groups are work and level dependent, e.g. supply chain, operations, foreman, or line worker, and identity groups tend to be associated with an individual's identity, such as gender or class status (Alderfer & Smith, 1982). The stronger the family influence in a firm, the stronger the task group, or firm based, identity will likely be. Family businesses align with a task group orientation that meets the definition of an overbounded system focused on the strength of the family objectives in the organization.

If firm performance is deemed below expectations, the literature indicates that family businesses typically shift focus from SEW to be more aligned with financial performance and external help seeking (Perry et al., 2015). A greater focus on hard financial metrics results in a deprioritization of family objectives and increased system permeability to environmental influences such as leading industry practices, collaboration with other firms, or outside experts. This does not mean that family objectives have no value, but rather shift lower in near-term importance as the firm adjusts tactical decisions to ensure long-term financial viability.

Based on the research objective and three research questions, eight proposed hypotheses were evaluated using PLS-SEM to test the model relationship shown in Figure 7. The model includes four direct relationships and four moderated relationships. Three direct relationships between family ownership and intention to hire (H1), family board and intention to hire (H2), and family TMT and intention to hire (H3) were not statistically significant, and the related hypotheses therefore not supported. The direct relationship between succession intention and intention to hire (H4) was positive and statistically significant ($p<0.05$).

The lack of support for H1, H2, and H3 indicates that the degree of family influence does not directly influence the likelihood of hiring management consultants. This may be indicative of the fact that all firms must attain a certain level of maturity regarding people, processes, and procedures to effectively deliver in the market and achieve sustainability. Those business drivers may effectively determine when and how the firm engages with outside experts. Since these business drivers reflect foundational business needs, they may negate the impact of family power influence in favor of more business driven decisions. Alternatively, it could mean that family influence power has an impact in determining how management consulting help is implemented rather than if management consulting help is sought.

From a bounded systems perspective, it may indicate that the variables such as goals, economic conditions, and cognitive work may all be driven more by factors other than family influence and therefore, the degree of system permeability would be better explained by those sources influence. The linkage between succession intention and intention to hire in H4 is however supported and aligns with the predicted increased system permeability to external environmental influences, which management consultants would be expected to introduce.

The effect of the control variables age and education suggest that the younger respondents with higher levels of education are more likely to hire management consultants. This could indicate that younger leaders are more willing to seek external advice to help grow their business, whereas older leaders may be less likely to see external advice because they have already developed the experience they value. Higher education attainment likely aligns with the introduction to the broader academic community of knowledge. Awareness of what is available beyond family knowledge likely encourages seeking external advice as well. This may also help explain why generation succession is positively related to intention to hire, since generational transfer is often from the older generation to the younger generation.

Since the data indicated that 48% (56 out of 116) of respondents had hired management consultants in the past, this provides insights into the fact that family businesses are already seeking external resources to achieve family business objectives. Out of 48% of respondents that have hired only 8.9% (5 out 56) responded with a 30% or less probability of hiring management consultants in the future, and just under 18% (10 out of 56) placed the probability below 50%. This suggests that firms with experience hiring management consultants are likely to hire them in the future. By focusing only on more established family businesses, those with $1M or more in sales and at least 20 FTE, this study may be highlighting that business drivers and scale influence the intention to hire management consultants in line with large, publicly traded firms studied in the management field. Those business drivers included: achieving organizational purposes and objectives, solving management and business problems, identifying and seizing new opportunities, enhancing learning, and implementing changes (Alderfer, 1980; Cerruti et al., 2019; Kubr, 2004; Lee, 1997).

The four moderating relationships incorporated firm performance into the four direct relationships. Firm performance moderating the relationship between family ownership and intention to hire (H5), firm performance moderating the relationship between family board and intention to hire (H6), firm performance moderating the relationship between family TMT and intention to hire (H7), and firm performance moderating the relationship between succession intention and intention to hire (H8) were not statistically significant, and the related hypotheses were not supported.

