

Changing institutional logics as evidenced in accounting reports – the control management of Barilla SpA by W. R. Grace and Co., 1971–1979

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Abstract

Purpose – This study aims to examine how institutional logic evolved in the narrative elements of Barilla's annual reports and accounts as the company transitioned from being a family-owned business to ownership and management by US-based W. R. Grace and Co. (1971–1979), and its subsequent reacquisition by the Barilla family.

Design/methodology/approach – Data were gathered from the annual reports of W. R. Grace and Co. and the Board of Directors' Reports of Barilla (1968–1979), various legal records and other sources. The concept of institutional logic is used to investigate Barilla, focusing on the potential emergence of new logic sets during Grace's ownership.

Findings – The analysis suggests a shift in the institutional logic of the firm, with a decline in family-driven logic and an increase in market- and corporation-driven logic. These changes appear to have been at least financially successful. In addition, the analysis highlights how multiple logics coexisted and were not necessarily in conflict.

Originality/value – This study sheds light on a previously unexplored transitional phase that bridged the early dynastic period of Barilla, the global leader in the pasta industry, to its subsequent long-lasting success.

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By doing so, this research provides novel insights into a rarely occurring transition management process, complementing and stimulating studies on succession and the role of transitional actors in linking a family firm's past ownership to future generations.

Keywords Institutional logic, Management and governance change, Accounting reports, Historical case study, Barilla

Paper type Research paper

1. Introduction

Transitional family businesses face complex challenges as they navigate shifts in institutional logic, balancing long-standing family values with emerging market and corporate demands (Vago, 2004). Although extensive research has examined succession and family business management (e.g. Bozer *et al.*, 2017), limited attention has been paid to how conflicting institutional logics – family, market and corporate – are reconciled during critical transitional phases. This study, therefore, investigates how these multifaceted logics are negotiated during periods of ownership and governance change. Scholars have particularly called for more detailed research on specific “transitional stages” (Trevinyo-Rodrigues, 2009) and the dynamics of patrimony transmission, including the roles of transmission companies and actors (McWatters, 2022, pp. 92–93). While earlier studies in accounting (e.g. Parker, 1977) and management history (e.g. Colby, 1984) laid the necessary groundwork, significant aspects of these transitions – especially concerning business histories and patrimony transmission processes – warrant renewed exploration.

This study explores these themes through the case of Barilla S.p.A. (hereafter Barilla), a leading entity in the global pasta market. Specifically, we investigate the eight-year period (1971–1979) during which Barilla was owned and managed by the US conglomerate W. R. Grace and Co. (hereafter Grace). Starting from the end of the observation period (i.e. 1877–1971) examined by Sargiacomo *et al.* (2024), we aim to focus on the transitional phase pivotal in Barilla's organizational and financial development. Indeed, under Grace's ownership, Barilla experienced substantial market share and sales growth, domestically and internationally, ultimately enabling the Barilla family to reacquire the company in a stronger financial position (Gonizzi, 2003). This case offers a unique lens to study how external management can reshape family-owned businesses, linking the broader themes of transition management and institutional logic within the context of the industry's evolution.

In this sense, transition management refers to governance processes leading to significant changes in strategic direction (Loorbach and Rotmans, 2010). Despite its critical role, historical accounts of transition management in family-owned businesses are limited (e.g. Colby, 1984). Barilla's case illustrates how a family-owned enterprise adapted to external control by Grace, leading to a revitalized state upon reacquisition by the Barilla family. This transition underscores the interplay of strategic decisions, cultural adjustments and operational renovations necessary for navigating such changes. Furthermore, institutional logics, defined as overarching belief systems and practices guiding organizational behavior (Thornton *et al.*, 2012), offer a valuable framework for analyzing transitions. During Grace's ownership, Barilla experienced a convergence of distinct logics: the Italian family-business tradition, established sector norms and the management approach introduced by Grace. These competing and converging logics influenced Barilla's evolution, shaping internal practices and external market positioning. Analyzing this interplay provides insights into how businesses adapt their frameworks to balance tradition with innovation and local with global influences.

Definitively, the objectives of this work are threefold: (1) to analyze the role of institutional logic in shaping Barilla's performance during the Grace ownership period, (2) to investigate the mechanisms of transition management that facilitated the company's reinvigoration and (3) to contribute to the broader literature on business transitions and the history of accounting and management practices by presenting a novel methodological approach. To achieve these objectives, we analyzed primary sources, including annual reports from Grace, Barilla's Board of Directors' reports, legal records and other archival materials. These sources provided narrative elements essential for uncovering shifts in institutional logic during Grace's ownership. Thornton *et al.* (2012) elaborated that the institutional logic framework served as a lens to investigate how Grace's ownership introduced new managerial paradigms, interacting with and challenging the pre-existing logic of a family-owned Italian business. Secondary sources (e.g. Gonizzi, 2003) were also used to provide contextual insights and enrich the analysis.

Studying Barilla during its ownership by Grace offers valuable insights into the adaptation and resilience of family-owned businesses under external control (Gonizzi, 2003). This case illustrates the gradual shift from a family-driven logic to a more market- and corporate-oriented logic, shedding light on how traditional family-centric narratives are progressively replaced by professional management logic. Such a transition contributes to ongoing debates on organizational change by highlighting the role of institutional logic in guiding strategic decision-making and governance structures. Specifically, the observed shift provides empirical evidence on how family firms navigate identity transformation while maintaining continuity, thus enriching our understanding of transitional management.

With their rich histories and traditions, Italian companies provide valuable insights into the intersections of cultural identity, managerial innovation and strategic transformation (Cacchiarelli and Sorrentino, 2018). Barilla's case illustrates how family firms navigate external pressures by balancing local heritage with global influences, thereby renegotiating institutional logic (Sargiacomo *et al.*, 2024). This perspective deepens our understanding of strategic reorientation in family businesses, highlighting how they reconcile tradition with modernization. By examining Barilla, this study enhances knowledge of organizational evolution and global competitiveness in Italian family firms while also demonstrating the value of historical case analysis through the lenses of institutional logic.

