



An Exploratory Study: The Influence of Professional Non-Family Accountants on the Institutional Logics of Family Firms.

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Agenda

- Research Overview
- Research Gap
- Research Objective & Questions
- Methodology
- Maintaining Rigor
- Data Analysis
- Research Contribution

Research Overview

- Family firms are the oldest and most common form of business globally (Lee, 2021).
- **The co-existence of family values and business values** (Gómez-Mejía et al., 2007; Distelberg and Sorenson, 2009; Schuman et al., 2010; Chua et al., 2018).
- Values are inked to **institutional** logics (i.e., cultural beliefs and values that shape and guide the behaviours of actors in an organisational setting) (Friedland and Alford, 1991).
- Eight societal level institutional logics, draw on institutional orders at societal level and have a strong cultural component (Ocasio et al., 2017).

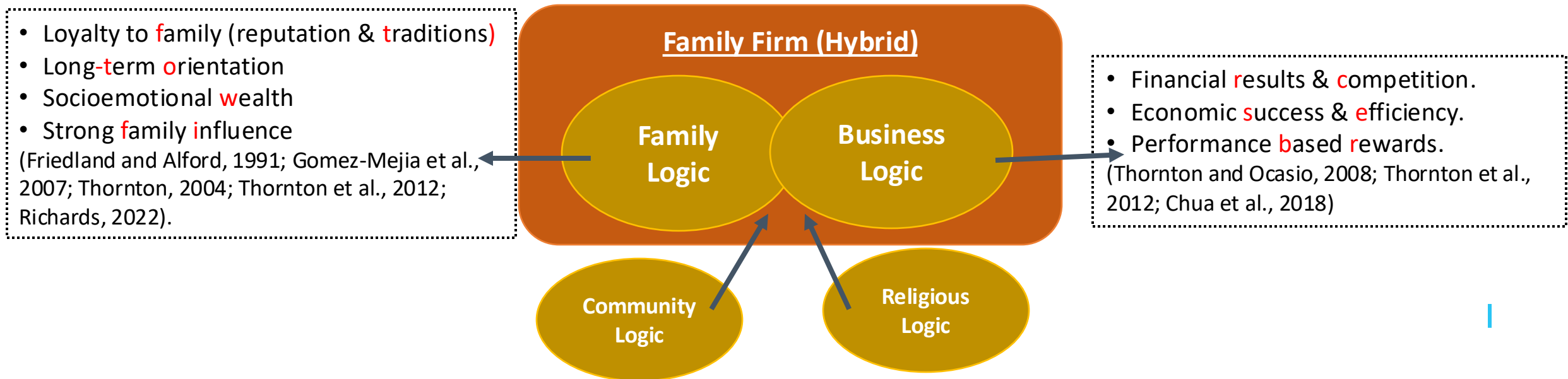
Societal Level Logics

- | | |
|------------------------|-----------|
| • Market (Business) | Religion |
| • Corporate (Business) | Community |
| • Professional | Democracy |
| • Family | State |

Friedland and Alford, 1991; Thornton et al., 2012).

Research Overview

- Hybrid organisations endorse multiple institutional logics (Powell, 1987).
- Institutional spheres of the **family** and the **business** commonly overlap (Ward, 1987; Leaptrott, 2005; Melin & Nordqvist, 2007; Kraatz and Block, 2008; Greenwood et al., 2010).
- Prevalence and dominance of different logics vary (Shanker and Astrachan, 1996).



Research Overview

- Institutional disruption/change can disrupt institutional logics (Greenwood et al., 2011).
- Non-family professional accountant – cause of institutional disruption in family firm (Gumusay et al., 2020).
- **Family actors** have strong ties to family values and traditions (Levinson, 1971; Gomez et al., 2007; Berrone et al., 2012).
- **Non-family actors** assert their own professional values to emphasize the legitimacy of their knowledge (Abbott, 1988; Dunn and Jones, 2010).