The moderation analysis deviated from the hypothesized outcome in all cases. This may be a result of the low number of respondents who assessed their firm performance as a 1 or a 2 on the Likert scale from 1 to 7, with 1 meaning their firm is performing much worse than their competitors across the key metrics of sales growth, market share, headcount, profitability, ROE, ROA, and overall sales. There are a number of factors that may have led to this result including, but not limited to: constraints from the survey criteria, small sample of poor performing firms compared to competitors, or a generally positive economic environment.

Since the survey limited respondents to firms with $1M or more in sales per year, the survey may have excluded the firms that were performing poorly against their competitors. While it seems improbable that firms with low sales would be the ones performing poorly against their peers, this may help explain the limited number in the data. The overall limited number of firms reporting at the lower end of the Likert scale may not have provided enough variability to drive significant results in the model. Future research from poorer performing firms compared to their competitors would help determine if this is the cause. Lastly, the current economic environment may have already eliminated the lower performing firms during the COVID epidemic. With the stronger firms having survived or thrived compared to their competitors.

In short, the analysis indicates that of the four direct relationships modeled, only succession intention demonstrated a statistically significant relationship supporting hypothesis 4 (H4). The findings indicate that 48% of respondents have hired management consultants which aligns to the broader concept of family firms seeking help from formal trusted advisors (Mattila et al., 2019; Strike, 2012; Strike et al., 2018). While the model demonstrated that the degree of family influence does not provide explanatory power behind the intention to hire management consultants, the research does extend the current literature by expanding our understanding of what type of trusted advisors family businesses are hiring.

The overall significance of these relationships, and the need to further explore what drives family firms to hire management consultants, warrants further study and evaluation. The next section will discuss the theoretical contributions of this study.

5.2. Theoretical Contributions

This study provided three meaningful theoretical contributions to the body of knowledge. First, the study demonstrated the applicability of bounded systems theory in understanding how family businesses may be influenced by the permeability of the system when experiencing generational transition. By evaluating the bounded state of the family business system through the eleven variables and the influences that make them more overbounded or underboard, researchers can more effectively predict how external influences may affect the system. As an example, one of the eleven variables in bounded systems theory is intergroup dynamics (Alderfer & Cooper, 1980; Mortensen & Hass, 2018). The theory aligns individuals with identity or task group affiliations. Understanding that an individual who is strongly bound to a task group, e.g., a work team, and loosely affiliated with an identity group, e.g. a political party, may become more open to the influence of the identity group if the task group bonds move away from overbounded can help inform how to structure a research study. Similarly, each of the eleven bounded system variables provides guidance on what would drive a system toward either overbounded or underbounded.

Bounded systems theory provides an opportunity for family business research to overcome a key challenge of the more prevalent agency theory (Woodman, 2017). Agency theory evaluates the relationship between principal and agent from a risk and loss aversion perspective (Eisenhardt, 1989; Jensen & Meckling, 1976; Woodman, 2017). This can be particularly effective in evaluating parties with divergent interests and where contracts effectively define the relationship, e.g., the corporation and the CEO, or a board of directors and the business. But this relationship becomes more challenging to study when the firm founder is also the firm leader. The principal-agent relationship loses value when the principal is the agent. Bounded systems theory avoids this conflict by viewing the impact on systems through the change in variables that allow for the unique structure found in family businesses, such as the founder as a leader and owner.

The second theoretical contribution ties to the broad topic of this research effort and management consulting research as a whole. In general, MC research has focused on large publicly traded firms (Cerruti et al., 2019). With up to 89% of business meeting the broad definition of a family business (Pieper et al., 2021), that leaves a significant gap in the body of knowledge. The survey results collected for this study indicate that there exists a large portion of management consulting that has remained unstudied and not well understood. According to the Small Business Administration (2020) definition for a large firm, only 23.3% of the respondents would meet the criteria to be considered a large business.