2. Historical background

2.1 The case of Barilla

Barilla is a family-owned multinational company based in Parma. Its origins date back to 1877 when Pietro Barilla opened an artisan pasta workshop, where he served as owner and manager until 1905. From 1905 onward, his sons, Riccardo and Gualtiero, began expanding the company's markets (Mussolino *et al.*, 2005). Pietro Barilla Jr joined the company in 1936, dealing with marketing, promotion and setting up the first sales network; while his brother Giovanni joined in 1994 and worked on the logistic and packaging to make pasta a product sold all over Italy. Thus, they together embarked on a new path for the business development (Sargiacomo *et al.*, 2024).

The Second World War was a challenging period for Barilla. In 1943, the company recorded a loss of over £14m (ASB, Pelleri Elvio, Statement of Account at 31.12.1943, Legal Practices 1911–1945, N 25). Further changes and difficulties followed, including closing two sales outlets in 1945. However, the post-war Italian market began to show signs of recovery; thus, recognizing the country's urgent need for food, Pietro and Giovanni Barilla seized the opportunity to adapt, and rebuild therefore; in 1947, following the death of Riccardo Barilla, they accelerated the automation of production

and invested in new machinery (Wolf and Gonzalez-Perez, 2019). Barilla's significance grew nationally and internationally, culminating in its transformation into a corporate entity (S.p.A.) in 1961.

By the early 1960s, Barilla had become one of the most powerful companies. In 1968, the company had faced increasing debt and declining profits, which had strained its financial resources (Colli, 2014). Barilla recognized the need to position itself more effectively in the market. While striving to compete in the European market, the company was further impacted by an Italian credit crunch that triggered widespread liquidity problems (Ori, 1974). By 1970, the Barilla brothers no longer shared the drive to continue in business –particularly Giovanni, who was increasingly distrustful and pessimistic about Italy's future (Sargiacomo *et al.*, 2024). The Report of the Board of Administrators 1970 to Shareholders illuminated the many sources of concern at the time:

Dear Shareholders, before passing to the examination of the balance closed on 31 December 1970, we think it is worth recalling that in Italy, productive development has been lower than expected and less evident than in other European countries. The causes are well known, and the main ones can be found in price increases, in the high interest rate level, and in the tensions in the labour market, as determined from the increase of the life cost as well as from the fights for social reforms [1]. (ASP, Report of the Board of Administrators 1970, 5)

After rejecting recent offers from General Food and Unilever, the general economic downturn and the social unrest of 1968–69, combined with Giovanni's persistence and Pietro's challenging personal circumstances, ultimately convinced the brothers to sell the company to Grace in January 1971 for £70bn (Alberoni, 2013, pp. 94, 116).

2.2 *The case of Grace*

Grace was founded in Peru by William Russell Grace in 1854. Initially, the business focused on shipping but eventually diversified into air transport, industrial production and banking. By 1950, Grace shifted its primary focus to chemicals and consumer products, which by 1970 accounted for approximately 80% of its revenue (Pavan, 1976). Progressive development fueled its global expansion, making it a multinational corporation with operations in 43 countries across multiple continents. Grace employed 62,000 staff and generated a turnover exceeding \$2bn (ASP, Annual Report, 1968–1970). The company managed over 300 factories, 667 offices, 129 warehouses and 160 distribution centers worldwide.

In 1928, Grace began operating in Italy under the name Darex Italiana. The company established four research centers specializing in developing various products, providing support and expertise to its European division (ASP, 1966). Its efficient organization gave it a competitive edge over other Italian and European companies of the time, which turned into economies of scale, higher sales volumes, robust profit margins and ample capital availability (Grisoli, 1978). As illustrated in Figure 1, the company was already analyzing and projecting *World Food Production and Requirements*, identifying a significant deficit in food production emerging in the 1970–1980 projections.

The data presented in Figure 1 – supported by other internal reports – arguably justified the potential interest of the US conglomerate in acquiring a leading food and pasta producer. After an unsuccessful attempt to purchase the Italian food giant Alemagna (Ferrari, 2003, p. 559), Grace completed its acquisition of Barilla in 1971. For Grace, Barilla represented its sixth operation in Italy, marking the company's entry into the pasta sector, which was integrated into its Restaurants and Food Services division. Grace was intent on building a food hub and had already focused its attention on Italy – specifically Parma. This focus was

Chart 5

W. R. Grace & Co.

World Food Production and Requirements

	Population	Per Capita Income	Per Capita Food Demand (Grain Equivalent in Pounds)			Total Food Demand (Grain Equivalent in Million Tons)		
			Consumption Requirements	Production	Surplus/ (Deficit)	Consumption Requirements	Production	Surplus/ (Deficit)
	(Millions)	(US \$)*						
1960	2,982	599	627	633	6	935.2	944.3	9.1
1965	3,289	696	626	621	(5)	1,029.5	1,020.8	(8.7)
1970	3,632	803	667	656	(11)	1,211.5	1,190.8	(20.7)
1975 Projected	4,030	935	678	677	(1)	1,366.9	1,365.1	(1.8)
1980 Projected	4,470	1,090	694	692	(2)	1,550.9	1,547.6	(3.3)
Percent Increase								
1960-70	21.8%	34.1%	6.4%	3.6%		29.5%	26.1%	
1970-80 Projected	23.1	35.7	4.0	5.5		28.0	30.0	
Average Annual Percent Increase								
1960-70	2.0%	3.0%	0.6%	0.4%		2.6%	2.3%	
1970-80 Projected	2.1	3.1	0.4	0.5		2.5	2.7	

*Constant—1970 U.S. \$

Source(s): Grace Annual Report 1970

Figure 1. World food production and requirements

evident in its 1967 acquisition of Tanara SpA, a top Italian ice cream company based in Parma, where Barilla had previously established a partnership (Alberoni, 2013, p. 93).