Research Overview

- Institutional logics can be decomposed into **means and end components**.
- **Means** - actions taken by actors to attain their purpose (**resources, material practices, knowledge, and expertise/experience**) (Michel et al., 2021; Yan et al., 2018).
- **Ends** - actual purpose of the means (**motivations, values, interests, and goals**) (Michel et al., 2021; Yan et al., 2018).

Means (M)	Ends (E)
Material Practices (M1)	Motivation (E1)
Resources (M2)	Values (E2)
Experience/Expertise (M3)	Interest (E3)
Knowledge (M4)	Goals (E4)
Ref: Yan et al., (2019)	

Research Overview

- **Institutional change** can be problematic where **institutional logics means and ends are internalised**
Where ends of an institutional logic are **prevalent and taken for granted**, the more likely the means will be **employed towards that end only**.

(Haveman and Gualtieri, 2017; Yan et al., 2019).

- Where ends are internalised the **more competition with new and emerging logics**.

(Haveman and Gualtieri, 2017; Yan et al., 2019).

Research Overview

- Means can be used to serve other ends if:
 - the original logics is **not internalised** (depends on who has control over those resources)
 - the means are **mature enough** to be useful and transferable across ends; and
 - if the **ends are not so pervasive** that they limit actors' ability to see the opportunities for reusing the same means to different ends.
- Means viewed as more versatile than ends.

Research Gap

- **Non-family management** in family firms (Strike et al, 2018; Kubicuk et al., 2019; Karpati, 2021).
- Role of **professional non-family accountants** in family firms (Hiebl et a., 2013; Barerba and Hasso, 2013).
- **Institutional logics** in **family firms** and how they change over time (Xu et al., 2019; De Msasis et al., 2021).

Research Objective & Questions

The objective of this research is to explore the influence of professional non-family accountants in the family firm on the institutional logics of the firm.

- **RQ1:** What are the components of institutional logics in family firms prior to employing a professional non-family accountant?
- **RQ2:** How do the components of institutional logics change in family firms when a professional non-family accountant is employed?
- **RQ3:** How do family firms manage the co-existence of multiple institutional logics when a professional non-family accountant is present?

Methodology

- Multiple “Case Firms” (Interpretative, Abductive, Qualitative Approach)
- Data collection using: (1) semi-structured interviews, (2) documentary evidence, and (3) observation
- Case Firm Selection Criteria ->
 1. *Majority Family Owned.*
 2. *Second Generation at Minimum.*
 3. *Medium Sized Family Firms.*
 4. *Threshold Firms.*
- Interviewee Selection Criteria ->
 1. *Involved Family Members*
 2. *Accountants – Non-Family and Professional*
 3. *Hold a full time salaried senior management position.*

Case Firms

Case Firm Selection Criteria:

1. *Majority Family Owned.*
2. *Second Generation at Minimum.*
3. *Medium Sized Family Firms.*
4. *Threshold Firms.*

Case Firm	Industry	Founded	Family Owned	Turnover	Prof. Mgt	PNFA Present	Generation in Charge	No. of EEs
Rosas (Pilot)	Professional Services	1974	100%	€10m	✓	✓	First	50
Arendelle	Hospitality	1994	100%	€10m	✓	✓	Second	94
Andalasia	Building Merchants	1982	100%	€50m	✓	✓	First	800
Corona	Landscaping	1976	100%	€22m	✓	✓	First	50
Enchanoia	Building & Hardware	1982	100%	€36m	✓	✓	Second	80
Dunbroch	Planting Nursery	1976	100%	€26m (TBC)	✓	✓	Second	50

PNFA = Professional Non-Family Accountant

Medium Sized = >€10m and >50 employees.