55% (64 out of 116) of respondents to the survey in this study indicated a greater than 50% probability that they intended to hire a management consultant in the future and over 48% (56 out of 116) had hired a management consultant in the past. That high level response rate reenforces that family businesses activity as it relates to management consulting is an understudied topic that may have significant impact on the broader United States economy.

The study findings identified the relationship between succession intention and intention to hire, the prevalence of management consulting penetration in the family businesses sampled, and limitations past sample selection criteria have placed on the field of management consulting research. By shifting the focus to family business research, this study is the first step in helping to close the gaps in both management consulting and family business extant knowledge.

Lastly, the existing literature lacks clarity in differentiating between trusted advisors and management consultants. Since the benefits and impacts of a formal trusted advisor such as a CPA or attorney vary greatly from those provided by MC, it can lead to misalignment in research between study findings and the generalizability of those findings. By clearly identifying that MC is a subset of the formal trusted advisor relationship, it will help researchers better explain the applicability of their findings.

The first step in illuminating the differences between trusted advisors and management consulting is clearly identifying the differences which this study provides. The next step is to help respondents, and the subjects of research efforts understand the differences. A key part of this effort, and one that highlighted the surprisingly high number of respondents that had experience with management consultants, was that the survey explicitly differentiated between trusted advisors, management consultants, and family members. Over 72% (84 out of 116) of respondents stated they had sought advice from a trusted advisor. As intuitively expected, more respondents sought advice from a trusted advisor than from a management consultant. Of the 32 respondents that did not seek the advice of a trusted advisor 28 stated that they have sought the advice of family members a few or more times. In other words, traditional research would have stated that over 96% of the time a family business will seek formal or informal support from a trusted advisor or family member. This paints an accurate, but very incomplete picture. By stratifying the responses into logical advisor categories, researchers can develop more nuanced predictions with existing theories.

5.3. Practical Implications

Academic research has not kept pace with the speed that management consulting evolves, with some stating that management consultants drive research direction rather than academic theory driving new research (Cerruti et al., 2019). While the benefits provided by MC have been questioned by some, there is relatively little research on what benefits, if any, MC has brought family businesses. family business leaders are left to evaluate the potential benefits based on personal experience and their network of contacts. This study helps shed light on one of the areas in this knowledge gap, which is that family influence in and of itself does not seem to influence the intention to hire a management consultant. The focus on generational succession does however positively relate with the intention to hire a management consultant.

Family influence on a family business has been documented to affect how the business operates and how it maintains competitive advantage. The data from this research suggest that factors other than family influence have a greater role in determining when to hire a management consultant. Practitioners can use this information to align with a more traditional business case approach when seeking approval from family leaders to hire management consultants. The lack of an inherent bias one way or another due to family influence can help guide practitioners to not assume that family leaders will be predisposed to a decision. The research also indicates that almost half (48%) of the respondents have hired a management consultant. This provides practitioners with a sense for the prevalence of management consulting use in the general family business field. For practitioners who have been considering hiring management consultants but have been hesitant due to lack of information about use and level of repeated use, this study provides a reference point to help with their evaluation process. This could inform practitioners about how competitors may be leveraging available resources differently in an attempt to gain competitive advantage.

The findings on succession intentions tie directly to a key family objective, generational succession, and in that case the process of succession planning does have a positive relationship with the intention to hire management consultants. Practitioners can use this information to better understand when management consultants may be beneficial. This supplements existing literature that documents how trusted advisors can help smooth generational transfer (Bertschi-Michel et al., 2021; Williams et al., 2013.

