

Management Control Systems as a Tool for Trust Building in a Context of Acquisitions

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| <p>Abstract: This thesis investigated if management control systems (MCs) can be used as a tool in the thrust-building process during an acquisition. The primary focus was to investigate culture, motivation, MCs and trust (the thematic fields of the thesis) individually, but more importantly, how they together form the building blocks of the trust-building process. Earlier research indicated that trust building as a part of MC design is limitedly studied. The aim of the thesis was to describe the purpose of MCs in an acquisition context, and to investigate how trust could improve the chances of a successful integration. Its empirical aim was to investigate how Finnish managers deal with trust-related issues during acquisitions. It also aimed at providing guidelines for managers in a real-life context.</p> <p>This thesis used institutional logics for describing organizational culture, and the scenarios that may arise, when several cultures meet during an integration stage. How can trust be fostered to maximize chances of an outcome, where the strengths of the separate logics are merged into a new, inclusive one? To analyze how trust is handled by Finnish managers, data were gathered from an online survey with 29 respondents and semi-structured interviews with two managers.</p> <p>In this thesis, trust was seen as a dynamic process starting with calculative trust and gradually developing into affective trust. Trust proved to be an end-result of a long communicative and transparent approach, but calculative trust did not seem to be a well-known phenomenon among managers. In the trust-building process, the above-mentioned four fields all played a decisive role. Culture proved more deeply rooted than anticipated in the organization: organizational culture can be changed with time and great effort, but national culture is hard to affect. If management grasps the impact of culture, it may have a positive effect on the motivation of the workforce; understanding employees' needs enables the design of an MC that considers the organizational background.</p> <p>Many aspects presented in this thesis are useful for the creation of trust in an acquisition context. However, managers' limited understanding of MCs as a concept leads to a situation, where the potential is unlikely to be fully utilized. Managers failed to comprehend how academic findings may be implemented in their work. It was also suggested that MCs should be seen as a set of processes, since this concept is better understood by practitioners.</p> <p>Further research should involve more interviews from a specific industry, to allow for proper comparisons between similar organizations. It would also be worthwhile analyzing the impact of national culture, e.g., as a comparison between Finland and Sweden.</p> | |
| Keywords: Management Control Systems, MCs, trust, trust building, culture, motivation, acquisitions, M&As, calculative trust, affective trust | |
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1. Introduction

1.1 Background

Mergers and acquisitions (M&As) are a strategic choice, which provides organizations with a significant means for growth (Bansal, 2016) and value creation (Schade, 2013). According to Porter (1997), strategy is a company's way of positioning itself towards customers and against competitors, by creating competitive advantages and by utilizing resources in an efficient manner. Strategy-related questions can hence include both company-external and company-internal matters, both of which can be relevant for an M&A context. However, due to its focus on management control systems (MCs), this thesis will deal with company-internal aspects.

The expectations on an M&A are usually high; synergies are believed to result in a stronger market position or more efficient management. Nevertheless, many M&As fail to reach the goals that have been set for them; various studies from the last fifty years report success rates of only 20-30 percent (Moschieri and Campa, 2014; Slangen, 2006; Dikova and Sahib, 2013, Bansal, 2016). Eccles et al. (1999) indicate that one reason for this may be overpricing, whereas Čirjevskis (2020) and Bansal (2016) stress cultural incompatibility, and in doing so, emphasize the human impact on M&A success. Also in this thesis, focus will be on human aspects, as its aim is to analyze MCs as a tool for improving trust building during the integration stage of acquisitions. According to Bansal (2016), trust is an insufficiently studied variable in the M&A integration context.

As far as the term M&As is concerned, *mergers* refers to two or more independent companies consolidating so that at least one of them loses its autonomy. *Acquisitions* means purchasing a company, either on a minority or majority basis (Schade, 2013). In this thesis, focus will be on acquisitions, although the academic literature often treats the two concepts together. The M&A process is usually considered to consist of three phases: a pre-merger phase, a transaction phase and a post-merger integration phase. As the integration phase is where the acquiring company's managers meet the employees of the acquired entity, this phase sets the natural scene for studying how trust is created and shown by management.

Systematically and efficiently managing processes within organizations is the task of management accounting, with MCs as one of its tools. MCs have over time grown into complicated organisms for collecting and analyzing past and present data to create e.g., visions and strategies (McNamara, 2009; Guinea, 2017). In other words, MCs can be said to provide the organization with techniques and processes for achieving certain goals (Flamholz et al., 1985). According to Long (2018), managers use control mechanisms to communicate expectations, provide feedback, and reinforce employees' work performance so that resources are distributed and used effectively and in agreement with the objectives of the organization, for instance during an M&A integration. According to Merchant and Van der Stede (2007) and Malmi and Brown (2008), a distinction between strategic control and MCs can be made; whereas the focus of strategic control lies outside the organization (e.g., on competitors and stakeholders), MCs aim at controlling factors within an organization. In this thesis, the term MC refers to systems dealing with intra-organizational control.

According to Malmi and Brown (2008), MCs are a set of traditional accounting tools (e.g., budgeting and other financial measures), administrative controls (e.g., organizational structure and administrative systems) and socially based mechanisms (e.g., organizational values and culture), which partly lay the foundation for the phenomena analyzed in my thesis. In an organization, several of these controls are simultaneously present. In the past decades, an active discussion has been conducted concerning how the net of controls should be viewed: as a fully integrated system or as a more loosely knit network of more independent control nodes forming an agile package (Dermartini and Otley, 2020; Grabner and Moers, 2013)? In a recent study, Demartini and Otley (2020) argue that MCs do not need to be labelled as fully system or fully package but can rather be regarded as a continuum with "system" and "package" as opposite poles. The tightly integrated system MC traits provide the organization with tools for control and surveillance, whereas the loosely integrated package pole is likely to foster creativity and innovation. Most organizations need both, and the challenge is to reach the optimal ratio. For this thesis, Demartini and Otley's (2020) model seems useful, as both surveillance and innovation are potentially important for a successful integration.

When trying to regulate the behavior of agents on different hierarchical levels, a successful MC needs to consider the concept of motivation. In this context, a distinction between intrinsic and

extrinsic motivation must be made. According to Kuvaas et al. (2017), who quote Deci, Connell, and Ryan (1989), intrinsic motivation is built on “the desire to perform an activity for its own sake, to experience the pleasure and satisfaction inherent in the activity”. Extrinsic motivation, in contrast, is “the desire to perform an activity with the intention to attain positive consequences such as an incentive or to avoid negative consequences such as a punishment” (Deci and Ryan, 2000 cited by Kuvaas et al., 2017). During many decades, organizations focused on reward systems that provided employees with incentives to work in the interest of the owners or the highest levels of management, instead of prioritizing their own concerns. This is illustrated in the classical agency dilemma, also known as the principal-agent problem (cf. Eisenhardt, 1989). In more recent times, it has been acknowledged that a successful control system must also consider intrinsic motivation (Malmi and Brown, 2008). Based on this outlook, MCs can be depicted as a continuum stretching from coercive to enabling: if the promotion of effectiveness is too strongly emphasized, creativity, flexibility, and eventually also motivation and trust, may be lost. This type of coercive MC aims at imposing individuals to complying with the rules of the organization. An enabling MC, on the contrary, seeks to provide individuals with empowering methods. As I see it, empowering employees is closely related to showing them trust. According to Adler and Borys (1996), enabling MCs should make organizations less vulnerable to negative effects of formalized control, but they may also weaken the control quality. This means that a constant balancing occurs between extrinsic and intrinsic motivation, and also between coercive and enabling MCs.

In a recent study, Malmi et al. (2020) criticize the agency dilemma, and especially the mechanistic controls based on extrinsic motivation and the assumptions that employees are individually motivated and likely to work hard for monetary rewards. These are traditional Anglo-Saxon preferences, and in Scandinavia, the situation is different (Malmi et al., 2020). This should also be considered in the MCs, whose design can be claimed to be culturally dependent, in the light of Malmi et al.’s (2020) research. Cultural issues are however not limited to national cultures; differences between organizations in the same country also exist and they are also crucial for the M&A integration. According to Hofstede (2012), culture can be defined as “the collective programming of the mind that distinguishes the members of one group or category of people from others”. Malmi et al. (2020) see culture as “the values, beliefs, preferences, and assumptions that provide the basis for interaction and shared understandings among group members, and which differentiate one group of people from another”. In this thesis, *culture* refers to the

collective programming of the mind of the employees in a certain organization, which distinguishes them from employees in another organization. The reason for this distinction may then lie in national or organizational culture, or in both.

The encounter of several organizational cultures also means the existence of parallel *institutional logics*. According to Haveman and Gualtieri (2017), “institutional logics are systems of cultural elements (values, beliefs, and normative expectations) by which people, groups, and organizations make sense of and evaluate their everyday activities and organize those activities in time and space”. Although institutional logics are by no means restricted to one organization – Carlsson-Wall et al. (2016) mention *governance logic*, *business logic*, *professional logic* and *sport logic* as examples, all of which are not limited to certain organizations – different organizational cultures can certainly be seen as different institutional logics, as they have all supplied their contexts with sense-making cultural elements. The question is what happens when the different logics meet in the acquisition context. Carlsson-Wall et al. (2016) report that whereas early research (DiMaggio, 1983 as cited by Carlsson-Wall et al., 2016) found that multiple logics co-exist during the transition times, later studies (Lounsbury, 2007; Reay and Hinings, 2005 as cited in Carlsson-Wall et al., 2016) report that parallel logics may exist for much longer, either openly or under the surface. Gerdin (2020) reports that the introduction of a new institutional logic may lead to avoidance, dismissal or agreement, and the result may be anything from resistance to creative friction. It obvious that careful management of questions relating to institutional logics is of great importance of a successful integration. Related to the concept of parallel institutional logics in a context of management accounting and M&As are also so-called *vernacular accounting systems (VAS)*, i.e., the native MC used by the acquired company until replaced by a new, global one (Goretzki et al., 2018). According to Goretzki et al. (2018), a global MC that aims at replacing a VAS must be attractive for the employees, so that they remain motivated. Only then it may outperform the VAS and become accepted within the new entity.

The integration stage of an acquisition is in other words a crucial and vulnerable process, which must be controlled for e.g., motivational factors and efficiency. A vital, but not very well-researched, factor in this context is the role of trust (cf. Bansal, 2016). Audi et al. (2015) define trust using the definition of Rousseau et al. (1998), who claim that “Trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions

of behavior of another”. Väisänen et al. (2020) see trust as a combination of reliability, competence and benevolence, i.e., a belief that another party wants to do good. Väisänen et al. (2020) stress that if the relationship between the managers and the employees is based on mutual trust, managers may implement controls systems that are designed to orientate employees towards performing better rather than to controlling potential opportunistic behavior. Audi et al. (2015) go as far as to claim that increasing the role of trust might reduce the need for external monitoring, which in turn may save costs and make the organization more flexible. Audi et al. (2015) further claim that a focus on management is crucial for understanding trust in an organizational context, as managers steer the strategic work. This means that the relationship between individuals both on different and equal hierarchical levels is important for the design of MCs.

1.2 Aim of the thesis

Despite vast research within some of the fields related to this thesis, several aspects remain only partially understood. Firstly, only scarce research has been conducted on MCs as a package, and also on MCs as a whole (Gerdin, 2020). Secondly, Gerdin (2020) reports limited research concerning co-existing institutional logics. Thirdly, Väisänen et al. (2020) and Bansal (2016) state that research on the role of trust in an MC context is limited, whereas Long (2018) argues that some research has been conducted in the field of trust, but almost nothing has been published concerning how trust is built in practice.

With its starting point in these research gaps, my thesis contributes to the discussion on how MCs can be used for fostering trust during the integration stage of an acquisition, i.e., in a context, where parallel institutional logics are likely to exist. Secondly, this research aims at providing more knowledge about the role of trust for creating enabling MCs, with special focus on how trust is generated.

Hence, the aim of this thesis is to investigate if MCs can be used to improve trust building in an acquisition context. Moreover, it explores what aspects of previous research that relate to these processes by concentrating on the role of culture, motivation, MCs and, lastly, trust. The empirical

aim of the thesis is to investigate how Finnish managers deal with trust-related issues during acquisition processes, and it also aims at providing some guidelines for managers in a real-life context.

The leading research question can be formulated as follows: *How can MCs be used to improve trust building during the integration phase?*

It can be divided and specified into the following sub-questions:

- 1) *What aspects contribute to the creation of enabling MCs and to trust building during the integration stage of an acquisition?*
- 2) *How do Finnish managers improve trust building during the integration process?*
- 3) *What should managers do to improve trust building during an integration?*

The first question is tested in the literature review, e.g., based on an overview of previous research. Question number two is tested in the empirical part, i.e., through an online survey and semi-structured interviews. The last question aims at providing policy implications based on the study as a whole.

As far as the limitation of the research is concerned, three choices have enabled the study to stay within focus and the given frames of a master's thesis. Firstly, I chose to analyze my research topic from the management's perspective, as managers can be seen as the active parts in the design of the MCs. The second limitation is my choice to target only Finnish managers in the empirical part. This choice was made since trust as an interpersonal phenomenon is likely to be connected to culture. Therefore, the research becomes more transparent if the starting point is placed within one national culture. Moreover, I have only investigated acquisitions, although the academic discussion mostly covers M&As as an entity.

