

AN EXPLORATORY STUDY: THE  
INFLUENCE OF PROFESSIONAL NON-  
FAMILY ACCOUNTANTS ON THE  
INSTITUTIONAL LOGICS OF FAMILY  
FIRMS

CASE FIRM A - ANALYSIS & FINDINGS

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NCI RESEARCH DAY - JUNE 2025

# Agenda

Research Objective & Questions

Institutional Logics

Methodology

Case Firm A: Arendelle – Overview

Arendelle: Data Analysis

RQ1 and RQ2 Findings – Means

RQ1 and RQ2 Findings – Ends

Contribution

Questions

# Research Objective & Questions

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The objective of this research is to explore the influence of professional non-family accountants in a senior management position within the family firm and the impact on institutional logics.

**RQ1:** What are the components of institutional logics in family firms prior to the employment of 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?

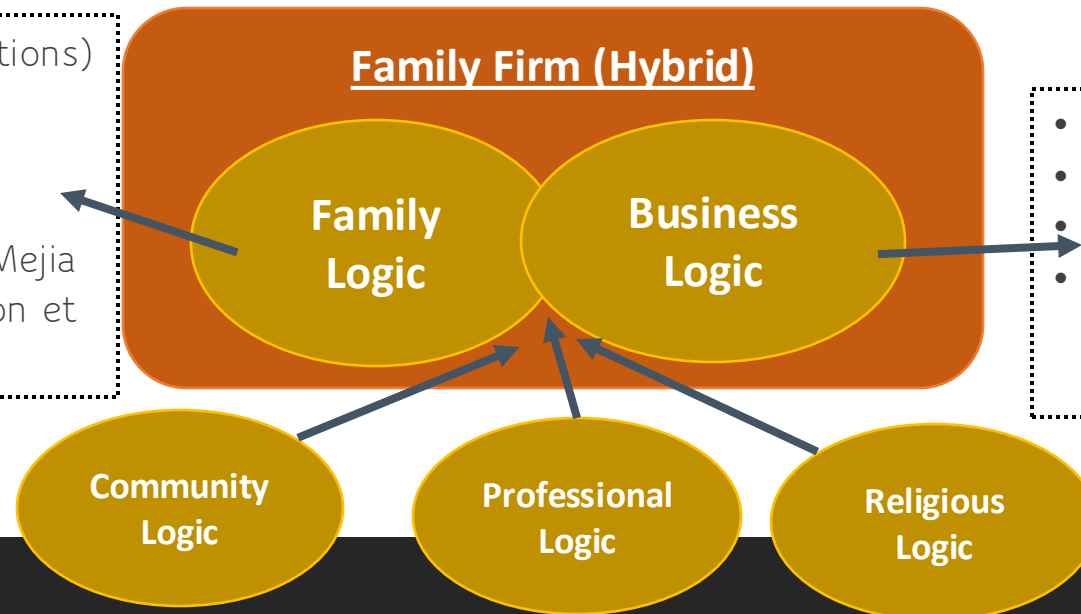
# Institutional Logics

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Cultural beliefs and values that shape and guide the behaviours of actors within an organisational field (Friedland and Alford, 1991).

Hybrid organisations – those that endorse multiple institutional logics (Powell, 1987).

- Loyalty to family (reputation & traditions)
  - Long-term orientation
  - Socioemotional wealth
  - Strong family influence
- (Friedland and Alford, 1991; Gomez-Mejia et al., 2007; Thornton, 2004; Thornton et al., 2012; Richards, 2022).



- Financial results & competition.
- Economic success & efficiency.
- Performance based rewards.
- (Thornton and Ocasio, 2008; Thornton et al., 2012; Chua et al., 2018)

# Institutional Logics: Components

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Institutional logics can be decomposed into mean and end components.

Means refer to the actions taken by actors to attain their purpose (Michel et al., 2021).

Ends refer to the actual purpose of the means (Michel et al., 2021).

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

# Institutional Logics: Ideal Type

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Ideal types are abstractions from reality representing a “pure case in which the relevant features are distinct and unambiguous” (Weber, 1949, p. 88 as cited in Goodrick and Reay, 2011).