3. Methodology

3.1 Data collection

Corporate documents serve as the primary data source in this research, specifically focusing on the annual reports of W. R. Grace and Co. and the Board of Directors' Reports of Barilla issued between 1968 and 1979. The time range of data collected starts earlier the acquisition of Grace as we aimed to identify the reasons that led Barilla to change ownership. The documents were primarily obtained from the Parma Chamber of Commerce and the Parma State Archives, with additional records from judicial archives. Some of Grace's annual reports from this period were also accessible, serving as valuable sources for accounting and business history research (Cleary *et al.*, 2019). The analysis was further supported by contextual information from Gonizzi (2003), offering insights into Grace, the Barilla family and the company's history.

The use of corporate reports as source documents merits additional discussion. Previous studies have used corporate disclosures to analyze various issues (Merkel-Davies and Brennan, 2007). In accounting history, Moreno and Quinn (2020) explore institutional factors influencing the Chairman's Statement content, while Moreno *et al.* (2019) view these reports from an impression management perspective. Such examples demonstrate how the content of corporate reports can be used to study broader topics and their influences. In this research, Barilla's Board of Directors' report is comparable to the Chairman's Statement, with overviews of business operations, strategies, values and results (Balata and Breton, 2005).

Specifically, the report of the Board of Directors, titled “Relazione del Consiglio di Amministrazione,” was signed annually by Pietro Barilla as Il Presidente (President). However, Contemporary Settings, distinguishes between a Chairman’s Statement and a Director’s Report, the Relazione del Consiglio di Amministrazione resembles a modern Chairman’s Statement in this historical context. These reports are considered artifacts representing the actions and behaviors of institutional actors. While they cannot fully substitute for direct observation; they are invaluable proxies in historical research for capturing institutional logic behavior. Thus, based on prior literature, we are confident our data source is helpful for this study [2].

3.2 Data analysis

3.2.1 The institutional logics framework. The institutional logic framework consists of socially constructed symbols and practices guiding individual and organizational behavior (Thornton *et al.*, 2012). It establishes organizing principles across various social domains such as family, community, religion, state, market, profession and corporation (Lounsbury, 2001). Each logic gains legitimacy and authority from specific cultural and structural elements, affecting norms, attention and strategies (Thornton and Ocasio, 2008). The overlap of these logics creates institutional complexity, where actors navigate and reconcile multiple, sometimes conflicting, logics within and across domains (Friedland and Alford, 1991). This framework enables the detailed analysis of social and organizational phenomena by operationalizing and comparing logics through their essential components (Thornton, 2004).

The framework is valuable in examining stability and change in accounting and management practices. Studies like Järvinen (2016) show how logics drive the adoption or resistance to new systems due to external pressures from state authorities or market demands. While some research highlights the stability maintained by entrenched logics, others reveal how emerging logics foster innovation, particularly in contexts involving ownership changes or professionalization (Yee, 2020).

Historically, the framework has been applied to diverse contexts, showing the negotiation of multiple logics. Lusiani *et al.* (2019) studied how private, public and devotional logics shaped 16th-century Venetian charities’ governance, while Quattrone (2015) explored accounting’s role within the Jesuit order. These cases underscore the framework’s utility in analyzing the hybridization and strategic reconciliation of conflicting logics over time. Definitively, Thornton *et al.*’s (2012) framework of institutional logic is well-suited to analyze Barilla’s 1970s transformation due to its focus on plurality, conflict and agency. Indeed, Barilla navigated tensions between family logic rooted in artisanal traditions, market logic driven by globalization and corporate logic demanding professional management (Sargiacomo *et al.*, 2024).

3.2.2 Data analysis through institutional logics. In our analysis, we operationalize institutional logic using ideal types of institutional orders (see Appendix 1) and investigate changes in the “blending of institutional orders” (Thornton *et al.*, 2012, p. 107) to understand the evolution of Barilla’s institutional logic during the period of Grace control. Appendix 2 highlights key categories (bolded text) of institutional orders that reflected Barilla’s logic up to its acquisition by Grace in 1971. These institutional orders were identified through key actors and institutional pressures, as detailed in Sargiacomo *et al.* (2024) and corroborated by Gonizzi (2003). The authors achieved a high level of agreement in the coding process for the ideal types representing institutional orders, with a Krippendorff’s Alpha of 0.90, indicating substantial inter-coder reliability and consistency.

This work analyzes how different institutional orders (family, community, religion, state, market, profession and corporation) influenced Barilla’s institutional logic during the period

under examination. We interpret the practices and values that shaped Barilla's management using ideal types. Specifically, the Family order established patriarchal control centered on reputation and wealth preservation, while the Community order fostered mutual trust with consumers and employees. The Religious order remained stable but largely irrelevant, influencing only through moral principles. The State order exerted mild regulatory pressures, and the Market order gained importance in the 1960s, focusing on efficiency and gradual expansion. The Profession order emphasized artisanal roots and product quality, while the transition to the Corporation order marked a shift toward strategic management, maintaining family control. This analysis explores the blending and evolution of institutional logic within Barilla during the Grace control period.

Using the framework in [Appendix 2](#), the Board of Directors' reports were scrutinized to identify shifts in institutional logic during Grace's ownership. Narrative reports provided insights into the directors' perspectives on changing logic, while financial statements offered tangible evidence of market-oriented logic, such as profit increases reflecting market-based institutional order.