5.4. Limitations

As with all studies, there are a number of limitations that may affect this analysis and its related findings. The first limitation is the difficulty in surveying family businesses due to their distributed and often closed networks. The number of family businesses in the study self-reporting poor firm performance was relatively low and may not have demonstrated the moderating effect that a larger sample including a greater number of firms underperforming their peers may have identified. This is not to state that the majority of respondents chose 7 on the Likert scale with 1 ("much worse") and 7 ("much better"), with 4 indicating the mid-point ("about the same"). It is to state that only four respondents chose a 1 or 2 on the Liker scale, with a mean response above five and the median response of five. The result is a data set skewed to the higher end for firm performance. This may be a positive reflection of the economic times. This is an area where further research may be warranted to more definitely address the question.

The survey was anonymous, and all respondents were made aware that no identifying information would be collected. In spite of this, there remains the potential for social desirability bias as the respondents may be concerned with how the researcher views their responses (Nederhof, 1985). This and self-selection bias, the concern that the types of individuals who respond to a survey do not represent a random sample, were both considered prior to survey issuance (Heckman, 1990).

The researcher employed Qualtrics to conduct the survey and collect responses. As noted in Section 3, the number of responses rejected due to missing or conflicting information substantially reduced the number of useable responses. For example, the researcher rejected over 30 responses because the generations of ownership were highly unlikely or not possible when compared to the firm's founding year. The survey design and quality checks helped ensure the responses used in the study were reasonable and adhered to quality expectations.

The study followed survey guidelines to incorporate attention checks and mitigate poor quality responses (Shamon & Berning, 2020). The researcher worked with Qualtrics to pilot and execute the survey in line with their best practices, in addition to those recommended in the literature and by UNCC.

5.5. Future Research

This research effort presents an initial contribution to reducing some of the previously identified knowledge gaps regarding family businesses and management consulting (MC). This is an area where significant research opportunities exist (Cerruti et al., 2019; Strike, 2012; Strike et al., 2018). The study identified a relatively high family business usage for MC, but little is understood as to why family businesses hire management consultants, whether management consultants effectively integrate the unique aspects of SEW or familiness into their advice (Berrone et al., 2012; Cabrera-Suarz et al., 2001), or whether the benefits that have been documented for larger firms apply to family businesses as well (Canato & Giangreco, 2011; Kubr, 2004). Each of these topic areas warrant further study for both the management consulting and family business fields of study.

Pursuing these areas of research may greatly enhance family business' ability to increase competitive advantage while maintaining the unique family aspects that set this area apart as a field of study. For example, if family business had a "playbook" for how best to determine when to use internal resources, trusted advisors, or management consultants that removed the emotion and relied on business performance indicators, practitioners could spend more time on value added work. Research into why family business hire management consultants and when they are effective would be the first step in creating the "playbook". It would also help consultants know where they can be most impactful.

Specific to this study, further research may shed additional light into why there exists a positive relationship between succession intention and intention to hire a management consultant. The literature provided support for the benefits of an outside expert to help facilitate generational transfer of power by employing their credibility to lend validity to the new leader's actions, but it does not necessarily identify how MC assists with that transition (Barach & Ganitsky, 1995; Bertschi-Michel et al., 2021).

Beyond the evolutionary approach of building slowly on prior to research, future research should also consider more revolutionary approaches by understanding the root drivers behind seeking to hire management consultants and exploring alternatives to management consultants that can provide similar or higher impact results (Kubr, 2000; Wright & Kitay, 2002). For example, with the evolution of AI being able to provide detailed information to help design, implement, and manage some of the services management consultants provide, could AI make those services more accessible to all family businesses? Could AI be capable of more effectively integrating the key elements of SEW or familiness into marketing, human resource management, source selection or other functional activities better than a management consultant who must balance the self-serving need for revenue generation with providing sustainable advice that allows the client to operate independently?