Threshold Firm = Professional Management (Prof. Mgt)

Interviews

Interviewee Selection Criteria:

1. *Involved Family Members*
2. *Accountants – Non-Family and Professional*
3. *Hold a full time salaried senior management position.*

Firm	Total Interviews	Family			Non-Family		
		No. of Interviews	Involved	FTS Position	No. of Interviews	FTS Position	Professional
Rosas (Pilot)	3	1	✓	✓	2	✓	✓
Arendelle	5	3	✓	✓	2	✓	✓
Andalasia	3	2	✓	✓	1	✓	✓
Corona	2	1	✓	✓	1	✓	✓
Enchanoia	4	2	✓	✓	2	✓	✓
Dunbroch	3	1 (TBC)	✓	✓	2 (TBC)	✓	✓

FTS = *Full Time Salaried*

Professional = *Relates to the non-family accountants interviewed. In some Case Firms other relevant employees were interviewed. For example, Case Firm A, the Marketing Manager was interviewed to gain a better understanding of the recent re-branding process.*

All interviews lasted approx. 60minutes.

Documents & Observations

Firm	Documents Collected	Observations Collected
Rosas (Pilot)	Company website: "About Us" document and services documents and other documents sourced from website.	One on-site visit for in-person interviews (two). One in-person interview at interviewees home. Observation protocol completed.
Arendelle	Company LinkedIn page, financial reporting year end summary, marketing and re-branding documents and regular review of Instagram page (active Instagram following).	Two on-site visits for in-person interviews. Tour of company premises and discussions with staff in non-management roles. Observation protocol completed.

Maintaining Rigor

- Interview protocols including mapping exercise:

Interview Guide: Professional Non-Family Accountant	Components		
	Means (M)	Ends (E)	Co
Interview Questions: Section C			
RQ1. What are the components of institutional logics in family firms prior to the employment of a professional non-family accountant?			
C1. Tell me about the family values that you are aware of since starting in the family firm?		E4, E2	
C2. Do these values underpin the goals and mission of the family firm?	M1, M2	E1, E3, E4	
C3. Do these values shape/guide the family firm? (both strategically and operationally)		E2, E3	
C4. Tell me about family traditions that you observed since starting in the family firm?	M1, M2	E1, E3, E4	

- Participant invitation letter and information sheet
- Informed consent forms
- Documentary analysis, observation protocols and reflective journal
- Secure data storage

Data Analysis

Pattern Deducing and Pattern Inducing

- Theory-method fit in institutional logics (Cai and Mountford, 2022).
- 1st/2nd order analysis (Gioia and Chittipeddi, 1991).

1st Order Analysis

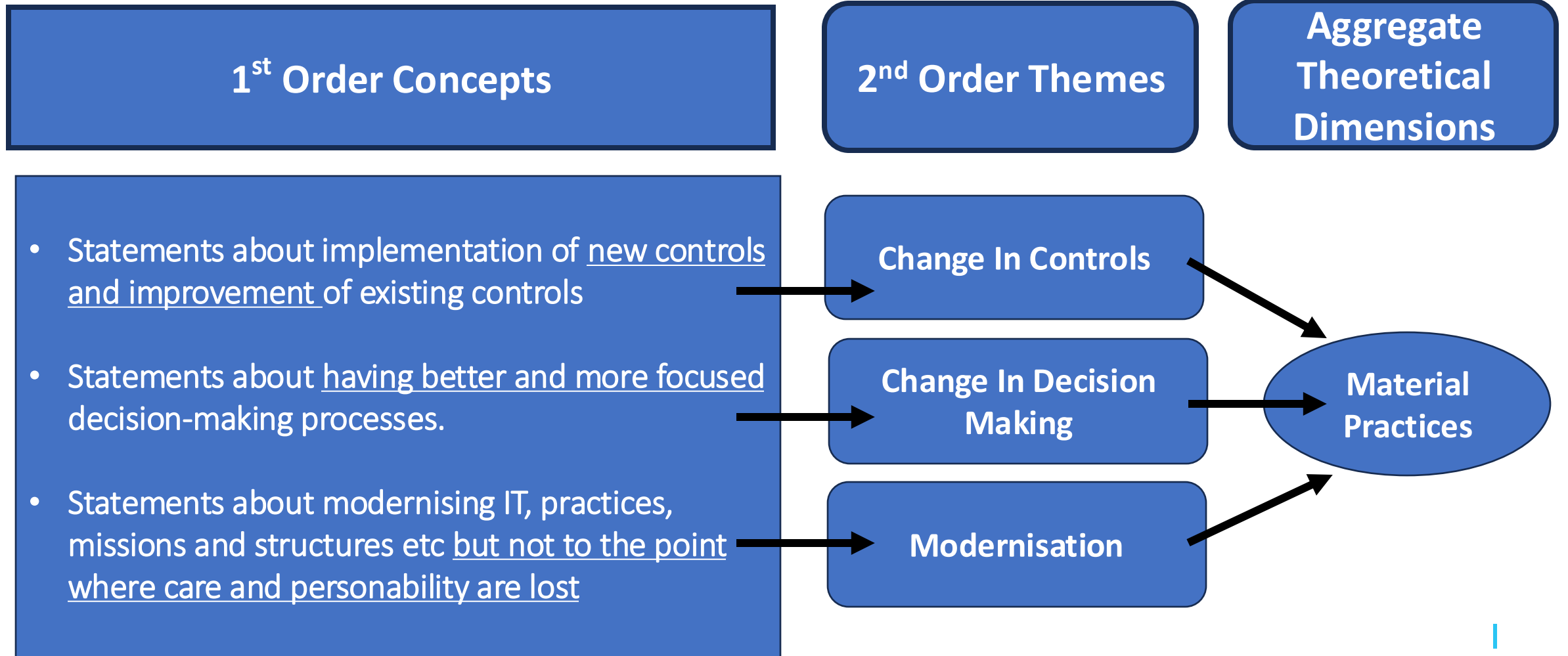
- Deductive approach - interviewee terms and codes/themes.
- Emerging sub-themes (100+ at time of presentation).