4. Findings from Barilla's accounting reports

This study chronologically analyzes the change to the institutional logic of Barilla reflected through narrative elements of accounting reports. To this end, changing institutional logics during the period of Grace ownership are outlined below. To facilitate the reading and interpretation of our historical reconstruction and analysis, we sum up in [Table 1](#) the main historical events and the associated shifts in institutional logics in a chronological order.

4.1 Family logics and conflicts (1971)

At the beginning of 1971, Barilla faced significant management challenges due to divergent leadership approaches between Pietro and Giovanni Barilla. According to [Gonizzi \(2003\)](#), Giovanni was aware of the economic and social uncertainties looming over Italy's future. He believed that transferring leadership to the next generation could weaken the company's management, perhaps due to their lack of experience or the volatile environment. On the other hand, Pietro held a more optimistic view, convinced that the difficulties of the time were merely temporary obstacles and would not impede Barilla's continued success.

This fundamental disagreement in their outlooks likely contributed to strategic dissonance within the company's upper management. Thus, the two brothers, as key family

Table 1. Essential chronology of the events and the associated shifts in institutional logics of Barilla

Year(s)	Main events and shifts in institutional logics of Barilla
1971	Conflict between Pietro and Giovanni Barilla over leadership and family involvement
1971	Acquisition by Grace, transition from family-owned to corporate entity
1971–1972	Market instability navigated with modern production turned into increased sales
1973	State pressures in response to economic issues
1971–1979	Tension in community relationships due to cultural shift under Grace, management professionalization introduced by Grace, shift to a corporate-based order with nonfamily management
1973–1979	Market-driven acquisitions (e.g. Voiello) and diversifications (e.g. breadsticks and rusks)
1979	Re-acquisition of Barilla by the family after an increase in market value of around £10bn

Source(s): Authors' own work

actors, had conflicting views on family involvement in the firm, which created a personal and family drama, as stated by Pietro himself:

In January 1971, I realized that I had to give up, and the sale was made. We went to finalise the contract in Basel: a train journey, a silent journey. Neither of us felt like talking. Two or three times, I even told him, but without rancor, only with regret, “You made me sell.” And I gave in. For me, it was a sense of futility that made me suffer. (Interview given by Pietro Barilla to Pietro Masini, September, 1992) ([Ferrari, 2003](#), 562-563)

4.2 *Grace’s acquisition (1971)*

With Grace’s acquisition in 1971, Barilla transitioned from a family-owned business to a corporate entity under external control. Pietro Barilla remained on the board until 1975, serving as President and signing the Report of the Board of Directors until that year. This marked a gradual reduction and eventual absence of family influence within the company’s governance. As a result, the institutional pressures traditionally exerted by family involvement diminished significantly, as reflected in [Appendix 3](#), where family-related elements are visibly struck through. The unchanged deed of incorporation during Grace’s tenure outlined the governance structure, specifying the board’s composition and the election procedures for its members (Articles 13–18). The board was to consist of two to seven members, each serving a three-year term, with the possibility of re-election. Historically, as a family firm, Barilla maintained a strong connection between the family and the board, a bond between the family’s authority and institutional order within the company ([Sargiacomo et al., 2024](#)).

4.3 *Navigating market instabilities through modernization (1971–1972)*

Since 1971, despite unfavorable, market conditions – such as a 3% decline in Italian industrial production compared to 1970 (ASP, Report of the Board of Directors, 1971) – Barilla achieved a 7% increase in sales. The resulting profits were cautiously allocated to equity reserves, showcasing a conservative yet effective financial strategy. Furthermore, in early 1972, introducing an ultra-modern production line at the Rubbiano plant significantly boosted output, increasing product volumes by 20%–30% within two years (ASP, Report of the Board of Directors, 1972).

These advancements highlight Grace’s commitment to leveraging modern technology and efficient resource management to enhance Barilla’s market position, even amid broader economic difficulties. In the Report of the Board of Directors, it was reported with satisfaction that:

The acquisition of a pasta processing company in Naples enhanced the marketing of Barilla products in southern. The development and production of Bari pasta-based dinner products are being stepped up, and the line of rusks and breadsticks is being broadened. (ASP, Report of the Board of Directors 1972, 14)

In 1972, sales increased by approximately 9%, and the company reported a profit of £695m (ASP, Report of the Board of Directors, 1972), equivalent to around €2m in 2022 values [\[3\]](#). This resilience amidst adverse conditions demonstrates the effectiveness of Grace’s management strategies in navigating economic instability.

4.4 *State pressures (1973)*

Barilla’s management highlighted the risks of interventionist state policies, arguing that they could harm well-managed companies (ASP, Report of the Board of Directors, 1977). After

Second World War, the Italian government supported sectors deemed too weak to recover independently (Confindustria, 1973). During Grace's ownership, Italy faced economic challenges, including inflation, a currency crisis and an energy crisis, worsening the business climate (ASP, Report of the Board of Directors, 1973; see also [Table 2](#)). In 1973, these crises led to political instability, a new government and a price freeze on consumer goods to curb inflation.

This price freeze increased pressure on companies like Barilla, which struggled to maintain financial stability amid rising costs for key raw materials, including wheat, semolina, eggs, cardboard and work. Poor domestic wheat harvests and growing global demand drove these cost increases. To counter this, the Italian government supplied 1,500,000 hundred tons of wheat (about 75,000 tons, or one-seventh of the industry's needs) at a controlled price of £11,500 per hundredweight (ASP, Report of the Board of Directors, 1973). In addition, a £70 per kg increase in pasta prices was sanctioned in December 1973 (C.I.P. Measure No. 20 / 1973 of 5 December) (ASP, Report of the Board of Directors, 1974).