1.3 Structure of the thesis

The thesis is structured as follows: After the introduction follows chapter 2, a review of previous literature, opened by a description of my theoretical framework. Research themes of interests are culture, motivation and MCs, which are presented in their own sub-chapters, the last one also containing aspects on the central topic of trust. Chapter 3 provides the methodology of the

empirical part, i.e., it illustrates the chosen methods: an online survey and semi-structured interviews, and places them in their academic context. In chapter 4, the results of the survey and the interviews are presented and analyzed against the theories provided in chapter 2. Finally, chapter 5 concludes all the previous chapters in a summarizing discussion and presents the meaning of the findings in a broader context. In chapter 6, a Swedish summary is provided.

2. Literature review

2.1 Theoretical framework – an overview

This thesis has its starting point in the leading research question: *How can MCs be used to improve trust building during the integration phase?* For the literature review, this research question can be narrowed down to the following: *What aspects contribute to the creation of enabling MCs and to trust building during the integration stage of an acquisition?*

This approach builds on the presupposition that MCs may be formed to have qualities that allow trust to be built between different parts of the new organization, although employees come from different organizational cultures and interpret their reality through different institutional logics.

The careful use of a suitable MC is one of the central means for an organization to guide, motivate and lead employees into using resources to meet the organizational goals. What attributes does such a “suitable” MC have? Today, many organizations are organic and horizontal, and the personnel is autonomous, and therefore, an MC with enabling characteristics must be considered an attractive alternative. This argumentation is based on the concept of intrinsic motivation, i.e. the notion that individuals perform their best when engaging in sense-making activities. After an acquisition, employees may perceive that these sense-making activities are threatened by the introduction of a new organizational culture, with new institutional logics, at least if the new culture is not introduced in a good way. What methods can then be used for creating enabling MCs that allow employees to be steered at least partially by intrinsic motivation, also in times of partly coinciding institutional logics? In this thesis, the use of organizational trust is considered a potential solution. If management generates and communicates trust, and promotes trust building between different parts of the organization, it seems likely that the different institutional logics would be able to interact more genuinely. This might also raise the chances of improvements and synergies, as the different institutional logics can merge into one and take advantage of each other, instead of continuing to live their own lives either openly or under the surface (cf. Carlsson-Wall et al., 2016 on *decoupling*, *structural differentiation* and *compromising accounts*, all of which

will be presented in chapter 2.2.3). In chapter 2, previous research on the topics culture, motivation, MCs and trust will be presented, with a focus on their role in an acquisition context.

2.2 The impact of culture

Carefully acknowledging and handling cultural issues is of vital importance for a successful integration (Malmi et al., 2020). Culture is a construct, i.e., an intangible product of human imagination, and serves as a means for better understanding phenomena in the real world, and people's relations to these phenomena (Hofstede, 2012). As became evident in the introduction, culture is what separates a group of people from another, be it based on geographical affiliation (*national culture*) and socially formed groups, for instance within an organization (*organizational culture*). The difference between organizational and national culture is of particular importance in the context of post-acquisition integration.

In the following subchapters, the terms national and organizational culture will be more closely examined, as both must be considered accordingly in the design phase of an MC, especially in the context of acquisitions, where two or more cultures meet. These cultures, may they be national or organizational, must be seen as a likely base for the institutional logics of the acquiring and the acquired organization. During the integration, a solution must be found for how to deal with these parallel logics within the new entity. Moreover, the role of trust in this process will be more closely considered.

2.2.1 The impact of national culture

As membership in a national culture is usually established from birth and members are socialized into their national cultures from early childhood, it is very difficult for any MC to profoundly change any traits rooted here (Hofstede, 2012). According to Hofstede (2012), national culture affects profound aspects of human existence, e.g., values and belief systems. Different models have been used to illustrate the classification of national cultures into clusters and groups, the most famous one being Hofstede's model based on traits such as individualism/collectivism,

uncertainty avoidance, power distance, and masculinity/femininity. Although rightly criticized for being simplistic, these classifications can to some extent be used for investigating how far from each other two organizations from different national cultures are expected to stand.

Slangen (2006) has investigated cultural aspects of M&As with focus on cross-border acquisitions. Before this article, only a small number of studies had tested the impact of cultural distance statistically or researched cross-border acquisitions at all. Based on this limited research, no consequent conclusion had been made: some studies found that a large distance concerning national cultural has a negative impact on the result of the acquisition, others reported a positive correlation. Also, Dikova and Rao Sahib (2013) and Shi et al. (2016) announce mixed results of acquisition studies that investigate the effect of cultural distance, referring to one group of studies that indicates a negative correlation between cultural distance and acquisition performance, and another group showing the opposite. Slangen (2006) positions himself between these two categories, arguing that the mixed findings can be explained through the level of post-acquisition integration. He specifies the argument by the level of desired integration; if an acquisition should be tightly integrated into the acquirer's business, differences in national cultures may be harmful, whereas an acquired unit that has been given much autonomy is less likely to be subject to problems due to cultural differences. If integration must be rigid, it calls for clear and well-planned communication (Slangen, 2006).

In Dikova and Rao Sahib's (2013) study, a main finding is that an acquiring company with a background in domestic M&As does not benefit from cultural distances due to the misapplication of the lessons learned. Earlier research has assumed a correlation between experience in domestic and cross-border acquisitions, since the implementation of national deals has been seen as a steppingstone (Dikova and Rao Sahib, 2013). Even if the experience from domestic M&A may not be applicable to cross-border M&As, earlier experience from international deals correlates with a higher sensitivity for avoiding inappropriate generalization errors (Dikova and Rao Sahib, 2013). A general conclusion seems to be that differences in national culture can be seen as favorable, if integration is limited and the acquired company can select and adopt procedures and policies that can be considered attractive or useful. In Slangen's (2006) argumentation, cultural distance is hence not the decisive aspect for the success of an integration.

What does the existence of several national cultures mean for the design of an MC? According to Malmi et al. (2020), much research has been conducted on the relationship between MC practices and national or cultural settings. At least partial consensus seems to exist on the fact that individuals from dissimilar backgrounds have different preferences and reactions concerning MC practices; actions that seem beneficial in one setting may prove to be ineffective in another. To keep in mind is also the assumption that traits with their origins in national cultures cannot be easily changed (Hofstede, 2012). Already this insight seems to indicate that a global MC may be problematic.

As far as MCs and national culture are concerned, Egbe (2018) reports that MCs have traditionally been designed in the headquarters and from there, they have been vertically transferred to subsidiaries or acquisitions. The aim has been to avoid conflicts and uncertainty by concentrating control to the uppermost levels in the hierarchy, with the aim of ensuring that the behavior of the separate parts is compatible and that everyone works towards the same goals (Egbe, 2018). This practice may lead to a situation, where subsidiaries are pressured to adopt structures that have been designed in the headquarters. In practice, the question is to what degree the structures are in fact adopted, and to what extent the subsidiaries or acquired organizations continue to follow their own institutional logics (cf. *decoupling* in chapter 2.2.3). As this type of top-down control is designed mainly for efficiency and coordinating purposes, it tends to become quite technical and formalized, building on control mechanisms such as budgets, performance evaluation systems, formal investment appraisals and decision-making processes (Egbe, 2018).

2.2.2 The impact of organizational culture

According to Malmi and Brown (2008), organizational culture is often described using Flamholtz et al.'s (1985) definition: "the set of values, beliefs and social norms which tend to be shared by [the organization's] members and, in turn, influence their thoughts and actions". Malmi and Brown (2008) stress that although culture provides an organization with a context, and at least partly lies beyond the control of managers, it also needs to be viewed as a control system as it can be used to regulate behavior. Hofstede (2012) also claims that organizational culture can at least partly be changed.

Malmi and Brown (2008) report that organizational culture can influence employees in three main ways: through values, symbols and clan control. Value, one of the most profound shared qualities in a national culture, can in an organizational context be seen in mission and vision statements. The subordinates adhere to the organizational values in different ways; individuals may be recruited based on their values or employees may be socialized into having their values changed to fit the organizational equivalents. Employees may also decide to actively act in alliance with organizational values, even if they do not feel personal attachment to them. Even though values are the deepest fundament of a culture, Hofstede (2012) argues that differences regarding organizational culture are most clearly seen on a more superficial level, in symbols and clan control.

Cultural symbols are often visible expressions, i.e., artifacts; the workspace design or a certain dresscode are typical examples (Schein, 1997 as referred to by Malmi and Brown 2008). An open plan office may signal a wish for communication and collaboration and is obviously an attempt to control the behavior of the employees. The concept of clan control relates to the notion of organizations consisting of several distinct subcultures or micro-cultures, i.e., “clans”. Employees are gradually exposed to socialization processes that introduce them to certain skills or values of a certain profession or organizational unit.

As symbols and artifacts refer to a more superficial level than values, it is natural that they are more quickly internalized (Hofstede, 2012). Both Hofstede (2012) and Malmi and Brown (2008) represent the classic notion that organizational culture can be both created and changed. Hofstede (2012) further stresses that individuals are voluntary members of an organizational culture. Although most organizational cultures have developed rather unconsciously, they have been created by someone, and have been further developed by managers and other members of the organization throughout the years. Therefore, it may be worthwhile monitoring and attempting to change them, given that enough money, time and managerial resources are available (Hofstede, 2012). For this reason, I find it feasible to argue that the design of a new, global MC must address what organizational culture should be fostered; this question will be further elaborated on in chapter 2.4.

Modern research has acknowledged that the integration of an acquisition is a complex phenomenon that requires more careful and sensitive handling than top-down orders. Shi et al.

(2016) stress that an acquiring company, whose organizational culture and image are perceived as positive and attractive is likely to experience less resistance within the acquired company during the integration. In previous research, multilevel factors have been identified to affect the formation of an organizational culture, including organizational structure and practices, employee homogeneity, social interaction, leadership, and workgroup influence (Ostroff et al., 2003).

2.2.3 Institutional logics

In the introduction, institutional logics were defined as cultural elements that provide people and groups with sense-making systems for their everyday activities. In an acquisition context, two or more logics are likely to meet. For this type of occurrence, Besharov and Smith (2014) report multiple possible outcomes: conflict, coexistence, or a blending of the logics. Tracey et al. (2011, as cited in Besharov and Smith, 2014) also mention that multiple logics can either pose a threat to an organization, or provide it with useful innovativeness. In an acquisition context, I see this as a decisive factor for whether the integration will succeed.

According to Carlsson-Wall et al. (2016), multiple institutional logics can be divided into logics that place competing demands on organizations and logics that do not pose such a demand. If the coinciding logics are compatible from the start, they are unlikely to pose any problem to the organization or acquisition process. However, if tension exists, the logics need to be actively managed. Carlsson-Wall et al. (2016) present three main scenarios for this: decoupling, structural differentiation, and compromising accounts.

Decoupling can be seen as a situation, where an organization is primarily guided by one logic (e.g., the old, familiar MC) and only symbolically follows the demands of others (e.g., the one imposed through the M&A) (Gerdin, 2020; Carlsson-Wall et al., 2016). Carlsson-Wall et al. (2016) report that decoupling can be either structural (a permanent commitment to one logic only and routine adherence to another) or situation-specific (a spontaneous solution whenever competing demands are placed on the organization). Both structural and situation-specific decoupling seems problematic for an integration context; not only are the different parts of the organization not

integrating and instead living their own lives, but they also make intervention difficult for management, as the resistance is done covertly.

Structural differentiation refers to the division of an organization into several independent sub-units, which are allowed to follow the demands of their own institutional logics. The advantage of this model is a tolerance for heterogeneous organizations, and the possibility to keep stakeholders happy, but simultaneously this model hinders effective integration of the units, and probably leads to less than optimal synergies. If an acquisition is made with other aims than tight integration, this scenario may certainly be worthwhile considering.

Compromising accounts refers to a shared logic for the whole organization, which all parts adhere to. If this is done optimally, synergies could be obtained and also creative friction and creativity. Carlsson-Wall et al. (2016) report that designing for compromising accounts means combining elements of rules, routines and control systems from different institutional logics, so that the needs of different stakeholders can be met.

It has become evident that MCs could - and should - be designed also for other purposes than control, as they should also strengthen cooperation and creativity. Egbe (2018) argues that recognizing such factors also means admitting that certain parts of MCs are socially constructed and determined by their context, i.e., also in places far from the headquarters. This type of control is often informal and emphasizes other factors than formalistic mechanisms such as budgets and monetary bonus systems (Egbe, 2018). A mutually supported MC also minimizes the risk of decoupling. One tool for creating mutual support for the MC could be the use of trust.

2.2.4 Trust as a component of culture

According to Bansal (2016), an acquisition is one of the most severe changes that an organization can undergo, and employees often perceive the process as threatening. As employees feel a loss of security and become vulnerable, the role of trust becomes crucial. Also Audi et al. (2015) consider trust important in an organizational context: organizational trust has been linked to employee satisfaction, effort, performance, better teamwork etc.

According to Chathoth et al. (2011), employees are at least partly influenced by their national culture as far as organizational trust is concerned. For instance, representatives of collectivist cultures are more influenced by group-related factors, whereas individual rewards work better in cultures, where the collective plays a smaller role. However, organizational culture is also of great importance for understanding the concept of trust within an organization.