Evaluating collected data against an ideal type of a particular logic to determine how well it matches – Pattern Matching (Reay and Jones, 2015).

Actor responses/behaviour derived from the key values of each ideal type logic as per Thornton et al., (2012).

# Actor Behaviour in Ideal Type

<u>Family Logic</u>	<u>Business Logic</u>
Loyalty to family is at the core of all business behaviours.	Success is measured by profitability.
Family members make all key decisions.	Motivated to increase sales and/or market share to enhance firm reputation.
Family tradition guides decision making and behaviour	Importance attached to productivity and efficiency.
Firm identifiable as the family – family as firm.	Firm identifiable for itself.
<u>Professional Logic</u>	<u>Community Logic</u>
Decisions are made in adherence to professional standards and principles.	Decisions are made to adhere with community values and ideas.
Professional associations determine quality.	Belief in exchanging ideas and practices with community for mutual benefit.
Importance attached to professional excellence and continuous professional development/training.	Importance attached to status in community and visibility of actions.
Firm identifiable for quality of craft.	Firm identifiable for status in community.

*Based on Key Values Derived from Thornton et al., 2012.*

# Methodology

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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:

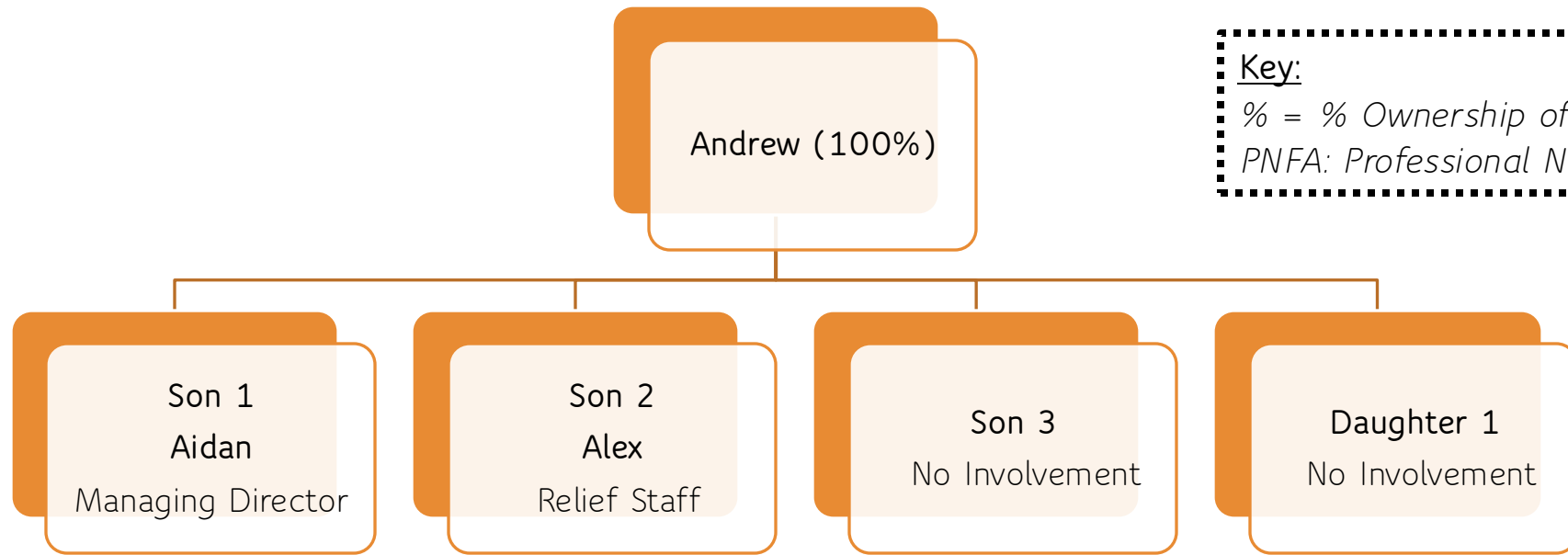
1. Majority Family Owned.
2. Second Generation at Minimum.
3. Medium Sized Family Firms.
4. Threshold Firms.