Although aimed at market stabilization, these interventions were seen as irrational in a free-market context. For Grace, Barilla's new owner, the classification of pasta as a "political" product highlighted the growing influence of the state on market dynamics. This shift marked the emergence of state intervention as a dominant institutional logic for Barilla, as outlined in [Appendix 3](#). Grace's management had to adapt strategies to navigate regulated commodities' political and economic pressures. Despite these challenges, Grace prioritized maximizing short-term profits, reflecting a dominant market-driven logic. Financial reports show that, despite external pressures like oil shocks, rising costs, high interest rates and social reforms ([Gonizzi, 2003](#); ASP, Report of the Board of Directors, 1973; see also [Table 2](#)), Grace maintained financial growth, underlining a focus on profitability.

4.5 Market-driven approaches: the acquisitions and diversifications (1973–1979)

In 1973, Barilla expanded aggressively through three key acquisitions: Voiello, with a turnover of £150bn; Torre Annunziata in Naples, to strengthen its presence in the southern market; and Amato and Filippone, also based in the south ([Ferrari, 2003](#), p. 567). These moves aligned with Grace's strategy of diversification and regional growth. Consequently, Barilla's sales volume increased by 15% (ASP, Report of the Board of Directors, 1973), solidifying its market position and paving the way for future expansion. This period illustrates Grace's strategic use of acquisitions to navigate socio-economic challenges and enhance Barilla's operational scale.

In 1974, Barilla acquired an 80% stake in Mulino Basile in Altamura, Italy's largest flour mill. This allowed Barilla to source 45% of its wheat directly, gaining leverage in the international grain market and better control over domestic market dynamics (ASP, Report of the Board of Directors, 1974). Barilla reduced reliance on external suppliers by integrating a key supply chain component and mitigated cost volatility and supply chain disruptions. This vertical integration contributed to a 49% surge in pasta and bakery product sales (ASP, Report of the Board of Directors, 1974), reinforcing its leadership in pasta products, breadsticks and cake mixes, with an annual profit of £691m.

This underscores the effectiveness of Grace's management in capitalizing on strategic acquisitions to drive growth and profitability. Anyway, some concerns about the general Italian socio-economic situation continued to emerge among the administrators, as witnessed by the following excerpt:

Barilla, Grace's largest grocery product business in Europe and the world's largest pasta producer, again had to contend with price controls, increased labor rates, high wheat costs, and higher corporate income taxes in Italy. The result was that Barilla's operating income after taxes, while better than in 1973, was only marginally satisfactory. (ASP, Report of the Board of Directors 1974, 20)

In 1975, the launch of the Mulino Bianco brand marked a key moment for Barilla, as Grace continued its strategy of diversifying production and expanding the company's product portfolio beyond pasta. This move aimed to tap into new market segments and strengthen Barilla's position in the broader food industry. Profit for 1975 reached £956m – equivalent to about €3m in 2022 terms. The company's turnover for that year was £132bn, reflecting a 10% increase compared to the previous year (ASP, Report of the Board of Directors, 1975).

By 1976, these strategic efforts began yielding more visible results. Export sales accounted for 48% of total sales, a significant rise from 34% in 1975, demonstrating Barilla's growing international market presence (ASP, Report of the Board of Directors, 1976). The positive trend continued in 1977, with export sales increasing by approximately 17%, and the company recorded a profit of £950m, around €3m in 2022 terms. [Figure 2](#) illustrates the substantial impact Barilla had on the "Consumer Products and Services" division of Grace in 1977, highlighting the effectiveness of Grace's management strategies during this period.

By 1978, Barilla's expansion into breadsticks and rusks helped capture approximately 20% of the bakery products market and around 9% of the confectionery market. This diversification contributed to a turnover of approximately £200bn (ASP, Report of the Board of Directors, 1978), generating a profit of £4bn – roughly €12m in 2022 terms. The majority of this profit was attributed to the success of the Mulino Bianco brand (ASP, Report of the Board of Directors, 1978). In 1979, Barilla's growth trajectory continued, with sales volume increasing by around 28% (ASP, Report of the Board of Directors, 1979), and profit rising to approximately £6bn, or €19m in 2022 values. These results demonstrate the effectiveness of the strategic initiatives implemented under Grace's ownership, particularly in terms of product diversification, cost-efficiency improvements and profit maximization.

In summary, Grace's leadership clearly contributed to a strong focus on market-driven growth, with increasing efficiency and profitability. This approach placed market dynamics at the forefront of institutional order, in contrast to the family-oriented and community-driven models that previously characterized Barilla.

4.6 Community efforts (1971–1979)

On the community level of institutional order, [Gonizzi \(2003\)](#) highlights several strategic decisions by Grace aimed at sustaining relationships between the company, trade unions and employees. Despite the scarcity of detailed accounts in the Board of Directors' reports, an example from 1974 (referenced in [Table 2](#)) indicates that Grace acknowledged the importance of maintaining positive employee relations. However, [Gonizzi \(2003\)](#) notes that the rational and pragmatic approach of the new American owners initially strained these relationships. The staff, accustomed to a management style that emphasized community involvement and valued empathic and emotional connections, found the new environment alienating and hostile.

This cultural clash created a significant challenge in transitioning from a family-centric ethos to a more corporate and detached operational framework under Grace's leadership. This situation is captured by the following quote:

During those years, the union also felt somewhat abandoned by the Barilla family. With Grace, there was the possibility of dialogue and confrontation, even if there was a certain impersonality in the relationship. That is why there was almost always contact with Manfredo Manfredi, the managing director, who represented a sort of continuity with the past [owners and ownership] ([Ferrari, 2003](#), 570).