As organizational trust is a complex phenomenon, it is helpful to conceptualize it using different dimensions of trust: *integrity*, *commitment* and *dependability* (Chathoth et al., 2011). According to the authors, integrity can be seen as containing elements of fairness and justice, encouraging openness and truthfulness in the relationships between actors. Chathoth et al. (2011) report a positive relationship between integrity and organizational trust. The second dimension, commitment, concerns the actors' sense of belonging to the organization and their actions within the organization over time. In other words, commitment involves the organization's long-term relationship with the individuals in terms of e.g., confidence in their knowledge and capabilities, investments in them as employees etc. A high level of commitment relates to a high level of trust, as has been confirmed in previous research (Chathoth et al., 2011). The third dimension related to trust is dependability, i.e., how faithful the organization is to its employees in the eyes of the employees themselves. This is influenced by the support given by the organization in times of crises, e.g., in acquisition processes, but also in how the organization guides its employees towards improved skills and capabilities. An increased perception of dependability has been proved to lead to a higher level of organizational trust (Chathoth et al., 2011).

In chapter 2.4.3, the concept of trust will be further discussed, and then with focus on its role for creating enabling MCs. As enabling MCs need to consider the concept of motivation, this topic will first be presented.

2.3 The role of agency problems and motivational factors

A well-handled integration is one of the corner stones of a successful acquisition. This, in turn, is partly dependent on the relationship between people on different hierarchical levels in the organization. This dilemma can be illustrated through the agency theory, which explains the

relations between the principal and the agent(s). The model is based on the assumption that all individuals seek to maximize their own interests. As a result, a conflict of interest can arise between principal (for instance, top management) and agent (e.g., middle management or employees), if the decisions made by the agent do not simultaneously match the interest of the principal. The model can also be applied to relationships outside the organization, for instance between the company and their shareholders, but as the focal point of this thesis is on MCs, the company-internal mechanisms are of interest. In the organization, measures must be taken to minimize the risk of agents acting in their own interest. One such measure can be MCs, for example in the form of reward systems.

If top management (principal) wishes to steer employees (agents) by the means of rewards, two factors must be fulfilled. Firstly, the agents must be willing to exchange something for receiving the reward that will be given to them. Secondly, this exchange must exceed the agents' own production costs in terms of money, time, effort, joy etc. The agents have several alternatives concerning their actions, all of which come with different gains and alternative costs. This means that the reward offered should be so attractive that the agents are likely to choose this option.

Seen from an agency theory perspective, the integration stage of an acquisition can result in a conflict between parties with different access to certain information. Managers, especially those from the acquiring company, aim at efficiently restructuring the acquired organization, with certain information at hand and with their own aims. Within the target company, people most likely want to keep sense-making tasks and procedures, preserve systems, and cultures that they have found efficient etc.; that is, they are likely to defend their own institutional logics, which may even result in decoupling, as described in chapter 2.2.3.

The integration of acquisitions is complex and requires a demanding workload of the people involved, sometimes in the form of tasks that go against their own interests. Systems that motivate individuals to continue implementing the synergy-related work also after the completion of the deal should therefore be generated (Dephampilis 2009). For this reason, motivational theory is of importance; how can people be motivated to work in the direction of the goals set by the acquirer?

Intrinsic and extrinsic motivation was described in the introduction of this thesis. Traditionally, management accounting research has been more occupied with analyzing extrinsic motivation, which for instance can be seen in its interest in monetary reward systems (Malmi and Brown, 2008). In some contexts, this may certainly be of great interest, as less interesting tasks that need to be effectively performed will always exist, as will employees, who are highly motivated by e.g., monetary bonuses. However, in a recent article, Malmi et al. (2020) present interesting findings on how different cultural regions perceive the relationship between the delegation of responsibility and incentive contracting. The authors claim that increasing evidence suggests that the principal-agent theory and the ideas of monetary compensations that often follow in its wake are biased towards Anglo-Saxon values and preferences. This statement is based on Hofstede's (2012) assumption that US culture is rooted in individualism and achievement values. Therefore, the agency theory, and especially monetary rewards, may have limited validity in societies with different cultural traits. In the Nordic and Germanic regions, where the uncertainty avoidance is higher, individuals are less comfortable with variable pay and tend to prefer stability and certainty (Malmi et al, 2020). For this reason, incentive contracting is likely to be less efficient in these countries when trying to align employees' behavior to the goals of the organization.

In situations where employees are not very easily steered by external motivators, internal motivation must be carefully considered. Ryan and Deci (2000) see intrinsic motivation as a situation, where an activity is done for the inherent satisfaction that comes with it, rather than for some external consequence of it, e.g., due to pressure or rewards. These spontaneous, often quite independent behaviors, seem to be conducted for the positive experiences that follow exercising and extending one's capacities. According to Lepak et al. (2007), intelligent, flexible and motivated employees work most efficiently in the long run. Therefore, it could be more profitable to invest in factors strengthening intrinsic motivation rather than implementing rewards systems focusing on extrinsic motivation, especially since it may prove difficult to decide what and how much monetary compensation should be given to optimize its effects (Lepak et al., 2007).

Also Lourenço (2020) reports that the trend has shifted from financial rewards towards more socially motivated incentives based on e.g., respect and trust. Such non-financial motivators can be recognition awards, respect or social incentives. However, when trying to investigate what people in fact perceive as motivating, Lourenço (2020) claims that a problem of so-called

hypothetical bias exists; what employees report as motivating, are not necessarily the same factors that most efficiently steer their behavior when their behavior is studied. In addition to this, people's preferences tend to be unstable, volatile, inconsistent and thereby unpredictable. In other words, it is both demanding and hazardous to build MCs based on employees' self-reports; when the MC is finally implemented, the employees may behave in another manner.

2.4 Management control systems

As has been shown in earlier chapters, an acquisition that is integrated optimally without further control only exists in a perfect world, under optimal circumstances. In a less perfect world, controls need to be imposed, for instance in the form of MCs. This is done in hope of achieving better work coordination between superiors and subordinate work, more engagement from the employees, and overall, positive interpersonal relationships (Long, 2018).

According to Malmi and Brown (2008), who quote Merchant and Van der Stede (2007), MCs deal with the behavior of employees: "It is people in the organisation who make things happen. Management controls are necessary to guard against the possibilities that people will do something the organisation does not want them to do or fail to do something they should do... If all employees could always be relied on to do what is best for the organisation, there would be no need for MCS". In other words, people can be seen as one of the most central components for the actions taken within the organization. Therefore, any MC that can prevent unwanted human behavior is more likely to facilitate the implementation of an integration. According to Guinea (2017), the MC must be modified to fit the activities performed by the organization and its environment, both in economic and cultural terms, the latter of which was discussed in more detail in chapter 2.2. Also, the information cost should not be too high; the system must be easily understood and accepted and should not affect its users' behavior negatively (cf. chapter 2.3). The MC also needs to be flexible to changing circumstances, and, obviously, it must create value for the organization (Guinea 2017).

This means that at least as important as the technical quality of a MC, is its implementation. Applying such a far-reaching system has long-going consequences for the organization, and

management must consider the change in mentality and culture that is required by its employers. For this reason, it may not be wise to quickly implement the new system top-down, but instead to focus on cooperation. Instead, Guinea (2017) stresses that training efforts should concentrate not only on a presentation of the techniques, but also on a change of mentality. A wise implementation should also consider the risk of giving rise to reactions such as avoidance or dismissal of the new institutional logics, which could lead to the rise of decoupling, i.e., a situation, where the employees of the acquired company only symbolically follow the new institutional logic, while they are primarily still guided by the demands of their original one (cf. chapter 2.2.3). The optimal solution would in most cases be to land at compromising accounts, i.e., a clash forcing employees to think creatively and constructively through the creation of productive friction, and finally, achieve a situation, where the best parts of all logics prevail.

2.4.1 MCs as a system or a package?

As reported in the introduction, it has been lively debated whether MCs should be studied as a system or a package (Demartini and Otley, 2020; Grabner and Moers, 2013). According to Grabner and Moers (2013), MCs are regarded as a system when they are seen as symbiotic elements and the design of the MC considers these interdependencies. MCs are seen as a package, when they embody all control practices used in an organization, regardless of their possible interdependencies, and also regardless of whether the design choices of the MC consider interdependencies (Grabner and Moers, 2013). The package view opens up for more agility, as the roles of the control mechanisms are not predetermined in the influence they have on each other, but it is also more chaotic. According to Demartini and Otley (2020), the system view has usually been seen as the preferable choice. This may be due to the seemingly well-designed structure, but in practice, many MCs have proven to be of more pragmatic origin (Demartini and Otley, 2020). Therefore, it is difficult to claim that one model would be clearly superior, and initially, both alternatives must be presented and considered.

In the system view, an MC is seen as consisting of different interdependent elements, and MC design choices must consider these interdependencies (Grabner and Moers, 2013). According to Gerdin (2020), most of the research in this field has focused on single mechanisms, or at most on

the interconnectedness between two mechanisms, rather than on the complex scenario arising from a MC as a complete package. (Gerdin, 2020). Further, Malmi and Brown (2008) report that accounting-based controls and formal aspects have received more research than administrative or cultural control mechanisms (values, symbols and clan controls, as described in chapter 2.2). In an ideal situation, different control mechanisms complement each other by mitigating limitations and thereby optimize the control system, which can also be seen as different mechanisms being coupled. In other words, MCs viewed as a system must be so carefully designed that all elements have a defined role, when connected to the others.

The MCs as a package school argues that MCs should depict a complete set of control practices, regardless of potential interdependencies (Grabner and Moers, 2013). Of these two options, the system view and the package view, the broader package view certainly seems to be more suitable for the aim of this thesis, where focus lies more on the MC as a whole, rather than on individual control mechanisms and their interdependencies.

According to Demartini and Otley (2020), an organization needs an MC that fosters both efficiency and innovation. In this context, Demartini and Otley (2020) present the so-called coupling theory, which allows the simultaneous existence of rationality and indeterminacy. A loosely coupled structure is seen as having organizational elements that can be brought together so that they are responsive to each other, but still show signs of independency. Tight coupling is seen as promoting stability, e.g., control and efficiency, whereas a loose coupling produces flexibility, e.g., adaptivity and innovation. Demartini and Otley (2020) suggest that an optimal coupling is of moderate strength: in a situation with medium coupling, both efficiency and innovation are endorsed without either trait becoming too dominant. According to this model, MCs do not have to be seen either as fully package or completely system but can instead be regarded as a continuum concerning how tightly integrated the various parts are.

Demartini and Otley (2020) ask for more research especially concerning non-financial performance measures and performance appraisal mechanisms, i.e., reward systems. This is in line with Malmi et al.'s (2020) argument that reward systems need to consider also internal motivation. Further, Demartini and Otley (2020) claim that none-financial measures are more commonly used in the organization as a whole. This poses an interesting question: if the none-financial performance measures are the ones that are shared throughout large organizations, challenges concerning the

integration stage of the acquisition may appear, as non-financial performance measures are more likely to be more culture-dependent, and hence also to be affected by e.g., differences between various institutional logics.

Another crucial aspect is who within the organization that decides on the desired levels of integration for an MC. Demartini and Otley (2020) claim that this might be a strategic choice originating from the highest management levels. They also suspect that upper management is interested in tightly coupled systems and hence a greater degree of central control, as they might expect to gain coherent and systematic information in this way. For this reason, Demartini and Otley (2020) propose that more research should be conducted on different hierarchical levels.

2.4.2 Coercive and enabling MCs

As became evident in the first part of this chapter, MCs have traditionally been seen as a means of steering employees away from unwanted behavior and instead motivate them to complete tasks that lie in the interest of the organization (Guinea, 2017). The attitudes hidden behind an MC may be diverse and to some extent, the attitudes also mirror the traits of the organization (Demartini and Otley, 2020). Concerning the view on management characteristics, two main categories exist: mechanistic organizations and organic ones (McNamara, 2009).

In a mechanistic organization, as described by Fayol in his classical model some hundred years ago, the functions of management are planning, organizing, commanding, coordinating and controlling work and the workforce (McNamara, 2009). As far as lower levels of the organization are concerned, McNamara (2009) reports that they are often seen as likely to make mistakes and therefore, foolproof procedures should be designed through a reliable control system. Such circumstances often foster coercive MCs, i.e., systems relying on extrinsic motivation fostered by reward systems and punishments. The other side of the coercive MC coin is that it may influence the employees' creativity and independency negatively. Moreover, few organizations are purely mechanistic in today's world. Already in the 1960s, Burn and Stalker presented the concept of organic organizations that are more suitable for changing circumstances (McNamara, 2009). Organic organizations are more flexible and hence less hierarchical, and employees are seen as

more motivated to work independently for the goals of the organization. In an organic organization, employees are likely to perceive coercive control systems as lack of trust from the management. Therefore, enabling MCs are needed for fostering intrinsic motivation. However, Ahrens and Chapman (2004) stress that it is important for a successful MC to address contradictory demands for both flexibility and empowerment on one hand, and for predictability and centralization, on the other.