5.6. Overall Conclusions

Family business leaders face the unique challenge of not only building a business, but also building a business that reflects the familiness or SEW that aligns with family objectives. Those objectives have been proven to influence how the business is led and operates to varying degrees. At times the business may need the assistance of external resources such as trusted advisors or management consultants. While both provide services to family businesses, the literature has been light on what the difference is between those services and how much family influence directly encourages or inhibits their utilization. This study clearly articulated the difference between a trusted advisor and a management consultant, as well as highlighted how that difference affects interpreting research results. By extending existing research in bounded systems theory to demonstrate a positive relationship between succession intention and intention to hire management consultants, this study provided a more nuanced approach to evaluate complex family business relationships. It also identified the impact of age (negative) and education level (positive) on the relationships evaluated. Future studies may help overcome some of the limitations of this study and continue to further expand the family business body of knowledge.

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APPENDIX A: SURVEY

Consent to Participate in a Research Study
Title of the project: The effect of family influence on an organization's intention to hire management consultants
Principal Investigator: Alan Bernardo, doctoral candidate, UNC Charlotte
Faculty Advisor: Dr. Torsten Pieper, faculty advisor

You are invited to participate in a research study. Participation in this research study is voluntary. The information provided is to give you key information to help you decide whether or not to participate.

- The purpose of this study is to explore the relationship between family influence in an organization and the intention to hire management consultants. The study will also seek to evaluate the impact of firm performance on that relationship.
- The survey is anonymous. Survey responses will be analyzed to understand the degree of family influence in your organization, the importance of succession planning, and how your firm seeks external support.
- The survey is to be completed by someone who can speak to BOTH the business and the family aspects of the busine.
- You must be age 18 or older to participate in this study.
- If you choose to participate it will require approximately 15 minutes of your time.
- You are asked to complete a survey asking a series of questions about family influence on an organization's behavior.
- The questions will ask you about your firm, family influence, and the intention to seek external advice. In addition, you will provide demographic information such as age and years of experience. The questions are personal but are not expected to be sensitive.
- There are no potential risks or discomforts that will occur as a result of participating in this survey.
- Benefits may include increased understanding of how your organization determines when to seek help from trusted advisors or management consultants.

Your privacy will be protected, and confidentiality will be maintained. Your responses will be treated as confidential and will not be linked to your identity. Other people may need to see the information we collect about you, to make sure that we are conducting this study appropriately and safely, including people who work for UNC Charlotte, and other agencies as required by law or allowed by federal regulations.

After this study is complete, study data may be shared with other researchers for use in other studies without asking for your consent again. The data we share will NOT include information that could identify you.

Participation is voluntary. You may choose not to take part in the study. You may start participating and change your mind and stop participation at any time.

If you have questions concerning the study, contact the principal investigator, Alan Bernardo, doctoral candidate, at 571-201-2769. Or by email at rbernar7@uncc.edu, or Torsten Peiper by email at tpieper@charlotte.edu. If you have questions or concerns about your rights as a participant in this study, contact the Office of Research Protections and Integrity at (704) 687-1871 or uncc-irb@charlotte.edu.

Consent I am 18 years of age or older and I have read and understand the information provided. I understand that I may contact the researcher listed above if I have any questions. I understand that a copy of this consent information will be emailed to me. I freely consent to participate in the study.

○ I Agree to continue with the survey

○ Opt out of the survey and end this session

DQ We care about the quality of our survey data. For us to get the most accurate measures of your opinions, it is important that you provide truthful and thoughtful answers to each question in this survey.

Do you commit to providing truthful and thoughtful answers to the questions in this survey?

- ○ Yes, I will
- ○ No, I will not

Q0 Is your business headquartered in the United States?

- ○ Yes
- ○ No

Q1 Primary industry and/or NAICS Code?