Thus, it appears that Grace management prioritized community relationships less than Barilla did as a family-owned business. However, Grace established a professional bridge

Basis of institutional order	Year of report	Original document (Italian)	Translation (own)
State	1973	Per quanto riguarda l'Italia, oltre agli effetti negativi dovuti ai fattori di cui sopra, dobbiamo considerare quelli derivanti: - dalle crisi politiche concluse in luglio con la formazione del nuovo Governo di Centro-sinistra; - dall'entrata in vigore, con effetto retroattivo, dei decreti anticongiunturali approvati alla fine di luglio per il blocco dei prezzi dei beni di largo consumo e dei listini delle maggiori imprese.	As far as Italy is concerned, in addition to the negative effects due to the factors mentioned above, we must consider those deriving from: - the political crisis that ended in July with the formation of the new centre-left government - the entry into force, with retroactive effect, of the anti-cyclical decrees approved at the end of July to freeze the prices of consumer goods and the price lists of major companies.
Market	1973	Tali aumenti sono correlati ad una serie complessa di motivazioni tra le quali determinanti sono le seguenti: - lo scarso raccolto di grano duro in Italia e l'aumentata richiesta di cereali da parte di tutti i paesi del mondo; - la lievitazione dei prezzi di tutte le altre materie prime sui mercati internazionali; - la crisi energetica; - il clima di sfiducia esistente su molte monete; - la componente speculativa (tesaurizzazione).	These increases are related to a complex series of reasons, the most important of which are the following: - the poor harvest of durum wheat in Italy and the increased demand for cereals from all countries in the world - the rising prices of all other raw materials on international markets - the energy crisis - the lack of confidence in many currencies - the speculative component (hoarding)
State, market	1974	Oltre agli aspetti negativi più sopra citati, vanno ricordati: - l'abnorme aumento dei costi di tutte le materie prime; - l'aumento del costo del lavoro; - il costo proibitivo del denaro; - il regime di blocco prezzi fino al 31 luglio 1974; - la disciplina CIP del prezzo amministrato a partire dal 1° agosto 1974.	In addition to the negative aspects mentioned above, the following should be mentioned: - abnormal increase in the cost of all raw materials; - the rising cost of labour; - the prohibitive cost of money; - the price freeze regime until 31 July 1974; - the CIP administrative price discipline as from 1 August 1974
Community	1974	Durante l'anno la Società ha posto molta attenzione alle relazioni con il personale, nella convinzione che le fortune aziendali sono strettamente legate al potenziamento del fattore umano e cioè allo sviluppo dello spirito di iniziativa e della motivazione di tutti i suoi collaboratori.	During the year, the Company paid a great deal of attention to personnel relations, in the conviction that the company's fortunes are closely linked to the strengthening of the human factor, i.e., the development of the spirit of initiative and motivation of all its employees.

Source(s): Authors' own work

Table 2. Sample excerpts from the Report of the Board of Directors

with the trade unions through Manfredo Manfredi. Having served as Barilla's managing director since 1961, Manfredi's long-standing involvement with the company and familiarity with its culture positioned him as a crucial intermediary. When Grace appointed him the new CEO, he played a key role in mitigating the tension between the company and its workers. This strategic appointment allowed Grace to maintain continuity in labor relations. As will be discussed further, other institutional orders, beyond community relationships, became more dominant during Grace's period of ownership and leadership, reflecting a shift in governance priorities and corporate strategy.

4.7 Management professionalization (1971–1979)

Profession as a basis of order is not directly addressed in the Report of the Board of Directors. However, [Gonizzi \(2003\)](#) indicates that, in areas such as product quality, Grace maintained Barilla's high standards. This suggests that the role of professional expertise within Barilla continued to be a stabilizing factor, even after Grace's acquisition. As shown in Appendices 2 and 3, it is reasonable to infer that the profession as a source of institutional order remained similar to the pre-acquisition period, emphasizing quality control and operational excellence. To strengthen ties with the parent company and integrate Grace's operational logic, some American managers were introduced by Grace.

These managerial changes helped reflect the American corporation's approach to professionalism in business operations. [Gonizzi \(2003\)](#) notes that innovative administrative, commercial and management techniques were introduced, including the creation of a planning office that facilitated more strategic, long-term planning. This

1977 LINES OF BUSINESS (\$ millions)			
	Sales and Operating Revenues	Operating Income after Taxes	Representative Products & Services
CHEMICALS			
Specialty Industrial	\$1,228	\$87.1	<i>Bituthene</i> waterproofing materials Cracking catalysts for oil refining <i>Daramic</i> and <i>Darak</i> battery separators for auto and industrial batteries <i>Duran</i> coatings for paper products <i>Darex</i> container sealing compounds <i>Dearborn</i> pollution control chemicals Dental and medical supplies <i>DuBois</i> cleaning compounds for industries and institutions Emission control catalysts for automobiles <i>Hampshire</i> chelating agents for industrial processes <i>Letterflex</i> systems for newspaper printing Molecular sieves for purification and drying of gases and liquids Plasticizers Polyester resins for molded fiberglass reinforcement <i>Polyfibron</i> printing blankets <i>Sylold</i> silica gel adsorbents for foods and pharmaceuticals Synthetic lubricants for jet engines Water and waste treatment chemicals <i>Zonolite</i> insulating materials
Specialty Packaging & Plastics	\$ 406	\$30.0	<i>Airmold</i> plastic cases for small durable goods <i>Cryovac</i> shrinkable films and pouches for packaging of perishables Vinyl film and sheeting for wallcoverings and upholstery
Agricultural	\$ 513	\$25.7	<i>ABS</i> animal genetics <i>Farr Beiter</i> and <i>Walnut Grove</i> feeds and supplements for livestock <i>Nitrex</i> and <i>Nurish</i> fertilizers; phosphate rock Pesticides for crop disease control
NATURAL RESOURCES			
	\$ 234	\$28.0	Coal, natural gas and oil for energy generation Oil field services; contract drilling; tools and equipment rental Storage and transmission of fuel supplies
CONSUMER			
Specialty Merchandising	\$ 500	\$19.7	<i>Del Taco</i> Mexican fast-food chain <i>El Torito-La Fiesta</i> Mexican restaurants <i>Far West Services</i> theme restaurants, dinner houses and coffee shops <i>Handy City</i> and <i>Channel</i> home improvement centers <i>Herman's World of Sporting Goods</i> stores <i>Pix</i> shoe stores <i>Sheplers</i> western apparel retailing
Consumer Products & Services	\$ 863	\$19.2	<i>Ambrosia</i> and <i>De Zaan</i> cocoa products Auto performance and customizing equipment <i>Baker & Taylor</i> book distribution <i>Barilla</i> pasta products Real estate and land development Specialty textiles