According to Adler and Borys (1996), four MC qualities can be claimed to stimulate it into being perceived as enabling: repair, internal transparency, global transparency and flexibility. In other words, an enabling MC should allow for errors to be made and openly addressed to foster organizational learning. Moreover, the users at all levels of the organization should understand the logic of the MC and its place in the organizational and the business ecosystem, and they should also have some flexibility concerning how the MCs is used. Both Väisänen et al. (2020) and Adler and Borys (1996) stress that an additional factor positively affecting the perception of enabling control is involving managers and employees at all levels of the organization in the design and implementation of the MC. Arguably, in an acquisition context, where time is often scarce and the aim is to reduce the uncertainty arising from prolonged integration phases, MCs are managed on a top down basis and hence, the enabling perception must come from something else than merely the employees' involvement.

Although management handles the MCs according to the criteria mentioned above (repair, internal transparency, global transparency, and flexibility), Väisänen et al. (2020) argue that the situation is not that easily solved. For instance, both internal and global transparency should theoretically enhance the commitment of both the managers and employees. In practice, this trait can also cause competition; a feeling of being measured could cause a negative atmosphere, and thereby delay the success of the integration. This is especially the case for managers, who may identify factors in the MCs that they perceive as irrelevant. Therefore, they may lose faith in the MC.

What approaches can be taken to foster an enabling MC that motivates individuals at different levels of the organization? One potential solution is the use of organizational trust.

2.4.3 Trust as a means of creating enabling MCs

In previous research, two main systems emerge that seem to have potential to foster enabling MCs: an intelligent utilization of vernacular accounting systems (VAS) during the implementation of a global MC (cf. Goretzky et al., 2018) and identifying trust as an empowering factor (cf. Väisänen et al., 2020 and Long, 2018). As I see it, a thought-through use of VAS can also be seen as related to trust, as it requires the acquiring company to make itself vulnerable to procedures partly outside its power. Neither of these phenomena has been very thoroughly analyzed in previous research (Goretzki et al., 2018, Väisänen et al., 2020).

Considering VAS during the integration stage

Adler and Borys' (1996) model with the four traits fostering enabling qualities in an MC, which was described in chapter 2.4.2, does not explicitly consider the fact an acquired company usually has an MC in use at the time of the acquisition, mirroring the organizational culture and the institutional logics of the acquired firm. This local MC should be noted and considered in the integration context, as it is often preferred by the employees, and thus it poses a competing threat to the global MC that should be implemented. The risk for decoupling must be seen as high, at least if the process is less skillfully handled. Goretzki et al. (2018) refer to these local MCs as vernacular accounting systems (VAS) and stress that any global MC that aims at replacing a VAS needs to be enabling rather than coercive if it is to provide the employees with a more attractive solution than the (competing) VAS. One way of working in this direction is for the acquiring company to consider the VAS as a positive means or a possibility, instead of as a threat to the new, global MC that should be implemented. To me, this is in line with the ideas concerning compromising accounts.

Goretzki et al. (2018) argue that a VAS can be used in three ways during the process of implementing global MCs. Firstly, the VAS can function as a point of reference when evaluating the planned global system. Secondly, the VAS can be used for transforming knowledge between organizations, since it contains expressed and codified knowledge. This means that the VAS can provide the acquirer and the acquiree with a common language. Thirdly, the VAS can be seen as a source of negotiation power, i.e., if the global MC does not meet the requirements of the acquired

company for instance in terms of trustworthiness, the VAS can be used as a potential defensive resource. This raises the demands on enabling qualities within the global MCs; if the individuals in the acquired organization see the global MC as providing them with less attractive control systems, they may try to return to their VAS. In terms of institutional logics (cf. Gerdin, 2020), this would correspond to decoupling, i.e., a situation, where an organization is primarily guided by one logic [the VAS] and only symbolically follows the demands of others [the global MC].

To conclude, a skillfully used VAS can provide the implementation phase of a new global MCs with a means of working bottom-up, it can stimulate negotiations and compromises between global and local actors and, hence, make the global system more enabling in an efficient way. As was stated in chapter 2.2, cultural differences are not necessarily a weakness in an acquisition context but can on the contrary be beneficial by providing more heterogeneous resources and productive friction. Making wise use of the VAS may provide a way around a situation, where the acquiring company strongly imposes the global MC on the acquiree, and instead, compromising accounts may be achieved.

Fostering trust to promote enabling control

Coercive and enabling traits in an MC were discussed in chapter 2.4.2 with parallels to mechanistic and organic organizations. According to Väisänen et al. (2020), an MC cannot be defined as completely coercive or enabling, since employees' perceptions are often influenced by the situation. For employees to have a perception of meaningfulness, research has shown that trust is a crucial aspect; fostering trust between the individuals seems to create an enabling atmosphere (Väisänen et al., 2020). This goes quite well with Rousseau et al.'s (1998, as quoted by Audi et al., 2015)) thoughts of trust being a psychological state with the intention to accept vulnerability due to positive expectations of the other party's intentions (cf. the introduction of this thesis). As stated in chapter 2.2.3 on trust as a component of culture, trust is a complex phenomenon and research within this area of management is also scarce (Long, 2018). Still, a consensus seems to exist on trust being a desired outcome, and previous research has shown that managers work actively on creating trust (Long, 2018). According to Schraeder et al. (2014), trust in management

situations can be shown differently depending on what aspects of Fayol's management functions¹ they relate to. For the aim of this thesis, the control function is of particular interest.

The trust-related phenomenon to have received the most academic attention is the relationship between control and trust within management and employee relations. Schraeder et al. (2014) claim that a central problem of managers today is how they can "give up control without losing control". Long (2018) describes the same problematics as a question of optimal balancing between control and trust with the aim of cooperative behavior among the employees. He claims that too much focus on formal control, for instance in the form of closely monitored control systems, may impact employees' perception on trust negatively, and therefore, it may lead to a less positive attitude towards e.g., cooperation. This can be the case, even though the control mechanism was not introduced due to lack of trust between management and employees in the first place (Väisänen et al., 2020).

As trust is desired but never obvious, one question arises: how is trust generated? Akrouf and Diallo (2017) present a model, where the creation of trust is seen as a three-step process that moves from *calculative trust* to *affective* and finally, *behavioral trust*. According to this model, trust in the early stages of relationships often takes the form of calculative weighting of gains and losses. This means that due to the short history of the relationship, the partners choose to be vulnerable mainly based on facts. In this way, protection from unwanted risks is perceived. A more mature relationship, on the other hand, is a result of experienced positive emotions during earlier interactions. This kind of trust can be compared to the psychological sense of support associated with a long-term relationship between humans (*affection*). Behavioral trust is seen in the phase where the perceived (calculative or affective) trust starts to be visible in the actions of the partners. Overall, Akrouf and Diallo (2017) stress that trust increases the willingness to take risks but also to invest in the relationship, be it financially, psychologically, or socially.

Akrouf and Diallo's (2017) model indicates that during the earlier stages of a business relationship, trust can at least partly be built on well-articulated contracts and controls, which convey the

¹Fayol's classical management functions are planning, organizing, commanding, coordinating and controlling.

picture of a trust-worthy partner. Audi et al. (2015) describe the same phenomenon by stating that consistency is a critical concern in trust. This means that control and trust should not be seen as opposite poles but rather as an interconnected phenomenon; by following the communicated controls, a partner proves to be trust-worthy in the eyes of the other partner. This, in turn, provides a foundation for future development of trust.

How can managers in an acquiring company then act to foster a trust-building process within the new entity? According to Bansal (2016), employees in this type of a situation are likely to perceive trust primarily from three mechanisms: communication, training and redundancy policies, all of which are connected to the internal communication within the organization. Bansal (2016), who stresses that M&A processes are among the most paramount changes for an organization, continues by arguing that for the creation of trust in such an insecure surrounding, effective communication is of foremost importance, as it decreases the sense of disbelief and suspicion concerning the future. The second factor that has been proved to build trust is cultural training within the workforce, as it acknowledges the fact that employees come from different organizational backgrounds and prepares them for shared future (Bansal, 2016). Or in terms of an institutional logics model: it acknowledges the existence of parallel institutional logics and aims at achieving compromising accounts. The third factor mentioned by Bansal (2016) involves redundancy practices, i.e., how clearly management communicates its strategies concerning what workforce to keep. Bansal (2016) argues that communication per se may not suffice; it needs to be complimented by efforts with more substance, e.g., cultural training of the staff or conscious focus on HR functions.

However, transparency should be the focus of all communicational efforts: if the employees perceive the employer as accountable and accurate concerning its actions, they can build trust in the organization, despite the fact that negative instances also occur during the integration processes. When subordinates trust their managers, they seem to be more willing to comply with their directives, because they believe that management shares the same values and works to promote also the employees' interests - and if managers do not, they would be honest about this. The main aim of building trust can be claimed to lie in guaranteeing a system, where no part needs to suspect that another party is trying to take advantage of a situation. Also according to Väisänen et al. (2020), a central aspect for creating trust within an MC context is management's

communication; clearly stating the intention behind the implementation of MCs helps reducing the risk of employees seeing this as a sign of mistrust. Here, their arguments are quite in line with those of Bansal (2016).

Luft (2016) also emphasizes that the trend has shifted towards MCs that support innovation and creativity, which obviously requires higher awareness concerning the value of teamwork.

Evaluating and motivating teams is nevertheless even more complicated than handling individuals. When trying to influence work conducted in teams with the help of incentives, Luft (2016) reports several challenges. Firstly, people may have difficulties handling the fact that their results are not only dependent on their own input, but also on the impact from others. In heterogeneous groups, a risk exists that high-achievers do not perform optimally, as they know that others are not likely to reach the same standard. Weaker members of the group, on the other hand, may stop trying, as they know that they will not reach the set goals, and thereby they lower the results of the entire group. I also see a risk concerning non-functional behavior, as some members of the team can see the system as coercive, while others can see it as enabling and it will be up to the team to make their cooperation work. Obviously, if the MC rewards groups as an entity, these problems need to be considered. Secondly, as resources are limited, much clever work may never receive funding or praise, since only a certain percent is rewarded. This may not be in line with optimizing the goals of the organization from a larger perspective. Thirdly, Luft (2016) reports that systems, where the reward is relative to the work of others, is particularly demanding in contexts, where employees must decide both on what work they do, how they do it and how much of it they do. This is likely to mean that complex work is more difficult to steer by reward systems.

Concerning the role of motivation in teams, also under more complex circumstances, Luft (2016) emphasizes the importance of trust in the relationship between the employees. She reports that true reciprocity is most optimally achieved when people have sufficient information about other employees' tasks and responsibilities, and when teams work together, face-to-face. This means that creating an MC that enforces the creation of trust should be a tempting idea.

Luft (2016) concludes by stressing that many components of an MC are two-edged swords, since they can prompt both constructive and distractive behavior. Moreover, MCs are not only limited to enforcing the behavior that the mechanism was initially created for, but they can also influence other types of behavior that the mechanism per se cannot enforce. Nowadays, trust and control

are no longer seen as opposite ends of a continuum; instead, both mechanisms can be used as alternative or complementary strategies within an organization (cf. MCs as a continuum as suggested by Demartini and Otley, 2020). Or as Väisänen et al. (2020) see it: too strong a focus on trust, in the form of very informal controls with little surveillance, may hinder efficiency among the employees due to a lack of clear and focused instructions.

Although research confirming the importance of balancing control and trust in MCs exists, little is known about how trust is created in practice. Schraeder et al. (2014) report that almost no management trainings cover how to create trust. Instead, they claim that methods from related topics such as communications, conflict and problem solving, teamwork and change management are used by managers trying to improve their trustworthiness. Bansal (2016) focuses on cultural training, redundancy policies and internal communication. Long (2018), in turn, reports that also academic scholars have limited understanding on how managers build trust in practice. In other words, trust seems to be a salient factor within organizations, which appears as an “unintended by-product” of other activities. Therefore, Long (2018) stresses that it is crucial to comprehend how managers actively work to gain the trust of their subordinates in their application of controls. As managers usually use several control mechanisms, they are also likely to show multiple forms of trustworthiness, and to build trust in several ways (Long 2018). Gaining more insight to these complex phenomena could provide a stepping-stone on the way to a better understanding of management’s agency problematics in the control-trust context. Before turning to this issue in the empirical part, an attempt to answer the theoretical research question should be made:

What aspects contribute to the creation of enabling MCs and to trust building during the integration stage of an acquisition?

In chapter two of this thesis, four main themes have been presented: culture, motivation, MCs and trust. The analysis of previous research within these fields has made it evident that the first-mentioned three are crucial building-stones for the trust-building process.

If the acquisition context means that dissimilar national cultures meet, people’s different backgrounds need to be considered, as national cultures are almost impossible to change. Organizational culture, on the contrary, has two important roles: firstly, management can actively try to influence and design the organizational culture in the new entity, but this requires specific

and hard work. Secondly, institutional logics can be used to describe the different scenarios that arise when cultural elements of different organizations meet in an acquisition context, and what the outcomes may be, depending on how the parallel institutional logics are handled.

The concept of motivation contributes to creating an enabling atmosphere, if the reward systems used by the organization considers a wide range of motivating factors. For the purpose of organizational trust, intrinsic motivation seems to be of particular importance.

