

Competing logics in family firms who engage in the professionalisation process by hiring external professional accountants at management level.

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Agenda

- Research Objective
- Research Questions
- Literature Review
- Research Gap
- Theoretical Underpinning
- Next Steps



Research Objective

Exploratory study of competing logics in family firms who engage in the professionalisation process by hiring external professional accountants at management level.

Research Questions

- ▶ The study will address the following research questions:
 - ▶ **RQ1:** How do family firms manage competing logics when hiring external professional accountants?
 - ▶ **RQ2:** Why are competing logics managed in this way?
 - ▶ **RQ3:** Do family firms support external professional accountants' and their logics during the professionalisation process? How?
 - ▶ **RQ4:** How is the tearing down of old logics and the construction of new logics dealt with by family firms during the professionalisation process?



Literature Review

Theresa Mulcahy

Family Firms – Definition

- ▶ Integration of family life and business life distinguishes family firms from non-family firms (Arregle et al., 2007).
- ▶ **Behaviour influenced by values** derived from family ownership (Chua et al., 2015; Fletcher et al., 2012; GómezMejía et al., 2007; Pieper, 2010; Rau et al., 2019).
- ▶ Family values impact the resources, choices, and goals of the firm and the family (Chua et al., 2015; Fletcher et al., 2012; GómezMejía et al., 2007; Pieper, 2010; Rau et al., 2019).

Family Firm - Behaviour

- ▶ Family values influence family firm behaviour (Ruf et al., 2021; Berrone et al., 2012; Yuan & Wu, 2018; Gómez-Mejía et al., 2007; Jiang et al., 2018; Ruf et al., 2020; Lissoni, 2009).
- ▶ Can cause behavior in family firms to follow non-financial goals (De Massis et al., 2018; Gómez-Mejía et al., 2007; Berrone et al., 2012).
 - Building a **family legacy** (Micelotta & Raynard, 2011; Mitchell et al., 2011; Zellweger et al., 2012).
 - Altruism and primacy of one's children (Tagiuri & Davis, 1992; Thornton, 2004, Dawson, 2011).
 - Free riding, or nepotism (Dekker et al., 2012).
 - **Familiness** (Pearson et al., 2008).

Family Firm – Logics

- ▶ Institutional theory introduces institutional logics as values and norms actors hold relating to their institution (Miller et al., 2017).
- ▶ Cultural beliefs and values that shape and guide the behaviours of actors within an organisational field (Friedland and Alford, 1991, Dunn and Jones, 2010).
- ▶ **Family logic** - Encompasses family norms, values, and goals that guide behaviour – “familiness” (Jaskiewicz et al., 2016; Korainen, 2002; Friedland and Alford, 1991; Thornton, 2004; Thornton et al., 2012).

Family Firm - Hybrid Organisation

- ▶ An organisation that might experience more than one set of institutional logics (D'Aunno et al., 1991, Skelcher and Smith, 2015).
- ▶ Family firms must also follow a business (commercial) logic to maintain a profitable and successful firm (Ward, 1987; Sharma, 2004; Chrisman et al., 2012).
- ▶ **Business/Commercial Logic** - Encompasses norms, values, and goals of efficiency, profits, and market status that guide behaviour, (Jaskiewicz et al., 2016).

Family Firm – Professionalisation

- ▶ Can be understood in various different ways in family firms (Gieseke, 2010).
- ▶ Bringing in non-family professional (Lounsbury, 2002; Zahra and Filatotchev, 2004; Zahra et al., 2008; Giovannoni et al., 2011).
 - ▶ Little research on non-family advisors who work within the family firm (Astrachan and Astrachan, 1996; Strike, 2012, Strike, 2013; Su and Dou, 2013; Van Helvert-Beugels, 2018).
- ▶ New logic introduced with pressure to adopt norms, values, and goals that comply with this new logic (Xu et al., 2019).
- ▶ Change or alter existing family logics (McConaughy, 2000; Bertrand and Schoar, 2006; Xu et al., 2018).

Hybrid Management

- ▶ Decide how to operate under multiple logics;
 - Play 'two or more games at the same time' – **Dissenting Hybrid**
 - Adhere to one dominant logic – **Conforming Hybrid** (Kraatz and Block, 2008).
- ▶ Greenwood et al., (2011) introduced filtering mechanisms as a method of managing competing logics.
 - Family Culture – Cohesive, Balanced, Conflict-laden, Disjointed.
 - Leadership Style – Egalitarian, Consultative, Authoritarian.
- ▶ Jaskiewicz et al., 2016 introduced four approaches – Interwoven, Selective, Commercial, Detached.



Research Gap

- ▶ More understanding of family firm logics (Friedland and Alford, 1991; Denison et al., 2004; Morck et al., 2005; Stockmans et al., 2010; Thornton et al., 2012; Xu et al., 2018).
- ▶ How do logics change over time in family firms (Aronoff and Ward, 2001).
- ▶ How **non-family advisors** within the family firm **influence family firm logics** (Astrachan and Astrachan, 1996; Strike, 2012, Strike, 2013).
- ▶ How family firms manage multiple logics (Kraatz and Block, 2008; Jaskiewicz et al., 2016).
- ▶ How **conflicts of logics in family firms who hire non-family managers** emerge and are managed (Xu et al., 2019; Van Helvert-Beugels, 2020; Knook & Turner, 2020; Daspit et al., 2016; Hall and Nordqvist, 2008).

Theoretical Underpinning

- ▶ **Institutional Theory** - an approach to understanding organisations as the product of social rather than economic pressures (Meyer and Rowan, 1997; Kessler, 2013)
- ▶ How **structures, practices, rules and norms become established** and how/why some changes are adopted and/or diffuse across organisations and others do not (Suddaby 2013).
- ▶ Six theory assumptions – Legitimacy, Isomorphism, Loose Coupling, Rational Myths, Infusion of Value, Diffusion.



Next Steps

- ▶ As at June 2021 - Full 30 credits banked.
- ▶ July – September 2021 – Preparation for transfer process.
- ▶ September – January 2022 – Methodology Chapter.



Thank you – Questions?

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