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Source(s): Grace Annual Report 1977

Figure 2. Grace's business lines

shift in operational processes likely played a role in improving the company's financial performance. Although the Report of the Board of Directors does not explicitly mention professional action as a driving force behind these improvements, the financial results speak to the underlying institutional pressures exerted by Grace management. Both local and US-based leadership emphasized maintaining, if not enhancing, Barilla's standing as a high-quality producer, which remained central to the company's identity during this period.

4.8 A corporate-based order (1971–1979)

While Barilla's corporate form remained the same following its acquisition by Grace, the source of authority, namely, the Board of Directors, underwent a significant transformation. Under Grace's ownership, Barilla experienced what the family business literature refers to as the professionalization of management, where key positions were held by nonfamily members (Hiebl *et al.*, 2015). For example, in 1972, the board was composed of Pietro Barilla as Chairman (appointed until 1975, re-elected in 1979) and Giovanni Barilla as Vice Chairman (appointed until 1974) (ASP, Report of the Board of Directors, 1971–1975). Alongside them, Manfredi Manfredi, a former right-hand man of the Barilla family, who had served in various roles from factory engineer to technical director, was appointed as CEO in 1976, following Grace's acquisition.

In addition to the Barilla family members, directors from Grace's side were introduced [4], typically serving one or two years. These directors played a crucial role in maintaining control over the board, ensuring Grace's interests were upheld, and facilitating the integration of Grace's management style within Barilla. This shift toward nonfamily leadership marked a departure from Barilla's historical family-driven decision-making and represented a source of institutional pressure, as outlined in Appendix 3, where the shaded elements signify a new or more prominent logic in governance. Grisoli (1978) observed that Grace reorganized both structures and roles within Barilla. A wave of administrative, commercial and management professionals were brought in, along with new processes, marking a shift toward more formalized and strategic business practices. Notably, strategic planning became more central to the company's operations (Gonizzi, 2003).

The introduction of these bureaucratic roles, along with the new members of the Board of Directors, highlights a move toward a corporate-based order, reflecting a more systematic approach to management. To reinforce these strategic initiatives, the use of budgeting and monthly reports was expanded, as detailed in Ori (1974). As a result of these professionalization efforts, Grace was able to strengthen Barilla's market position, achieving notable sales increases both domestically and internationally. This outcome underscores the direct link between the professionalization of management and Barilla's improved market performance under Grace's ownership.

4.9 The re-acquisition (1979)

Grace's control paved the way for the company to gain greater market value. Indeed, on 27 July 1979, Pietro Barilla re-acquired Barilla, paying £80bn – £10bn more than the purchase price paid by Grace in 1971. Moreover, Grace's 1971 payment was made in three tranches, starting in 1971, while Pietro Barilla's 1979 purchase was executed in a single payment (Alberoni, 2013, 120). Importantly, in a letter addressed to all staff on October 31, 1979, Pietro emphasized the general improvements that occurred in the company during Grace's era:

As you already know I came back a couple of weeks ago to work at the company [...] My unique concern is not to have had the chance yet to shake the hands to all of you. There is the reason for these lines through which, first of all, I want to congratulate you for the truly brilliant results achieved in every field [...]. I have found a lively, up-to-date and efficient company: this is thanks to you, to everyone, and this comforts me for the decision undertaken, [for which I am], doubly happy to come back among you to my position of work and responsibility (Alberoni, 2013, 123).

The acknowledgment of the new owner, in tandem with the higher resale market value of the company, resonates with the concept of the general "patrimony" of Barilla and the role

played by Grace's "transmission/transmission actors," as echoed by McWatters' recent plea (2022).

5. Concluding remarks

This study enhances our understanding of the complexities in Barilla's evolution, complementing and expanding on prior research about this centenary family business (i.e. [Sargiacomo et al., 2024](#)), which focused on the period from 1877 to 1971. By exploring the gradual shift from a family-driven logic to a more market- and corporate-oriented logic, this study provides critical insights into ongoing debates on organizational change, particularly within transitional family firms. Specifically, our analysis illustrates how the progressive replacement of family-centric narratives with professional management logics reflects a strategic adaptation to evolving market demands and corporate governance standards ([Thornton and Ocasio, 2008](#)). This transition challenges traditional views of family businesses as static entities bound by legacy values, instead highlighting their dynamic capacity for institutional change and strategic renewal ([Jaskiewicz et al., 2015](#)).

This study also informs our understanding of the coexistence and conflict between multiple logics by demonstrating how Barilla navigated the complex interplay between family-driven and corporate-oriented logics. It shows that these logics can coexist within a family business and that their prominence may shift as the organization adapts its strategic approach to evolving internal and external circumstances (see [Appendix 3](#)). This coexistence is not merely a balancing act but a dynamic negotiation where conflicting logics are continuously reconciled ([Greenwood et al., 2011](#)). By examining this negotiation process, the study provides valuable insights into how transitional family firms can strategically manage institutional complexity, leveraging multiple logics as resources for adaptation and renewal.