Also, the MC itself is of importance. Since trust is a multi-faceted phenomenon, which cannot be placed in any particular, isolated control element, adopting a more holistic package view seems most appropriate. A model, where the MC is seen as a continuum could also be considered (cf. Demartini and Otley, 2020), as this allows for both stronger control and more freedom simultaneously.

However, these factors all seem to contribute to the creation of enabling MCs and trust in an intertwined manner. They influence each other mutually, and all factors need to be considered holistically.

3. Methodology

3.1 Introduction

Methodology can be seen as the academic framework, within which the research is conducted. It is connected to beliefs, values and philosophical questions concerning what we can measure, analyze, and draw conclusions from, and with what instruments. In other words, methodology mirrors ontological (what exists?) and epistemological suppositions (what can we know about matters that exist?) rather than specific concrete methods. The clearest and most fundamental methodological division is the one separating quantitative research from qualitative. According to Ghauri et al. (2020), the former primarily focuses on hypothesis-testing and verification, for instance with the help of statistics or surveys, whereas the latter emphasizes exploration and intuition. The difference can also be summarized by claiming that quantitative research primarily focuses on questions such as how many, how often or how long, whereas qualitative research analyzes less tangible factors such as feelings, experiences, and thoughts. In other words, qualitative research can be said to emphasize how individuals interpret their social surroundings (hermeneutics), instead of finding an absolute truth (positivism).

According to Granlund and Lukka (2017), much research on management control systems has been criticized for being quite technical and for approaching accounting from a rather formal perspective. Related to this are also rather mechanistic research practices, which have mainly aimed at identifying quantitative patterns in large samples. My thesis takes a different approach, as its aim is to analyze matters from a more human angle, that is by acknowledging the fact that management control is conducted by people, and that these people and their perceptions and experiences must be considered. Since human perception is at the heart of this thesis, a predominantly qualitative approach is the logical choice.

Studying phenomena from a qualitative perspective means that the researcher's interpretation is needed to reach a conclusive explanation of the problem, and it also implies that the results of the research can be generalized only to a small extent (Bryman and Bell, 2011). Conclusions are at least partly drawn based on subjective judgement, which makes qualitative approaches subject to

human bias. In practice, the division between quantitative and qualitative research is not definite; many grey zones exist, and a scholar can also deliberately choose a research strategy combining both. One way of doing this is by using triangulation, which means adopting a research approach containing multiple theoretical perspectives, data sources and methodologies. In this way, the results are likely to be more reliable and the disadvantages of a specific method are minimized (Bryman and Bell, 2011). In my thesis, I use a triangulation-inspired method combining an online survey with semi-structured interviews to mitigate for the shortcomings of these two methods. The methods used are also in some respects a mixed approach; although my focus is mainly qualitative, I use a theory-testing approach, which originates in quantitative theories. According to Bryman and Bell (2011), research mixing quantitative and qualitative traits has become increasingly popular with time, as have techniques, where quantitative material is analyzed with qualitative measures and *vice versa*.

For the analysis of the results from the survey and the interviews, a content analysis approach is used. According to Palmquist (n.d.), content analysis is conducted using the following stages:

1. Formulating the research questions
2. Planning how to collect empirical data
3. Superficially analysing the data
4. Identifying units of analysis
5. Coding the data
6. Summarizing the results

This is also how my research work was structured, albeit with its starting-point in a theoretical review of previous research.

3.2 Research quality and ethical aspects

As far as research quality concerns, it has traditionally been measured in terms of validity and reliability. Both terms are rooted in quantitative research and hence, they focus on the quality of measurement (Bryman and Bell (2011)). As qualitative research does not primarily deal with measurable facts, it can be questioned if these approaches are relevant for this type of research. The topic of qualitative assurance within qualitative research has been widely discussed. According to Bryman and Bell (2011), the crucial question has been how qualitative research is to

handle the question of *truth*. Firstly, it has been questioned whether a truth – or several truths – about anything at all can be claimed to exist. Secondly, it has been debated whether a researcher is ever capable of capturing and analyzing any other persons' truths. Bryman and Bell (2011) claim that most qualitative researchers nowadays approach these questions pragmatically and place themselves in the middle of the scale, acknowledging that no universal truth exists for most qualitative topics, but simultaneously, if they are aware of their potential bias and acknowledge that their results can often not be generalized, they may be able to say something about some informants' truth(s). Another insight of modern qualitative research is the lack of absolute indicators of quality within this field. However, most qualitative researchers use parallel strategies to optimize research quality. According to Bryman and Bell (2011), thick descriptions, respondent validation and triangulation are central methods for this. In my thesis, I mainly focus on triangulation as a means of securing the research quality.

3.3 Surveys and interviews

To answer the empirical research question of this thesis - *How do Finnish managers improve trust building during the integration process?* - an online survey and semi-structured interviews with Finnish managers were conducted.

Surveys are traditionally used for obtaining quantitative data, but according to Bryman and Bell (2011), they can also be used in qualitative contexts. Online surveys can be said to be cost-effective and quite easy to administer, as they relatively easily target a large number of participants. However, surveys can be subject to human bias; researchers may focus on areas of which they have prior knowledge and ignore other more important details. Furthermore, responses may not represent the real views and opinions of participants, either because the respondents deliberately omit something or exaggerate something else, or because research has shown that people do not always behave according to the answers that they provide in surveys and interviews (Bryman and Bell, 2011). Obviously, this jeopardizes the quality of results.

Contrary to surveys, interviews involve direct interaction between the researcher and participant(s). Interviews can be divided into structured and unstructured interviews, with a third

group of semi-structured interviews in between. In a structured interview, the researcher relies on a set interview design to generate fixed responses, whereas unstructured interviews enable interviewees to express their opinions, behavior, and reactions without any control. For this reason, unstructured interviews are primarily based on open-ended questions. According to Bryman and Bell (2011), unstructured interviews are best suited for inductive approaches, where the interviews provide the starting point for the entire study. However, as my thesis has a theory-testing, theory-specifying approach, a semi-structured approach seems best suited; a fully structured interview would not be different enough to mitigate against the limitations of the survey, and in a fully unstructured interview, it is possible that the interviewees would not cover central aspects dealt with in the theory.

Two main disadvantages are connected to interviews. The first one is that they require much timely resources, as the researcher must organize and conduct the interviews, transcribe, analyze and report them. Hence, only a limited number of interviews can be conducted within a given time frame. The second problem is that also interviews are subject to human bias at several stages of the interview process.

I am aware of the questions concerning the research integrity as presented in *The European Code of Conduct for Research Integrity (2017)*. Concerning my thesis, the following aspects can be clarified: Firstly, anonymity of the participants is guaranteed as the survey is fully anonymous and the answers in the interviews have been anonymized. Secondly, the survey questions and the interview guide are attached to this thesis in order to open up the problematics from the author's point of view (cf. appendix 1 and 2). Thirdly, I know that bias is inevitable in qualitative research. As it cannot be avoided, the problematics are dealt with by the limitations of the results.

3.4 Practical implementation of the empirical study

3.4.1 The survey

As mentioned in chapter 3.1, content analysis provides the foundation for my qualitative analysis of the empirical data. This procedure was done as described in this chapter.

With a starting point in the theoretical framework, questions were formed to match significant topics within previous research. All questions could be placed under one of the following four topics in the literature review: culture, motivation MCs and trust. The survey consisted of 18 questions, 7 of which were multiple choice and the rest open-end questions with unlimited length in the answers. All questions were obligatory to answer. The order of the questions was set according to Bryman and Bell's (2011) recommendation that questions that relate most closely to the research question should be at the top of a survey. The survey questions are attached in appendix 1.

The questions were tested on two Finnish persons with experience from M&A processes. The tests resulted in minor changes and clarifications in the questions, but no questions were omitted or added. The data obtained from these tests are not part of the empirical data used for the thesis.

The final survey was sent to 50 Finnish respondents within a management position through SurveyMonkey. Of these, 29 provided relevant answers; the remaining respondents were not in a management position. The first question related to respondent's professional background. This information was used for checking that the respondent had sufficient background knowledge, but the answers were not coded according to this information. The 29 answers were analyzed according to the four above-mentioned themes, which can be claimed to form the thematic fields of my research framework.

3.4.2 The interviews

After having analyzed the answers from the survey, it became evident that some questions remained superficially handled, because the survey as a method did not provide me with a chance to ask follow-up questions. To increase the reliability of my findings, I conducted in-depth semi-structured interviews with two persons, who have been professionally involved in conducting M&As. In other words, a triangulation was introduced to mitigate against the superficial quality of the survey data.

The interview guide for the semi-structured interviews was built based on the questionnaire in the online survey, and also on the data obtained from the survey. Focus was laid on questions and

answers, where the survey data showed significant lack of information. Thematically, the questions in the checklist covered the same fields as the survey.

The interview guide and its questions were tested on one of the persons that had been used for testing the online survey. The result of this test was that the internal order of the questions was altered for the convenience of the interviewee. However, no questions were profoundly changed or deleted after the test interview. The answers obtained in this interview were not used in the empirical data.

The interviewees were chosen by means of convenience and elite sampling (Sarajärvi and Tuomi, 2017), as I had access to a well-informed respondent. The checklist for the interview was provided before the interview to give the interviewees the possibility to reflect upon the questions more thoroughly. For the convenience of the participants, the interviews were conducted in Swedish, the shared native language of the interviewer and the interviewees. The interview guide is attached both in Swedish and in a translated English version (appendix 2). For accessibility reasons, the quotations from the interviews have been translated into English in the running text. The original answers in Swedish are found in appendix 3.

The interviews were conducted as telephone discussions based on the questions in the interview guide. However, the guide only provided a frame, as the discussions developed quite freely. In other words, the discussion followed the purpose of semi-structured interviews. The calls were recorded and transcribed for research quality purposes.

The interviews were analyzed based on the four main themes covered in both the survey and the interview guide: culture, motivation, MCs and trust building. The answers of the respondents were crosschecked against the information in the literature review and the answers provided in the survey, in order to keep also the leading research question in mind.

With this triangulated approach combining an online survey with in depth interviews, I received both width and depth in my empirical data. Content analysis has in my context proven to provide an apt method for identifying and comparing themes in the theoretical and empirical data.

4. Results

Only limited understanding exists on how trust is built on managerial levels within organizations (Väisänen et al., 2020; Bansal, 2016). Also, trust seems to be a salient factor, which appears as an unintended by-product of other activities (Long, 2018). This makes analyzing how managers build trust within their organizations crucial, and this is the foremost aim of my empirical work. My empirical research question is: *How do Finnish managers improve trust building during the integration process?*

This chapter is structured in a way that relies on the four thematic fields: culture, motivation, MCs and trust, which also provided the theoretical framework presented in chapter 2. Comparisons between the theoretical chapter and the results from the survey and the interviews will also be made, both in separate subchapters and, finally, in a concluding presentation of the results from a triangulation perspective. In this context, the empirical research question will also be answered. The leading research question (*How can MCs be used to improve trust building during the integration phase?*) and the normative research question (*What should managers do to improve trust building during an integration?*) will be approached in chapter 5.

4.1 Results from the survey

Culture

As far as cultural factors are concerned, the literature review concluded that both national and organizational culture provide an important framework for the integration of an acquisition. If handled properly, both can be used to boost dynamic creativity (Slangen, 2006). An important distinction between the two is that whereas organisational cultures can be actively created and changed, national cultures are claimed to be more static and hence their traits must rather be considered (Hofstede, 2012; Malmi and Brown, 2008).

In question 14 of the survey, a multiple-choice question, the majority of the respondents reported that they have sometimes experienced problems related to different corporate cultures in an acquisition context. However, almost equally many respondents reported that they have hardly at all experienced these types of problems. It can be questioned whether the acquisitions have been this unproblematic, or if the answers mirror the respondents' lack of knowledge in this area. Differently formulated: when a problem has arisen, has the manager been able to identify its roots in cultural incompatibility? Hofstede (2012) argues that it is worthwhile monitoring and actively aim at controlling an organizational culture, but many managers seem to lack the tools and skills for doing this.

Those respondents, who had identified problems related to cultural incompatibility in question 14, provided more details on their experiences in question 15. The main judgment was that the problems related to poor communication between management in the acquiring and the acquired companies, different generations, different mindsets and visions, and a different view on hierarchical levels:

"Some people have worked at the company for 20 years and changing their view of corporate culture is sometimes a challenge." (*Account manager*)

This quote is an illustration of an instance, where different institutional logics have met, but do not seem to have been handled in a way that would have resulted in compromising accounts. Moreover, this manager does not provide an answer that mirrors any interest in seeing solutions in the institutional logic of the acquired entity, as he is clearly most interested in changing the views of the others. A clever use of the VAS could perhaps have improved the situation.

Another respondent says:

"After M&A, there is a lack of communication between management and management." (*Head of development department*)

This illustrates that cultural compatibility and measures for strengthening it are phenomena that can be identified on all hierarchical levels of an organization after an acquisition. Management needs to consider the employees of the acquired entity, but the management groups of the acquirer and the acquiree must also work with each other. For creating compromising accounts, I

believe this to be vital; only if both logics are thoroughly known, presented and analyzed in management contexts, their strengths can be utilized.