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
Bavaria	Building Merchants	1982	100%	€50m	✓	✓	First	800
Corona	Landscaping	1976	90%	€22m	✓	✓	First	50
Dunbroch	Planting Nursery	1976	70%	€26m	✓	✓	Second	50
Enchanoia	Building & Hardware	1982	100%	€36m	✓	✓	Second	80

PNFA = Professional Non-Family Accountant

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

Threshold Firm = Professional Management (Prof. Mgt)



Key:

% = % Ownership of the Family Firm.

PNFA: Professional Non-Family Accountant

# Case Firm A: Arendelle

Professional Non-Family Accountant		Decision Made By:		
Name	Tenure	Role	Generation	Age
Aaron	5 Years	Aidan	2 <sup>nd</sup>	40-49
Rational For Employment of PNFA: Need for live figures for full financial visibility. Before the employment of Aaron, the finance function was outsourced to a private accountancy firm. Aaron is the <b>first professional accountant</b> to be employed by Arendelle.				

# Arendelle: Site Visits

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Site Visits: January – March 2024 (Good access)

Interviews: 3 Family Members, 1 PNFA, 1 Marketing Manager (In-Person)

Other ad-hoc conversations with floor/reception staff during site visits.

Observations: Observation protocol completed after each site visit (formal and casual observations).

Documents: Website – old and new (updated website in July 2024). Instagram Postings. Re-Branding Portfolio and Brand Guidelines, Archival History Document, Listing of Business Awards, SoloCheck Credit Report.

# Arendelle - Interviewees

## Interviewee Selection Criteria:

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

	Family Interviewees			NFPA	Other
	Andrew	Aidan	Alex	Aaron	Amy
Role	Founder	Managing Director	Relief Staff	Accountant	Sales & Marketing Mgr
Generation	1 <sup>st</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	N/A	N/A
Age	70+	40-50	30-39	40-49	40-49
Gender	M	M	M	M	F
Tenure	30 Yrs	25 Yrs	10 Yrs	5yrs	9yrs
Qualification	N/A	Hotel Cert / AITI	ICA	CPA	BA
Director	Yes	Yes	Yes	No	No
Shareholder	Yes	No	No	No	No
Previous FF Exp	No	No	No	Yes	No

# RQ1 and RQ2 Findings

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MEANS

# Material Practices (M1)

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Code	Logic Alignment Before - RQ1	Logic Alignment After -RQ2
Decision Making	Family Logic	Family / Business Logic
Procedures & Structures	Family Logic	Business Logic
<u>NEW</u>		
Formal Controls	-	Business Logic
Financial Reporting	-	Business Logic



Change in Logic, Change in Ends

Component	Code	Logic Alignment RQ1	Logic Alignment RQ2
Material Practices (M1)	Decision Making	Family Logic	Family/Business Logic

# RQ1 – Material Practices (M1)

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Decision Making- Before:

“Before the accountant, we said yes to every decision and to everybody to keep family happy and traditions going.” Arendelle, Aidan.

Actor Response in Ideal Type: Family tradition guides decision making.

Institutional Logic: Family Logic

Component	Code	Logic Alignment RQ1	Logic Alignment RQ2
Material Practices (M1)	Decision Making	Family Logic	Family/Business Logic

## RQ2 – Material Practices (M1)

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Decision Making: After:

“Nowadays, I'd say we are better at making informed decisions and are decision making processes are more structured and based on financials.” Arendelle, Andrew.

Actor Response in Ideal Type: Importance attached to productivity and efficiency.

Institutional Logic: Business Logic

Decision Making: After:

“For reputation, we still don't take certain business on the same day. It's a tricky one. But it's the right decision for our family and our values. We care about the customer and want a good reputation, so this decision works for us.” Arendelle, Andrew.

Actor Response in Ideal Type: Family tradition guides decision making.