The implications for transitional management in family firms are significant. Barilla's experience illustrates that transitional management involves not only steering shifts in strategy but also managing the coexistence and reconciliation of conflicting logics ([Reay and Hinings, 2009](#)). This approach enables family firms to retain elements of tradition while simultaneously embracing modernization. Between 1971 and 1979, the changes introduced by Grace, which incorporated more market-driven and corporate-oriented logics, played a critical role in improving Barilla's profitability and competitive position during a pivotal period. These adjustments facilitated the re-acquisition of the company by one of the brothers in 1979, reinforcing Barilla's trajectory toward modernity and sustainability. The introduction of these new logics was not merely a temporary adaptation but a foundational shift that significantly influenced Barilla's modern identity and long-term success.

These findings contribute to the broader literature by demonstrating how conflicting institutional logics are negotiated and reconciled in transitional family firms. They extend the findings of [Sargiacomo et al. \(2024\)](#) and underscore the importance of examining business histories as dynamic processes shaped by both internal and external forces ([Foster et al., 2017](#)). This perspective emphasizes the strategic implications of balancing tradition with modernization in long-standing family businesses. Furthermore, the study enriches theory on how external actors and market pressures can reshape the institutional frameworks of enterprises, highlighting the role of transitional management in leveraging multiple logics for strategic renewal and long-term sustainability ([Besharov and Smith, 2014](#)).

This study also generates methodological implications for management and accounting history research. Specifically, it underscores the significant value of annual reports as a resource for analyzing corporate change. While accounting historians traditionally focus on quantitative data, this work highlights how the narrative content of such reports can yield critical insights

into broader business dynamics, including governance, strategy and organizational evolution (Moreno *et al.*, 2019). For instance, the governance and management changes introduced by Grace are reflected not only in Barilla's improved financial performance but also in its strategic resilience during challenging economic periods in Italy. This suggests that annual reports, when examined holistically, provide a rich, multidimensional understanding of corporate adaptation and transformation. By integrating qualitative narratives with quantitative data, researchers can uncover the interplay between institutional decisions and performance outcomes, offering a more comprehensive picture of historical corporate behavior.

Our analysis highlights a conflict in the literature on conglomerates. One view suggests that by the 1980s, the benefits and viability of extensive diversification, especially in multidivisional structures, were questioned. Schommer *et al.* (2019) found that conglomerates began reducing diversification as awareness grew of its negative impact on profitability. This perspective suggests that Grace may have recognized the limitations of its diversified portfolio in the 1970s, influencing its decision to divest from Barilla. In contrast, another view argues that Grace's divestment was driven not by poor performance but by its liberal business philosophy, which prioritized higher returns in other sectors (Gonizzi, 2003). This raises the question of whether Grace's exit from Barilla reflects broader strategic shifts of that time. Further exploration of this conflict could provide insights into corporate strategy and inspire new theoretical perspectives.

Despite its contributions, this study has certain limitations. First, as a single case study, its findings cannot be generalized to all organizations. However, the characteristics of Barilla may share similarities with other companies in the food and pasta sector across different contexts, making this analysis potentially relevant for similar businesses. While De Cecco (Consorti *et al.*, 2016) provides a comparable example from another context, further studies on management and strategy changes could build upon the insights presented here. A second limitation lies in the reliance on a single documentary source – the Board of Directors' report – for deriving institutional logics. While this focus provides valuable insights, it also narrows the scope of interpretation. Nonetheless, prior research (e.g. Moreno *et al.*, 2019) has underscored the utility of annual reports in examining various business dimensions, and this study mitigates the limitation by analyzing data from multiple consecutive years to construct a more comprehensive perspective. A third limitation involves the derivation of a particular institutional ideal logic, as no supplementary documents or interviews were available for triangulation. This constrains the ability to cross-verify findings and enrich the analysis.

Notes

1. Any original excerpts in Italian was translated by the authors.
2. Our data source and approach is similar to the method used by Lusiani *et al.* (2019) which explored institutional logics.
3. At the following link we calculated inflation rates www.macrotrends.net/countries/ITA/italy/inflation-rate-cpi.
4. The Grace appointed directors included: Warren H. Heller, Wilfrid Abel-Smith, Howard R. Bloomquist, Richard A. Zuniga, Thomas E. Hanigan, Louis S. Jani, Hugh Thomas, James P. Freeborn and Paul Vuille.

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Source(s): Authors' own work

Categories		Institutional orders			Market	Profession	Corporation
Family	Community	Religion	State				
Root metaphor	Family as firm	Common boundary	Temple as bank	State as redistribution mechanism	Transaction	Profession as relation network	Corporation as hierarchy
Sources of legitimacy	Unconditional loyalty	Unity of will, belief in trust and reciprocity	Importance of faith and sacredness in economy and society	Democratic participation	Share price	Persona expertise	Market position of firm
Sources of authority	Patriarchal domination	Commitment to community values and ideology	Priesthood charisma	Bureaucratic domination	Shareholder activism	Professional association	Board of directors, top management
Sources of identity	Family reputation	Shared emotional connection	Association with deities	Social and economic class	Faceless	Association with quality of craft	Bureaucratic roles
Basis of norms	Membership in household	Group membership	Membership in congregation	Citizenship in nation	Self-interest	Membership in guild is association	Employment in firm
Basis of attention	Status in household	Personal investment in group	Relation to supernatural	Status of interest group	Status in market	Status in profession	Status in hierarchy
Basis of strategy	Increase family honor	Increase status and honor of members and practices	Increase religious symbolism of natural events	Increase community good	Increase efficiency, profit	Increase personal reputation	Increase size and diversification of firm
Economic system	Family capitalism	Cooperative capitalism	Occidental capitalism	Welfare capitalism	Market capitalism	Personal capitalism	Managerial capitalism
Source(s): Authors' own work							