One respondent also reported problems in financial matters, which is of interest, since M&As reportedly mostly fail either due to cultural misfit or financial problems (cf. Čirjevskis, 2020; Bansal, 2016 and Eccles, 1999). However, financial miscalculations etc. are not the focus of this thesis.

The culture-related problems described in question 15 were reportedly (cf. question 16) handled mainly by focusing on more discussions and talks:

“Being open, honest and an active communicator.” (*Account manager*)

“We talked what they should do differend to get better results” (*Manager*)

Another answer described the realization that an approach dependent on the acquired company may be needed:

“Handling ways of differentiation” (*Owner*).

Managers also reported forwarding the problems to a higher management level or an external consultant. An attempt to resolve the problem was also to increase the monitoring of the employees.

As far as the handling of different cultures in an acquisition context is concerned, it is difficult to interpret the answers that mentioned “talk” as a solution to the problems, as they were superficial and did not provide any information about the contents of these talks. At least, these answers did not convey a picture of a deep understanding of how parallel institutional logics can be managed efficiently and in a target-oriented manner. In previous research, Bansal (2016) has also stressed that communication *per se* does not suffice; the communication efforts must be based on thought-through contents. The risk is that through this ignorance, managers are incapable of taking advantage of the creative and unexpected qualities that may contribute to the development of the organization, i.e. compromising accounts.

The answers that depict forwarding the problems to a third party, such as higher management or a consultant, also cannot be said to mirror a final solution to cultural problems. These problematics will be further discussed later in the context of trust building. The most mature approach presented by respondents seems to be the insight that some inconsistency between the acquired company and the acquirer must be tolerated if creativity is not to be killed. This is in line with Slangen (2006), who states that the level of desired integration is decisive for how tightly integrated an acquisition should be, and also with Carlsson-Wall et al.'s (2016) argument that structural differentiation may be a solution if integration must not be tight, whereas compromising accounts are desirable if a strong common culture is the goal.

Parallel institutional logics, the risk for decoupling and compromising accounts as the goal is also described by Goretzki et al. (2018), as they argue that it is vital to consider both the acquired and the acquiring company's corporate culture, in order to mitigate for the risk of resistance within the acquired company. This way, chances of wanted behavior are seen as likely to increase, as employees consider their work more meaningful and motivating. In question 17, managers reported how they considered the acquired company's original culture. It seems that many of the respondents did not fully grasp the question, or at least their answers did not contain valuable information:

"Our company's policy is that everyone is treated equally." (*Director*)

"Okay level but some problems" (*Team leader*)

This phenomenon illustrates the already mentioned dilemma that many managers seem unaware of the impact of culture in an acquisition context, and also cannot make proper use of the VAS (cf. Bansal, 2016). However, approximately one third of the respondents provided answers that indicate a certain familiarity with the problematics. Of these, more than half seem to see a solution in trying to integrate the acquired company's culture with their own as efficiently as possible:

"We have chosen a smooth integration where the acquired company's corporate culture is gradually transformed to our culture." (*CEO*)

This is in line with Adler and Borys' (1996) statement that it is more merciful to finish integrations as quickly as possible to minimize uncertainty among the employees. However, too tight a schedule also poses a threat that important factors will not be considered (Guinea, 2017). Among the respondents, only a few reported answers that show signs of cultural sensitivity, as they reported only having incorporated traits from the acquired company that were compatible with the acquirer's culture, handling the integration gradually and allowing time for the organizational culture to develop. In doing this, I suspect that they have missed chances of productive friction and compromising accounts.

In the context of compromising accounts, Gerdin 2020 argues that uncertainty and change may lead to a development of both products and processes, and also of the organizational culture, management and cognition. The answers in question 18 indicate that most respondents are not very thorough in their reflections concerning the positive outcomes of the integration of different cultures. When asked about positive experiences, they provided the following type of answers:

"Yes we have developed" (*Foreign market leader*)

It is difficult to believe that managers, who express their answers in this way, actively reflect upon creative friction in a very thorough manner.

Motivation

In motivational theory and its impact on reward systems, Lourenço (2020) reports a trend towards considering also other aspects than external motivation boosted by monetary rewards. Factors that motivate employees intrinsically have also become important, e.g., the use of rewards that are psychologically or sociologically rooted (Lepak et al., 2007; Lourenço, 2020). Based on the answers in question 2, a multiple-choice question, the most commonly used rewards system is still some variant of a bonus program. However, the second place is held by career development, followed by praise and acknowledgement, the two later being non-monetary rewards. These results are in line with the trends presented by Lepak et al. (2007) and Lourenço (2020); traditional bonus solutions still have their place, but managers also use non-monetary systems. Also, in question 3, managers report that they aim at creating a system that considers motivation. When

asked about the qualities of their organizational reward systems, most managers reported them to be motivating and rewarding, but also challenging. When analyzing the answers, it is clear that almost all respondents use a combination of both monetary and non-monetary reward systems. In some cases, only non-monetary rewards are used, whereas only monetary rewards are slightly more common.

MCs

In the theoretical overview (cf. Long, 2018; Malmi and Brown, 2008 and Guinea, 2017), it was claimed that in a real-world context, MCs are needed to optimize the chances for an acquisition to succeed. Such controls need to be imposed for instance in the form of MCs. Moreover, Guinea (2017) stressed that MCs must suit their organizational context, both in economic and cultural terms, they must be easily understood and accepted on all hierarchical levels, flexible to changes and they cannot have too high an alternative cost in terms of negatively effecting the employees' behavior. If employees experience that they are too tightly monitored, they may perceive the leadership as coercive or restrictive. This means that control mechanisms should be designed so that the organization can use them in an enabling manner to foster innovation, efficiency, and creativity, but simultaneously, the MC should enable the organization to retain control. In this context, Demartini and Otley's (2020) so-called coupling-theory was presented: a model that describes how rationality and indeterminacy can be allowed simultaneously. Adler and Borys (1996) claimed that four qualities seem to affect how enabling an MC is: repair, internal transparency, global transparency, and flexibility. Moreover, it was stated that it would be optimal to implement an MC starting from the lower hierarchical levels (Väisänen et al., 2020; Adler and Borys, 1996).

This can be compared to the result of the survey in question 7. Here, more than half of the respondents reported that their MCs are designed on a top management level:

"The control systems are created on the executive level, i.e. by THE top management." (CEO)

"Highest level." (Manger)

Only a few respondents reported that the creation of the MCs involves lower hierarchal levels of the organization:

“Middle management level.” (*Head of development department*)

This is in line with Egbe’s (2018) research reporting that although an including approach is desired (cf. also Guinea, 2017), in practice, most MCs are implemented top-down, quite quickly. Then, enabling qualities must be fostered in some other way.

In question 5, a multiple-choice question, the managers were asked how satisfied they are with their organization’s MCs, and close to two thirds of the respondents reported that they are satisfied. This should however be compared to the answers in question 6, where managers were asked if the MCs give them enough information to the steer the work of their employees. More than half of the respondents perceived that this was the case only to some extent. When comparing these two questions, the answers are inconsistent; it is difficult to understand how a manager can be satisfied with a MC that he also perceives as not providing him with sufficient information. Again, my suspicion concerning these managers’ lack of familiarity with the topic arises. It is especially problematic that so many managers have not identified any problems with their MCs, since they might feel too confident in the situation and therefore are less likely to seek improvement possibilities.

Trust

In the theoretical part of this thesis, the use of trust was presented as a means of creating enabling MCs, including aspects of how to use the VAS for this purpose. It became evident that for designing enabling MCs, control and trust should not be seen as mutually excluding qualities but rather as a continuum along which an MC should be flexible (Demartini and Otley, 2020).

Moreover, it was reported that trust building is a process starting with calculative elements and over time developing into affective trust, if the process is successful (Akrouit and Diallo, 2017).

However, very little research has been conducted in this field, and hence it is difficult to understand how trust is created and, even more so, to grasp how managers actively create trust (Long, 2018). In the survey, questions 4 and 8 deal with management’s creation of trust and the

role of trust building within MCs. In question 4, a multiple-choice question, almost three fourths of the respondents reported having control systems that include mechanisms for improving trust building. This tendency is strengthened by the results in question 8, also multiple choice, where most managers reported that they have sufficient knowledge on how to create trust. However, in both questions, a reasonable part of the respondents reported not having given the issues a thought.

In question 9, managers were asked to choose qualities that they find important for trust building. The three qualities that were chosen the most were *fair*, *communicative*, and *knowledgeable*. However, all eleven options were chosen to an extent that cannot be denied. These alternatives also contained qualities such as *monitoring*, *demanding* and *goal-oriented*, which can be seen as rather controlling qualities, but also elements that might relate to calculative trust. This gives rise to the question how these qualities are reflected in the work of the managers, which was the topic of question 10. Here, most managers were not able to report any concrete examples of how these trust-building qualities are reflected:

“Quite good” (*Foreign market leader*)

“I don’t know” (*Senior manager*)

The managers who reported trust-building examples mentioned taking responsibility for the workload of the employees, having daily meetings, providing help, showing interest and overall being fair and communicative. These examples I see as signs of trying to gain affective trust.

According to Long (2018), little is known about how managers learn to work in a trust-building way. In question 11, managers were asked about this. The majority reports no concrete examples, which shows either insufficient or tacit knowledge. Among the managers that provided examples of how they have learnt trust building, the most common answers were through own experience. This is in line with Long (2018); most managers are not able to describe their trust-creating processes in a very detailed way.

The second most common group stressed the role of communicative skills for creating trust, and the last, quite a small, group reported having had some type of training, e.g., leadership courses. Question 12 was concerned with how the chosen approach correlated with desired results among

the employees. Most of the managers did not report systematic follow-ups for this. The few reported outcomes were lower staff-turnover, higher loyalty and increased self-management.

It seems that the managers in my survey perceive trust building as a positive trait and that they also see themselves as having these qualities, both in terms of calculative and affective trust. However, when asked for more practical details concerning the implementation of these traits, many of them seemed to struggle, and they do not seem to deal with the matter in any systematical way.

To conclude this chapter, it can be said that based on the answers in my survey, many managers seem unable to report deeper reflections on topics such as motivation, culture, MCs and trust building in the context of creating enabling MCs. The result of the survey can be claimed to reflect previous research quite well. Changing organizational culture is reportedly hard, but often an aim that has been set for the integration. For motivational purposes, monetary reward systems are still most common but other solutions are on the rise. MCs are primarily created on the highest levels within the organization. Trust is mostly a salient factor for managers, and it does not seem to be systematically handled by the managers in my survey.

4.2 Results from the interviews

Similar to the results in chapter 4.1, also the results of chapter 4.2 will be presented as thematic entities corresponding to the themes covered in the thesis (culture, motivation, MCs and trust). The ideas and answers of the respondents will be presented, and whenever possible, compared to findings from previous research presented in chapter 2. Comparisons between the findings in the survey and the interviews will primarily not be presented here, but in chapter 4.3, and in the concluding discussion, chapter 5.

As stated in chapter 3, two semi-structured interviews were conducted to deepen the information from the survey. Both interviewees have a long history within different types of M&As. Person A works for a Scandinavian commercial bank with experience in financial M&As, and person B has several decades of experience from large-scale M&As, foremost in an industrial context. He has for example been responsible for a one-year-long integration of a cross-border M&A in the telecom

sector, and has worked as a consultant within this field. More recently, person B has been active as a professional member of boards and committees.

Culture

Čirjevskis (2020) and Bansal (2016) have shown that the impact of culture on the success of the acquisition is often underestimated. Also Person A perceived cultural incompatibility as difficult to grasp. Simultaneously, he admitted that it is probably not easy to merge several cultures into one within an integration context. It seems that person A has not been involved in questions relating to corporate cultures to a very great extent. Person B, on the contrary, seems to have reflected upon the role of culture for M&As quite thoroughly, both concerning national and organizational cultures.

As became evident in the theory chapter, national cultures primarily diverge concerning their values (Hofstede, 2012). Since members of a national culture are socialized into it already as children, it is hard to have a deep impact on such traits. Person B reflects his own experience by stating that national cultures are of great importance and that they need to be considered if several entities are supposed to be merged into one:

Only if you take this simple example of Finland and Sweden: I very well remember when we were supposed to have one of those integration meetings between the Ericsson and Nokia product development teams. Those aren't companies very far from each other, as far as their operations are concerned or anything. I was a part of it, I was kind of in charge of the integration, but then this Swedish development manager starts to tell about what processes they had in their development, in their development work, we told about our schedules and what budget we had. And when it was the Finnish guy's turn, he started to talk – and this was in English, because we had no other language in common when Finns and Swedes meet... So at that point, he starts to talk about what technical solutions they had in the pipeline, and why they were superior to all others... so, you understand that the discussion didn't last for more than 20 minutes, and then, they didn't have anything else to talk about.

(Person B, Q1)

This example indicates that differences concerning national cultures should not be underestimated; although the two companies, Ericsson and Nokia, are operating within the same industry and even though Sweden and Finland are neighboring countries, the integration process

made cultural differences evident; the Finnish representative was much too direct and effective, which obviously made the Swedish counterpart uncomfortable. This is a textbook example of Hofstede's (2012) claim that national cultures must be considered.