2nd Order Analysis

- Inductive approach - researcher's themes (Cai and Mountford, 2022).
- Grouping sub-themes into key themes*.
- Interview guide and mapping exercise (literature-based themes).

**Key Themes – These themes are compared to literature and help answer the research question (Gioia et al., 2013).*

Data Emerging – Arendelle (Means)

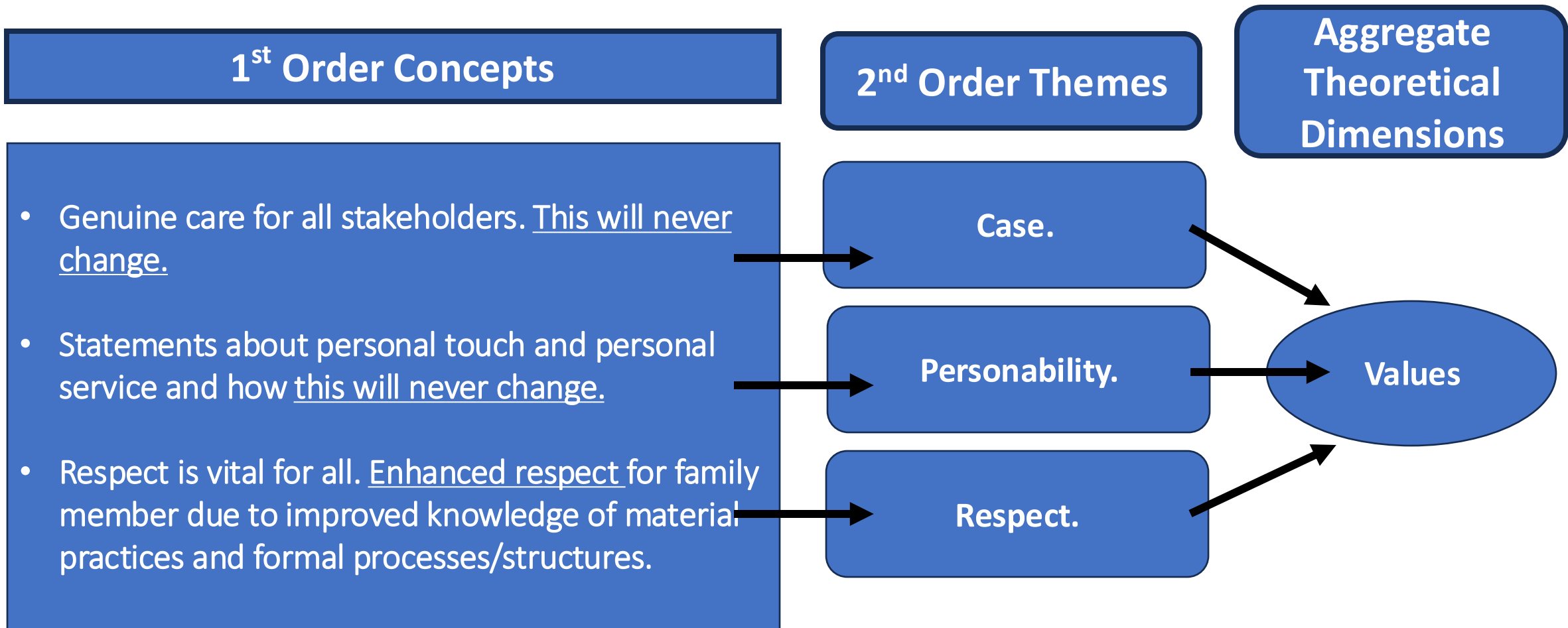


Data Emerging – Arendelle (Means)

Supporting Data/Quotes

Change in Controls	"We need real life figures and procedures such as stock takes. Its ok having a healthy bank account but you need to know your state of play. We changed are creditors and debtors' controls. Very rarely we would have creditors on a month's credit and our debtors are lower now. Our debtors would be €40,000 max now. I remember those debtors could be €120,000 when we had no controls." Arendelle (Case Firm), Niall (Interviewee).
Change In Decision Making	"10 years ago, we said yes to every decision and to everybody to keep traditions going. But now, I'd say we are better at making decisions and our decision-making processes are more structured. But it easy to make a decision when you are under no financial pressure". Arendelle (Case Firm), Niall (Interviewee).
Modernisation	"Family is important, but it is not at the forefront anymore. The old mission, did the company well however it needed to change and modernise. The family wanted to incorporate everyone, not just blood family, – they see all staff as family and the team looks after everyone." Arendelle (Case Firm), Gail (Interviewee).
	"Yes, it can feel very corporate, but I wouldn't like to get away from the personal aspect and I don't think we ever will as tradition is going to be there. But then, you have to move with the time aswell". Arendelle (Case Firm), Robert (Interviewee).

Data Emerging – Arendelle (Ends)