- ○ Automotive
- ○ Biotech/Med Tech/Pharma
- ○ Distribution and Manufacturing
- ○ Financial Services
- ○ Health Care Services
- ○ Hospitality and Leisure
- ○ Media, Arts and Entertainment
- ○ Mining and Metals
- ○ Oil and Gas
- ○ Power and Utilities
- ○ Real Estate and Construction
- ○ Retail and Consumer Products
- ○ Services
- ○ Technology
- ○ Telecommunications

◯ Other ____

Q2 In how many industries does your business operate? (type in a number)

Q3 Annual sales? (in $USD)

Q4 Number of full-time equivalent employees? (type in a number)

Q5 Three years ago, about how many full-time equivalent employees did the business have? (type in a number)

Q6 Founding year? (type four digit year)

Q7 Is the company publicly traded?

◯ Yes

◯ No

Q8 Is your business a family business?

◯ Yes

◯ No

Q9 Is the current leader of the family business a member of the family?

◯ Yes

◯ No

Q10 Title? (choose from the drop-down list)

▼ Chairman ... Other

Q11 Age? (choose from the drop-down list)

▼ Under 18 ... 85 or older

Q12 Gender? (choose from the drop-down list)

▼ Male ... Prefer not to say

Q13 Years with firm? (type in a number)

Q14 Years in role? (type in a number)

Q15 Total years of experience? (type in a number)

Q16 Highest level of education? (choose from the drop-down list)

▼ Less than high school ... Doctorate

Q17 Family membership - Are you a member of the family/families who own(s) this business?

○ Yes

○ No

Definitions to help with answering this section:

Management consultant is an independent external professional advisory service provided by trained and knowledgeable persons assisting practitioners in achieving organizational purposes and objectives by solving management and business problems, identifying and seizing new opportunities, enhancing learning, and implementing changes.

Trusted advisor refers to either a formal or informal advisor that provides trusted advice to either yourself or the family business. Trusted advisors (business) include roles such as CPA, attorney, specialized family consultant, tax professional, financial advisor, or others. Trusted advisors (informal) include roles such as family member, clergy, peer network, mentor, or others.

Q18 Do you intend to hire management consultants in the future?

	Not likely at all	Very likely
	0 10 20 30 40 50 60 70 80 90 100	
0		

Q19 Is your answer to the previous question based on personal past experience?

○ Yes

○ No

Q20 Have you hired management consultants in the past?

○ Yes

○ No

Q21 How many times have you hired management consultants in the last 5 years?

	Never 1	2	3	4	5	6	Many Times 7
	○	○	○	○	○	○	○

Q22 What type of management consulting services did you hire? (select all that apply)

☐ HR

☐ Operations

☐ Marketing

☐ Sales

☐ Organizational

☐ Technology

☐ Other ____

Q23 Have you sought advice from trusted advisors in the past?

○ Yes

○ No

Q24 What type of services did the trusted advisor provide?

- ☐ Tax
- ☐ Legal
- ☐ Accounting
- ☐ Personal advisor
- ☐ Specialized family consultant
- ☐ Other ____

Q25 How many times have you sought the advice of a trusted advisor?

	Never 1	2	3	4	5	6	Many Times 7
	○	○	○	○	○	○	○

Q26 Do you intend to seek advice from trusted advisors in the future?

	Not likely at all 1	2	3	4	5	6	Very Likely 7
	○	○	○	○	○	○	○

Q27 How often do you seek the advice of family members (parents, siblings, spouse etc.)?

	Never 1	2	3	4	5	6	Many Times 7
	○	○	○	○	○	○	○

Definitions to help in responding to this section:

Family is defined as a group of persons including those who are either offspring of a couple (no matter what generation) and their in-laws as well as their legally adopted children.

Ownership means ownership of stock or company capital. When the percentage of voting rights differs from percentage of ownership, please indicate voting rights.

Management Board refers to the company Board that manages or runs an entity(ies).

Persons named through family members represent the ideas, goals, and values of the family.

Q28 Please indicate the proportion of share ownership held by family members: (enter a percentage)

Q30 Does the business have a governance Board?

○ Yes

○ No

Q31 How many Board members does it comprise? (enter the number)

Q32 How many Board members are family members? (enter the number)

Q33 How many nonfamily (external) members nominated by the family are on the Board? (enter the number)

Q34 How would you rate the contribution of the board of directors to your firm's success?