Person B continued by illustrating what the Swedish and the Finnish way of working leads to in an integration setting:

In Sweden, you discuss and try to establish the idea in the organization, and it takes forever, and then you reach a decision. At that point, everyone is on board, everyone can accept the decision, but it takes a damned time. In Finland, the boss usually asks around a bit concerning what people think, and then he makes a decision. Then, afterwards, the decision has to be established and executed in the organization. It's quite a big difference.

(Person B, Q2)

In this context, Person B's experience with German integrations can also be mentioned, as it seems to be in line with Malmi's et al. (2020) claim that individuals from different backgrounds have different preferences concerning MC qualities:

Something you mustn't try to implement is getting the Germans to be on a first name-basis; they use *Sie* and you must respect that. You are called "Herr X" and not "du" or by your first name. These are occasions, where you need to be careful. There were many people, who thought that you could... Since we spoke English with each other, they thought that you could create a relaxed atmosphere by using *du*.

(Person B, Q3)

This is also yet another illustration of the fact that national culture is profoundly rooted, and must be considered rather than changed. Making superficial changes such as using English as a *lingua franca* does not lead to changes in the national culture; Germans must be met as Germans, and Swedes as Swedes, if the integration is to continue smoothly.

Concerning organizational culture, Shine (1997) argues that it can be most visible in artifacts such as the design of the workspace. This topic was also described in person B's interview:

I had been the CEO there for a while and had just flattened the organization, when Mr. KMB came to see me. Instead of having three directors reporting directly to me, I had made it ten. Mr KMB was in charge of the premises, and he had brought a large map of the office building with him. He wanted to be assigned the task of finding us a new

office building. Obviously, I didn't understand anything – why did he want that? Well, he explained that in the organizational handbook, it says that each director that reports directly to the CEO must have three windows in his office. Now when there were ten such directors, we didn't have enough windows in our house, and therefore, we needed to move. [...] Mr. KMB was sent home, and I thanked him for his services.

(Person B, Q4)

For B, the Finnish manager, a flat organization seems to have been desired, as he restructured the organization to minimize the need for middle managers, but in a German context, the effect became the contrary; if more directors were to report to the CEO, more people also needed exclusive treatment. This could be seen in the German suggestion concerning a new office building with the sole purpose of filling the window demands of directly reporting directors.

A question that arose from this, was whether a common organizational culture – a shared institutional logic – for the new entity is desirable. According to Slangen (2006), post-acquisition integration is dependent on the level of desired integration: a tightly integrated acquisition is sensitive to differences concerning culture, whereas an autonomous entity can keep more of its individual traits. Person B illustrated this by describing a case, where tight integration was the goal, and by explaining why tight integration sometimes needs to be accomplished:

There are some cases where you can't really keep something that you have thrown away, that you kind of leave to live its own life, that would have a value of its own without integrating it, or without creating a shared culture. Especially not in organizations that should be able to compete as an entity. Take for instance mobile phones or computers – there, you can't have many cultures or company cultures – everyone has to work in the same direction.

(Person B, Q5)

It seems that person B quite strongly defends the advantages of a tight integration. However, Demartini and Otley (2020) stress that this is not very easy to accomplish. Is it realistic to create one shared organizational culture? Person B explains his standpoint:

But as I said, it's realistic to create a common culture, but it takes time, and it's damned much work, and you need to have an integration team that actively works also with those cultural issues, and, above all, with creating a new, shared strategy.

(Person B, Q6)

He continues:

You can have an impact, but it's tough and hard work that heavily relies on the fact that you need to create shared values, that are kind of washed clean of all cultural values. It may be that you respect the individual, that everyone is worth their paycheck etc. But the challenge is to get both, or all, parties, on board on a journey towards something better, and to get people on a journey, you should always have a clear goal, both in times of monetary and financial issues, and concerning the operations.

(Person B, Q7)

Also Person A means that it is not easy to handle cultural differences, and that the handling of these types of questions requires thorough experience from the day-to-day business life within the acquired organization.

Motivation

As became evident in the theory chapter, the integration of an acquisition poses requirements concerning how different partners should be steered in order to maximize the efficiency of the workforce and in this way meet the goals set for the acquisition (cf. Malmi and Brown, 2008). Both external and internal motivation were considered, and monetary and non-monetary rewards systems were discussed.

Traditional management accounting has focused on extrinsic motivation and monetary rewards (Malmi and Brown, 2008). Both interviewees reported that they have used monetary reward systems in acquisition contexts. Person B reports the following:

It's a good idea to appoint the key persons as soon as possible after the integration. But then, it's their task to build the organization downwards and appoint their assistants, and in this way, a register of all key individuals in different parts of the organization appears. Then, when you know where these key persons are, be they ten or a hundred, then you offer them different types of bonuses. For example, we had a kind of twelve-month stay-on-board bonuses, which were quite generous; people received more or less half a year's pay if they stayed for a year. And then, we had a type, where you, as soon as you got the new budget of the year – then you checked the individual bonus systems so that the new goals were reflected in the bonus system. And I mean, the bonus systems that we used in those days, they made up approximately 40 % of the normal pay.

(Person B, Q8)

Also person A mentions monetary rewards to key employees, who stay in the company for a certain period of time:

Do key persons exist or is there knowledge that you have to guarantee that remains in the company – and then we also appreciate if there is an agreement for a specific time or something with these people, to retain such knowledge... I mean, if the acquisition is based on a certain knowledge that this company possesses, then it often lies in these persons, and then we also require that this knowledge remains there. Usually, then, some kind of agreement exists – that the person is to stay for a certain period of time, in return for, shall we say, some beef; some monetary compensation either in the form of some remuneration that is paid after this period during which you require that the person stays. Or then, quite often, we tie these persons through ownership in the company, that they, so to speak, get some steak in the acquired companies.

(Person A, Q9)

Based on these answers, it seems that monetary rewards are still in active use in integrations within different industries. However, person B stressed that these bonuses should be restricted to most valuable employees and that strict requirements must be set to guarantee a high working quality until the end of the bonus period.

Regarding the intrinsic motivation, person B presented a solution in the form of an integration team, where both companies were represented by trust-worthy, solution-oriented individuals from different backgrounds within the organization, regardless of hierarchical belongings:

It certainly is one of the biggest and most important tasks for this kind of an integration process and for managing an organization. I strongly recommend that you create a separate integration organization, which is not the same as the line organization. In the integration team, there are representatives for both parties, and from different levels of the organizations and they are to manage a structured integration that is well planned, has a timetable with several smaller goals, and above all, a huge responsibility in communicating and telling where things are going, what is currently going on etc.

(Person B, Q10)

The appointment of an integration team can be seen as a sign of improving employees' intrinsic motivation, as it enables shared responsibilities, and a chance to participate in the integration

process. This can be compared to Lourenço (2020), who claims that respect and social incentives are factors that increase intrinsic motivation.

Person A did not mention any non-monetary reward systems.

MCs:

Long (2018) and Gerdin (2020) have claimed that it is of paramount importance to implement a new MC wisely, for instance by prioritizing cooperation before quick top-down implementations, and more engagement from the workforce. According to Goretzki et al. (2018), the aim must be to minimize the risk for the acquired organization to dismiss the new institutional logics, since a risk exists that the acquired company may secretly keep their own systems (cf. Carlsson-Wall et al., 2016 on decoupling). At the same time, it is obvious that an integration needs to be steered somehow, in order not to lose momentum. Person B says:

Especially when it is multinational, you have to keep it in your hands. But for example, Nokia has certainly had this type of integrations, or development centers, that have been quite independent to develop things themselves, but then, they have of course had clear goals and a task, for instance to develop a new base station, 5 G base station, or a new display or something like that.

(Person B, Q11)

In other words, the steering is of different strength depending on the aims of the new entity. Certain industries may also affect what MCs are used; person A in the financial sector reports that they only use key financial figures for their benchmark and control:

We actually concentrate on cashflow... so in that sense, we check that the company follows so to say the goals that we have agreed on.

(Person A, Q12)

According to Demartini and Otley (2020), an MC can be seen as a continuum in terms of how tightly integrated its parts are. One end is set by the so-called MC as a package with a complete lack of integration, whereas the fully integrated system MC represents the other end. Person B expresses his view on MCs as following:

Well, it has been a question of processes rather than of systems. I mean, there was almost a handbook on what phases were to be followed up during the integration that usually lasted at least 6 months, but usually a year. Once I was given the task to integrate in ten countries during 12 months. I went from place to place like a shuttle, and I had a secretariat with a very careful system, where the different integration processes and their milestones were defined. Each week, there was a follow-up of these milestones, and to these, people made reports.

(Person B, Q13)

Person B sees the integration process as a series of different components with individual goals and milestones. Demartini and Otley (2020) claim that an optimal coupling should be of medium strength, since this allows for both efficiency and innovation. In the situation described by person B, the independence of different processes can be seen as a guaranty of creativity, whereas the existence of a handbook-like approach can be seen as an effort to keep efficiency strong.

However, it is interesting that not even a top-class integration expert feels comfortable with using the term *management control system*. This remark poses a step away from the detailed academic discussion concerning whether MCs should be seen as a system or a package. If research is to have an impact on business, a terminology must be used that at least top-class consultants within the field are comfortable with. It seems that the academic discourse has alienated itself from more pragmatic contexts.

Another issue presented in the theory chapter was the fact that most MCs have their roots in upper management levels (cf. Egbe, 2018), which makes it more difficult to integrate internal motivation on lower hierarchical levels directly, or even have first-hand information concerning how these employees perceive the situation that management is trying to steer. This is something that the model with an integration team as described by person B mitigates against:

It doesn't have to be people on the highest levels of operative management. Instead, all organizations have influencers that affect the atmosphere of the organization. You should be able to identify such persons, and involve them in the integration work that deals with the common structure, and the common goals and the integration. And these guys, or girls or ladies, whatever they are, they will spread that message. There should be representatives from both sides, and they must have much power during the integration, and they should also be shown much trust. And in this way, they show by example that you can take a shared project forward.

(Person B, Q14)

The creation of an integration team can also be seen as a way of creating non-monetary reward systems. In other words, both the employer and the employees may profit from this approach.

As Goretzki et al. (2018) described, a certain risk exists that the acquired company does not want to become integrated and hence presents different kinds of resistance:

The management of the acquired entities has tried to fool the principal economically, for instance by building a straw roof on their house on the expense of the company, or some other... But I would certainly claim that a common factor is that if the line of command isn't clear, if the responsibilities are not clear, then there's a risk that somebody starts misleading people in one way or another. So, if you then have an integrated organization and you for instance have somebody in charge of Europe and who sits in these local boards, and if the manager for some reasons manages to go around his own board and this person in charge of Europe, and claims that he has direct contact with the CEO, then there's a big risk that he somewhere claims that "this is something I have already agreed on with the CEO, and this is none of your business". Then you don't really know what to do with these cases. So yes, line of command, clarity and communication.

(Person B, Q15)

This illustrates that resistance needs consideration from the beginning of the integration process. A humble approach and a clear division of responsibility seem to handle these problematics at least to some extent.

Person B also described a successful handling of different approaches:

I sold a Finnish Metso entity to Germany and it certainly didn't take long before the Germans had implemented everything and were all happy. But they respected the R&D work that the Finns had done, and this was the same when Continental bought Elektrobit – they wanted the technology and the knowhow that these guys possessed, but they certainly implemented their own report and control systems. Usually it's the acquiring entity that appoints a CEO among the locals.

(Person B, Q16)

This can be seen as an example of a solution where the best of both worlds meet – compromising accounts in terms of institutional logics.

Trust:

As presented in chapter 2.4.3, Akrouit and Diallo (2017) see trust as an evolving phenomenon ranging from calculative trust at the beginning of relationships, and then developing into affective trust, as the relationship evolves and matures. Gradually, trust becomes visible in the behavior of the agents (behavioral trust). This means that in the beginning of an integration process, trust may be built on contracts and controls. Person B presents many examples, where contracts and control were used in the beginning of the integration process. One of these was already presented in the context of management control systems: the fact that quite specific integration rules were gathered in something described as an M&A handbook. Another example mentioned by person B is the effort made by external consultants:

Yes, and they have a high street logo on the documents that they produce in large numbers – different policy papers etc. – certainly, it added some extra credibility, because then it wasn't anything that Nokia or Ericsson or Luxor or someone else had come up with, but it looked like professional documentation, and it certainly also was.

(Person B, Q17)

This shows that external control mechanisms and contracts are not necessarily the opposite of trust but can rather be the key for the management to start the trust-building process, as argued by Audi et al. (2015).

Also person A mentions having official rules and contracts:

Then, there are usually some clauses or paragraphs for a specific time, so that the former owner has to be around for a certain period of time and so on. Then, things are not so obvious before the old owner so to say steps out for good, and then some change may occur.

(Person A, Q18)

This can be seen as an attempt to create calculative trust. Nevertheless, person A admits that creating such systems is not always easy:

The world changes so much that it is in a way difficult to stipulate on what we will be doing in five years.

(Person A, Q19)

However, the organization should at some point be able to move from calculative into affective trust, something that is not clearly evident in person A's answer quoted above. He does not seem aware of any systematic ways of handling the trust-creating process over time.