Institutional Logic: Family Logic



Component	Code	Logic Alignment RQ1	Logic Alignment RQ2
<u>Material Practices (M1)</u>	Decision Making	Family Logic	Family / Business Logic
	Procedures & Structures	Family Logic	Business Logic
	Formal Controls	-	Business Logic
	Financial Reporting	-	Business Logic
<u>Resources (M2)</u>	Loyal Stakeholders	Family Logic	Family Logic
	Tradition	Family Logic	Family / Business Logic
	Familiness	Family Logic	Family / Business Logic
	Financial Focus	-	Business Logic
<u>Experience/Expertise (M3)</u>	Financial Difficulties	Business Logic	Business Logic
	Community Experience	Community Logic	Community Logic
	Sector Experience	-	Business Logic
	Professionalism	-	Professional Logic
<u>Knowledge (M4)</u>	Basic Bookkeeping	Business Logic	Business Logic
	Financial Accounting & Reporting	-	Business Logic

Change in Logic, Change in Ends!!

# Arendelle – Key Findings (Means)

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Before	After
Family, Business & Community Logics	Family, Business, Community & Professional Logics
Family Logic Dominant	Less Reliance on Family Logic
	Means aligned to Family Logic changed to Business Logic or hybrid Family & Business Logic.
	Means aligned to Business & Community logic did not change.

# Arendelle – Key Findings (Means)

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## Finding:

Means can change logic alignment across context and over time.

## Agreement with Literature:

Means components influenced by contextuality and are shaped by their local conditions and respective cultures (Gumusay et al., 2020).

Means components influenced by temporality, they are **not** static (Ocasio et al., 2015) but rather malleable (Gumusay et al., 2020) and change over time (Ansari et al., 2013; Michel et al., 2021).

# Arendelle – Key Findings (Means)

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## Finding:

Existing means can serve existing and new ends with different/hybrid logics.

## Agreement with Literature:

Means of a logic are viewed as more versatile than ends, as they can be deployed toward various ends by actors carrying more than one logic (Almandoz, 2014; Scott, 2014).

# Arendelle – Key Findings (Means)

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## New Insights:

Means components influenced by the Financial Environment in which they exist.

For example – Decision Making (M1) and Traditions (M2) ->

“Decisions to keep traditions going, yes, but to be honest it’s easy to make these decisions when you are under no financial pressure.” Arendelle, Aaron.

“Yes, we are still trying to keep most traditions going. But I’d say we are better at making a decision now. But to be honest it’s easy make a decision about traditions when the cash flow is good.” Arendelle, Aidan.

# Arendelle – Key Findings (Means)

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## New Insights:

Experience (M3) of Financial Difficulty brought Accounting Knowledge and introduced Business Logic to the firm.

For example – Basic Bookkeeping (M4) ->

“During the hard time, we worked with the bank. They taught me some basics about our finances. In simple terms, maximize effective and profitable revenue streams. They taught me more about value, rates, management, that sort of stuff. So, I think we learnt an awful lot through that period”.Arendelle, Aidan.

# RQ1 and RQ2 Findings

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ENDS

Component	Code	Logic Alignment RQ1	Logic Alignment RQ2
<u>Motivation (E1)</u>	Family legacy	Family Logic	Family Logic
	Continuous Improvement	Business Logic	Business Logic
	Corporate Offering	-	Family/Business Logic
	Finances	-	Business Logic
<u>Values (E2)</u>	Personability	Family Logic	Family Logic
	Care & Warmth	Family Logic	Family Logic
	Teamwork	Family Logic	Family Logic
	Family Atmosphere	Family Logic	Family Logic
<u>Interest (E3)</u>	Community	Community Logic	Community Logic
	Value For All	Business Logic	Business Logic
	Being Profitable	-	Business Logic
<u>Goals (E4)</u>	Happy Staff	Family Logic	Family Logic
	Credible Reputation	Family Logic	Family/Business/Professional Logic
	Outstanding Service	Family Logic	Family Logic
	Emotional Connection with Customer	Family Logic	Family Logic
	Efficient & Profitable Firm	-	Business Logic
	Professional Environment	-	Professional Logic

Change in Logic, Change in Means!!



Component	Code	Logic Alignment RQ1	Logic Alignment RQ2
<u>Motivations (M1)</u>	Family Legacy	Family Logic	Family Logic

# RQ1 – Motivations (M1)

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Before: Family Legacy

“But I’d like to leave a legacy here that my father left here if that makes sense”, Arendelle, Aidan.

Actor Response in Ideal Type: Loyalty to family is at the core of all business behaviours..