	Outstanding 1	2	3	4	5	6	No Contribution 7
	○	○	○	○	○	○	○

Q35 How many persons comprise the top management team (TMT)? (enter a number)

Q36 How many TMT members are family members? (enter a number)

Q37 Please rate the extent to which you agree (or disagree) with each of the following statements. Members of this family....

	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
Care deeply about one another?	○	○	○	○	○	○	○
Support one another?	○	○	○	○	○	○	○
Are proud of being part of the family?	○	○	○	○	○	○	○
Depend on each other?	○	○	○	○	○	○	○
Work closely together to accomplish family goals?	○	○	○	○	○	○	○
Would do almost anything to remain together?	○	○	○	○	○	○	○
Are often engaged in dysfunctional conflicts?	○	○	○	○	○	○	○
Stick together?	○	○	○	○	○	○	○

Definitions to help in responding to this section:

The **founding generation** is viewed as the first generation.

Active family members involve those individuals who contribute substantially to the business. These family members might hold official positions in the business as shareholders, Board members, or employees.

Q38 You want the business to continue as a family business?

		2	3	4	5	6	Strongly agree 7
	○	○	○	○	○	○	○

Q39 Do you actively plan a succession to the next generation?

○ Yes

○ No

Q40 Which generation owns the company? (enter a number)

Q41 Which generation(s) manage(s) the company? (enter a number)

Q42 What generation is active on the governance Board? (enter a number)

Q43 How many family members participate actively in the business? (enter a number)

Q44 How many family members do not participate actively in the business but are interested? (enter a number)

Q45 How many family members are not (yet) interested at all? (enter a number)

Q46 Annual growth in employment over the past three years? (choose from the drop-down list)

▼ 0% or decrease ... 10% +

Q47 What is your current return on equity (ROE), which equals net profit after taxes divided by owner's equity? (choose from the drop-down list)

▼ Less than 5% ... 20% +

Q48 How would you rate your firm's current performance against competitor's performance in the following categories (past 3 year)?

	Much worse	Worse	Somewhat Worse	Neutral	Somewhat Better	Better	Much better
a. Growth in sales?	○	○	○	○	○	○	○
b. Growth in market share?	○	○	○	○	○	○	○
c. Growth in number of full-time employees?	○	○	○	○	○	○	○
d. Growth in profitability?	○	○	○	○	○	○	○
e. Return on equity?	○	○	○	○	○	○	○
f. Return on total assets?	○	○	○	○	○	○	○
g. Profit margin on total sales?	○	○	○	○	○	○	○
h. Investment in growth from profit?	○	○	○	○	○	○	○

Q49 Where do you see your firm's performance relative to your competitor's performance in the next 3 years in the following categories?

	Much worse	Worse	Somewhat Worse	Neutral	Somewhat Better	Better	Much Better
a. Growth in sales?	○	○	○	○	○	○	○
b. Growth in market share?	○	○	○	○	○	○	○
c. Growth in number of full-time employees?	○	○	○	○	○	○	○
d. Growth in profitability?	○	○	○	○	○	○	○
e. Return on equity?	○	○	○	○	○	○	○
f. Return on total assets?	○	○	○	○	○	○	○
g. Profit margin on total sales?	○	○	○	○	○	○	○
h. Investment in growth from profit?	○	○	○	○	○	○	○

Q50 Looking at general business conditions in the country. – Do you think that in 2025 we will have:

○ Expanding markets

○ No change in markets

○ Contracting markets

Q51 What is your target annual growth rate as a % of profit? (choose from the drop-down list)

▼ Less than 5% ... 20% +

APPENDIX B: TEN PRIMARY USES FOR CONSULTANTS

The following provides a short description of the ten primary uses for management consultants. All apply equally well to family firms and non-family firms.