Data Emerging – Arendelle (Ends)

Supporting Data/Quotes

Care	“The biggest thing we have here is that people feel that they are being treated with care. That will never change”. Arendelle (Case Firm), Niall (Interviewee).
	“We tidied up the creditor's days, so they paid on a timely basis. Around two weeks because, like I said, many of them are family businesses as well. So, we understand we’d have big accounts with them and its only right to keep them paid”. Arendelle (Case Firm), Robert (Interviewee).
Personability	“For me, it’s the personal touches. For example, the meeting this morning, the lady went in to meet the client and to make sure everything was right. They weren’t just left with a porter – you know what I mean. I don’t think that’s ever going to change here. And if that ever changed here, we wouldn’t be here”. Arendelle (Case Firm), Niall (Interviewee).
Respect	“We have become more professional in terms of our systems and practices as a result of the accountant. I am probably better in the background at all the procedural stuff but I have not changed on the ground and I’d say the staff would have more respect for me, procedural wise now.” Arendelle (Case Firm), Niall (Interviewee).

Research Contribution

Academic/Literature

- **Non-family management** in family firms (Strike et al, 2018; Kubicuk et al., 2019; Karpati, 2021)
- Role of **professional non-family accountants** within family firms and how they **embed/entrench** (Hiebl et a., 2013; Barerba and Hasso, 2013)
- **Institutional logics** in Family Firms and how they change over time (Xu et al., 2019; De Msasis et al., 2021)

Practice

- Benefit key decision makers in the sector as well as supporting networks for family firm development and innovations.

Thank You.

Any Questions?

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