Institutional Logic: Family Logic

Component	Code	Logic Alignment RQ1	Logic Alignment RQ2
<u>Motivations (M1)</u>	Family Legacy	Family Logic	Family Logic

## RQ2 – Motivations (M1)

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After: Family Legacy

“So like we do say, **we are family** and we know that. The interest in our legacy and next generation is still there.” Arendelle, Amy.

Actor Response in Ideal Type: Loyalty to family is at the core of all business behaviours..

Institutional Logic: Family Logic (But no longer dominant)

Component	Code	Logic Alignment RQ1	Logic Alignment RQ2
<u>Motivation (E1)</u>	Family legacy	Family Logic	Family Logic
	Continuous Improvement	Business Logic	Business Logic
	Corporate Offering	-	Family/Business Logic
	Finances	-	Business Logic
<u>Values (E2)</u>	Personability	Family Logic	Family Logic
	Care & Warmth	Family Logic	Family Logic
	Teamwork	Family Logic	Family Logic
	Family Atmosphere	Family Logic	Family Logic
<u>Interest (E3)</u>	Community	Community Logic	Community Logic
	Value For All	Business Logic	Business Logic
	Being Profitable	-	Business Logic
<u>Goals (E4)</u>	Happy Staff	Family Logic	Family Logic
	Credible Reputation	Family Logic	Family/Business/Professional Logic
	Outstanding Service	Family Logic	Family Logic
	Emotional Connection with Customer	Family Logic	Family Logic
	Efficient & Profitable Firm	-	Business Logic
	Professional Environment	-	Professional Logic

Change in Logic, Change in Means!!

Component	Code	Logic Alignment RQ1	Logic Alignment RQ2
<u>Motivations (M1)</u>	Corporate Offering	-	Family/Business Logic

## RQ2 – Motivations (M1)

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After: Corporate Offering (NEW)

“So in relation to this business, while it’s a family business now it has evolved into a corporate aspect midweek while we maintain the family aspect at the weekends with our function business.” Arendelle, Andrew.

Actor Response in Ideal Type: Loyalty to family is at the core of all business behaviours. Success is measured by profitability.

Institutional Logic: Family and Business

# Arendelle – Key Findings (Ends)

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Before	After
Family, Business & Community Logics	Family, Business, Community & Professional Logics
Family Logic Dominant	Less Reliance on Family Logic
Values & Goals Aligned to Family Logic	Values Remained Aligned to Family Logic
	Goals Aligned to Family, Business & Professional Logics
	No New Values.
	New Ends Aligned to Business & Professional Logic

# Arendelle – Key Findings (Ends)

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## Finding:

Values (E2) were fully accepted and pervasive within the firm. All remained aligned to Family Logic.

## Agreement with Literature:

Where an institutional logics ends are internalised, fully accepted and unquestioned, resistance to that logic by new (emerging) actors, is not possible (Haveman and Gualtieri, 2017).

# Arendelle – Key Findings (Ends)

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## Finding:

All other Ends remained aligned to existing logic but became hybrid with logic dominance shifting. These Ends were not fully accepted or pervasive within the firm.

## Agreement with Literature:

Where Ends are not pervasive, not internalised or fully accepted within an organisation, logic dominance can change (Lee and Lounsbury, 2015; Swidler, 1986; Thornton et al., 2012; Durand et al., 2013; Lounsbury et al., 2003; McPherson and Sauder, 2013)

# Arendelle – Key Findings (Ends)

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## Finding:

Where there was a change in logic dominance, there was a change in the Means serving that End. Those Ends were not fully accepted within the organisation.

## Agreement with Literature:

When an institutional logic is not internalised, actors can use its means as resources to serve other ends (Haveman and Gualtieri, 2017).



# Contribution To Literature

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1. Deeper understanding of the malleability of institutional logics within family firms.
2. Introducing a professional non-family accountant is a huge institutional change/disruption in family firms – examining this from an institutional logic's perspective.
3. Logic compatibility and integration in family firms.

# Contribution To Practice

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Ireland is dependent on family firms for employment, economic prosperity and supporting local economies – provide insights that could be of benefit to key decision makers in this sector as well as supporting networks for family firm development and innovations.

Thank You For Listening

Questions?