Providing information - Practitioners often find themselves seeking information to inform key management decisions without understanding how to collect or analyze the information required. Management consultants typically either have access to this information, a means to collect the information, or tools to help facilitate translating data into useful information. The types of information sought vary greatly and can include information on markets, technology trends, suppliers, geopolitical opportunities and risks, customers, competitors, regulations, or buyers to name a few.

Specialist resources - Practitioners may turn to management consultants to complement or supplement their staff when filling unique requirements. In these cases, management consultants fill the role through an engagement or special project with clearly defined start and stop dates. In other cases, the management consultants will work under secondment and act as an employee of the client for a period of time that may extend to years before a full-time individual is hired or the role is phased out.

Facilitating business network contacts - When practitioners expand into unknown areas such as a foreign country or new market/sector they often have yet to establish a professional network and may hire management consultants to accelerate the process.

Subject matter expertise - The role of consultant may be to provide their expert opinion to firm leadership or practitioners in the organization on topics with or without the benefit of an engagement to develop an in-depth response (Kubr, 2004). This expertise may be formal or informal and communicated verbally or in a formal response. Conducting due diligence for a large acquisition to determine the efficacy of the data provided by the firm being acquired or developing a market entry strategy exemplify the type of formal recommendations management consultants can provide (McKenna, 1995).

Performing diagnostic work - Proprietary tools, frameworks, and approaches allow management consultants to evaluate an organization's performance across a multitude of functions and levels against benchmarks and industry measures. This diagnostic provides management the means to inform decisions about how to proceed on a variety of topics including firm strengths and weaknesses, market competitiveness, operational effectiveness, resource utilization and efficiency, and knowledge leadership to name a few (Appelbaum & Steed, 2005; Kumar et al., 2000).

Creating implementation plans - After a diagnostic or evaluation activity of an organization's challenges management consultants may be engaged to develop potential alternative solutions to address those challenges. They may also be engaged to develop an action plan to implement a desired solution or path forward. In some cases, the management consultant will execute the plan with or for the client, and in other cases they may be engaged to act as outside advisors as the client executes the solution (Appelbaum & Steed, 2005; Canato & Giangreco, 2011; Kitay & Wright, 2007).

Improving systems and methods - It is common for MC engagements to rely on improving systems and methods that span the breadth of the business. The foundation for many of these systems relies on technology platforms that may or may not be proprietary to the consultants overseeing their implementation (Anand et al., 2007). Typically, consultants will develop a reputation for experience and success in one or more of these areas and work with the client to tailor the systems to the specific client requirements (Kitay & Wright, 2007).

Organizational change management - Management consultants will often incorporate planning and processes to address the impact of change on the people and the organization. The literature provides numerous examples of failed management consulting projects resulting from both passive and overt resistance to organizational change that can be addressed through proper planning and execution (Cerruti et al., 2019). Change management may also reach beyond adoption and incorporation of new tools, processes, and systems. It can also include business process engineering and organization realignment to better position the organization for sustained competitive advantage (Barney, 1991).

Training and development - This consists of a broad range of training and development services extending from engagements focused on teaching clients about a specific topic or process to working with them through the initial pilot and then handing the future training and development activities off to the client. Training may be focused on the specifics of an implementation and it's tools, and in other cases the training may be the purpose of the engagement (Canato & Giangreco, 2011).

Coaching - Personal advising, or coaching, is not always recognized as part of management consulting but it can be an essential tool for organization leadership. Management consultants may provide an individual with specific feedback on their approach to unique challenges, how to deal with difficult situations or people, and how to present themselves in different situations (McKenna, 1995; Reay et al., 2013). The coaching can be private or visible to a broader audience and can be as narrowly or broadly focused. Some examples of the types of coaching consultants provide include how to address a difficult topic with the board of directors, how and what to present to regulators during a government review, the messages the leaders style and appearance convey when speaking in public, or how to recover from a bad news cycle.