According to Bansal (2016), factors that generate trust in an integration context are communication, training and redundancy policies. Neither of the interviewees commented training efforts, nor the redundancy policies of the organization. Person B however, strongly focused on the communication:

I usually say that you have to use information as the fertilizer. It sound nagging, but you have to keep doing it each week and repeat it... And only when the organization starts to identify itself in the message, then some integration starts occurring. If you don't get them on board, so that they don't understand the whole picture: where we are going and why – then subcultures appear and they start resisting this and that.

(Person B, Q20)

This shows that having a transparent approach may have a positive outcome on the integration process. However, the quotation indicates that the communication efforts are by no means a quick way to create trust; both patience and time is required. Person B continues:

I come back to the fact that you have to have a clear plan and an enormous communication effort. You should use communication for fertilizing and talk – and there must be persons clearly responsible for the integration.

(Person B, Q21)

By having a clear communication strategy, the organization can steer its information in an even way so that it reaches all levels of the organization. In this way, the organization can at least partially mitigate against insecurity and distrust. Another crucial factor is the appointment of an integration team, which enables the governing persons to have a realistic chance of focusing on the integration work, and hence also to have the time to meet members of the organization. This is crucial if communication is to be seen as one of the cornerstones of trust building.

However, person B mentions that miscommunication can also occur:

But concerning time and communication you can miss out on quite much... and through miscommunication, you can screw up the whole thing. It happened in Spain

that Nokia's and Ericsson's organizations were competing for the same deal within banking systems and it didn't take more than ten days after this announcement, and each of the Spaniards had resigned and disappeared. And it was far away; nobody within the uppermost levels of management really understood what the matter was, and nobody had listened to their problems there. The Nokia guys – Nokia was the one making the acquisition – had been cocky and overconfident and said that now, things will be done the way we decide.

(Person B, Q22)

This statement provides evidence that underestimating the power of communication may impact the integration negatively, by resistance from the workforce. For this, person B has several examples, for instance:

The acquired organization can also start to revolt. Before you make it through the door to check what is going on, one CEO had signed new employment contracts with his direct-reporting directors with big severance sums. They had turned everything upside-down and said that now we remain seated in the boat, we have our contracts and can wait for Nokia to fire us, and then we just cash in. So yes, it can turn out like this too, but of course we prosecuted the CEO for faithlessness towards the principal and he had to remunerate; he was fired immediately, as were his companions.

(Person B, Q23)

Such processes indicate that resistance from the organization may lead to severe delays, higher costs etc., which may affect the success of the acquisition. This can be compared to Bansal (2016), who stresses the importance of both calculative and affective trust. Since the Spaniards obviously had not yet achieved a situation characterized by affective trust, it would have been imperative to have a system guaranteeing optimal calculative trust.

4.3 Results of the triangulation

The results from the first empirical part of this thesis, i.e., the survey (chapter 4.1), indicated two problems: firstly, many managers seemed not to have given the topics presented in this thesis (culture, motivation, MCs and trust building) much active thought. This is in line with the results of previous research, which reports insufficient theories on how managers deal with such topics in their everyday contexts (Schraeder et al., 2014; Long, 2018). Secondly, some managers reported

having certain positive qualities but failed to provide examples of how they act on these topics. This is also supported by Long (2018), who states that many of these topics are either limitedly researched or trained, or also part of the tacit knowledge of experienced managers. The disadvantage of a survey as the only research method is not being able to ask follow-up questions nor asking for clarifications. This clearly indicated the need for more in-depth information from interviews, which were conducted as a second step of the empirical work.

The results from the interviews (chapter 4.2) were two-fold; the first interview provided answers that to some extent resembled the information from the survey. However, many of the respondents in the survey failed to report evidence for actively engaging themselves in these problematics, whereas person A clearly stated that he perceived the topics as both important and difficult. This shows an awareness of the problematics and may open doors to learning more. It should also be stressed that person A works within a context of financial aspects of M&As, and, therefore, has a different approach to the topics than person B in the second interview. Person B's long experience from large-scale M&As in different industries was mirrored in his deep understanding and knowledge concerning the questions and topics presented to him. Person B was the only one, who did not only provide good answers, but also opened up for deeper reflections on the topics and their interconnectedness. For these reasons, the answers provided by person B provide the cornerstones for the empirical results of this thesis.

The results from the survey compared with the results from the two interviews can be summarized as follows, concerning the four theoretical aspects culture, motivation, MCs and trust.

In the survey, many managers lacked experience and a deeper understanding concerning how a shared organizational culture, or a common institutional logic, is created. For instance, "talk" was mentioned as a solution to potential problematics arising during the integration, but no one provided information concerning the contents of these "talks". Bansal (2016) has argued that communication *per se* does not suffice; also the contents of the discussions must be strategically planned. Person A found the merge of several cultures demanding and difficult to grasp and did not provide any concrete methods on how to deal with the situation. Person B, on the contrary, provided both theoretical and practical information about the topics and stressed the importance of culture for a successful integration; national culture must be considered, and organizational

cultures can be changed through thorough and long-term oriented work. My empirical findings concerning culture can be said to fit Hofstede's (2012) assumptions on national and organizational culture quite well. The problem is that most managers in my survey, and also to some extent person A in the interview, did not really have the knowledge to handle these issues. As far as institutional logics are concerned, the theory provided my analysis with quite a suitable framework; in many situations described by the respondents, traits of parallel institutional logics, decoupling, structural differentiation, and compromising accounts could be identified. The model is also suitable, since it allows for different aims of integrations to be considered – although compromising accounts may often be the optimal solution, some contexts may also call for structural differentiation.

The result from the survey indicated that monetary rewards are still a commonly used method for motivating employees, but non-monetary factors such as career development are also used. Person A also mentioned monetary reward systems used to keep key persons in the company for the most critical period of the integration, but he failed to give examples of other reward types. Initially, also person B concentrated on monetary rewards to specific groups, but he suggested that an integration team should be appointed for coordinating the acquisition. This, I argue, can be seen as a non-monetary reward, as it provides employees with power and responsibility. If trust is to be used as a means for motivating employees, the organization must acknowledge intrinsic motivation as an important factor.

For the managers in the survey, the role of MCs remained rather unclear, and the most useful insight was the fact that most respondents reported MCs being implemented top-down. This confirms Egbe's (2018) research. Person A in the financial sector reported that they only use key financial figures for their benchmark and control. This may indicate that a certain industry might have an impact on what MCs are used, as few other respondents provided similar answers. Person B explained that he prefers seeing MCs as a process rather than a system. He also mentioned that specific milestones are defined for different parts of the integration and that these are described in detail in something that can be compared to an "integration handbook". This certainly complicates the lively debate on MCs a system or a package even further. Grabner and Moers (2013) claim that the system view sees an MC as consisting of many different parts (controls) that are designed in such a way that they consider each other. In the empirical part of my study, I

found no evidence of managers designing controls in such a detailed way. MCs as a package, on the other hand, are an embodiment of all control practices in an organization, without consideration of potential interdependencies. This model can at least partially be compared to the M&A handbook approach described by person B. However, person B's approach was even more pragmatic, as he preferred using the term *processes* instead of *management control system*. Based on my empirical findings, it seems that the package view would better correspond to the real world situation, at least as it was mirrored in my research. Although I have not found any empirical evidence for it in my material, I still find Demartini and Otley's (2020) model interesting, as they argue that MCs can also be seen as a continuum with system and package poles. From a theoretical perspective, this model seems logical and worthwhile analyzing further. The question is, how many practicing managers that can identify themselves and their actions with this somewhat complicated model.

In the survey, most managers reported no examples of how they deal with trust building in their organization. This may indicate either a lack of familiarity with the topic or tacit knowledge. Managers seem to have learned to deal with trust-related issues through own experience. Person A's role in this context is rather complicated as he is a representative of a financing institute. In his role, he claims that he works primarily with the highest management teams of the organizations and not with the entire body of employees. Person A strongly emphasized quantitative controls. Person B presented several interesting ideas concerning the role of trust. Firstly, the appointment of the integration team is supposed to anchor the cornerstones of the integration on a broader level. Secondly, the integration team also has time allocated for dealing with acquisition-related issues. Thirdly, person B also mentioned external consultants as a way of improving trust through the use of external benchmarking. In both person A's and person B's answers, elements of both calculative and affective trust can be identified. At the beginning of an integration, or when required by law or certain industries, rules and contracts are by no means signs of distrust. As Akrouf and Diallo (2017) argue, most new relationships are characterized by calculative trust, i.e. partners trying to win the other party's trust by proving themselves reliable when following rules and agreements. At a later stage, the calculative trust should usually develop into affective trust, i.e., a situation where less formal rules are needed, as partners sense emotional confidence. Based on my limited empirical research, Akrouf and Diallo's (2017) model seems quite useful; it encompasses not only different types of trust, but also allows for the gradual development of trust

from one form to another. Yet again, for a business context, the problem seems to be that many managers are not aware of how complex the phenomenon of trust is. As they may not identify calculative trust as a type of trust, it also becomes difficult for them to grasp how trust can be generated at the beginning of a business relationship, e.g., in an acquisition context.

I aimed at a theory-testing approach for my thesis, and when comparing the results from the entire empirical part with previous research, my results largely confirm earlier findings; most managers are not able to actively describe how they work to create trust within their organization. The only exception was person B, with decades of targeted experience in this field. However, he is not part of the daily life of any specific organization anymore, and it certainly would be profitable if this kind of knowledge would be available in-house on a broader basis.

To conclude this chapter, an attempt to answer the empirical research question should be made. The question was: *How do Finnish managers improve trust building during the integration process?* Based on the results of the survey and the interviews, the answer is that Finnish managers try to build trust in quite different and mostly unconscious ways. Most managers in the survey had not given the topic much active thought, and they presented no systematic methods. They reported relying heavily on communication, but the contents of the talks and discussions remained unclear. No-one provided any examples of using the VAS as a starting point, and no-one talked about how trust changes form over time. Mostly, the managers seemed to aim at achieving affective trust. Elements of calculative trust were mentioned only in the interviews, and only person B – a very highly ranked professional – seems to have acknowledged that both calculative and affective trust have their own place in a management control context.

5. Concluding discussion

The leading research question for this thesis was: “How can MCs be used to improve trust building during the integration phase?”. The question was approached through a presentation of previous literature concerning the fields culture, motivation, MCs and trust building. The four thematic fields should not be seen as separate themes, but rather as building blocks for the phenomenon as a whole. This means that culture, motivation and MCs play an important role for the outcome concerning trust within the organization. These topics were then compared to empiric material from an online survey with 29 Finnish managers and two semi-structured interviews with Finnish managers experienced in acquisition processes. In this concluding chapter, the above-mentioned themes will therefore no longer be treated separately, but instead the discussion will focus on how they all influence the trust-building process.

As far as trust building is concerned, trust is connected to integrity, commitment and dependability (Chathot et al., 2011). According to Akrouf and Diallo (2017), trust can be seen as a process that starts with calculative trust and moves towards affective trust, if the relationship develops well. Gradually, the calculative and affective trust starts to be seen as behavioral trust between parties. Calculative trust is usually the dominant type of trust in new relationships (Akrouf and Diallo, 2017). In the survey, calculative trust took the form of managers reporting their MCs to have qualities such as monitoring and goal-oriented. Calculative trust during the integration stage was also mentioned in both interviews; person A mentioned key numbers and the measurable input from key persons, whereas person B mentioned bonus programs and the use of external consultants as a benchmark. However, no one, perhaps with the exception of person B, seemed to identify these control elements as creators of trust. Affective trust was mentioned in the survey in the form of managers describing their MCs as fair or communicative. Affective trust was not mentioned at all in interview A nor explicitly by person B. However, several other aspects mentioned by person B can be identified as containing elements of affective trust. This was particularly the case with the appointment of an integration team with members from different parts of the organization. This appointment can also be seen as a sign of behavioral trust as it has already affected the actions taken within the organization. In other words, calculative

trust should not be mistaken for supervision, as it can in fact be the first stepping-stone in the trust-building process.

The relationship between calculative and affective trust can also be reflected in the context of MCs. Management's intention may be to create calculative trust by setting clear rules and targets and systems for following up on these. However, not all employees necessarily perceive the situation as trust-creating. A situation, which one employee may perceive as enabling or trust-generating, can be coercive, trust-minimizing, for another. This is in line with Väisänen et al.'s (2020) claim that no MC is ever fully coercive or enabling, but rather moves in a situation-dependent continuum. This can be the result of different organizational or national cultures or due to different personalities. In this context, it is important to remember Hofstede's (2012) claim that national cultures cannot be changed, whereas the organizational culture may be altered, if much time and effort can be invested in the process. In the answers to the survey, a lack of deeper knowledge was visible concerning how organizational culture can be managed. Person B illustrated these problematics on several occasions by giving examples of how careful processes enabled the change of an organization culture, but when two national cultures met, the cultures and their representatives needed to consider each other rather than change the other party. National culture traits are too deeply rooted to be changed by an MC.

According to Demartini and Otley (2020), an MC fostering both efficiency and innovation may be valuable for an organization. According to the so-called coupling theory, rationality and indeterminacy can coexist in an MC characterized by a coupling of moderate strength. As I see it, an MC with these qualities should also have the possibility for employees perceiving systems as both enabling and coercive.

In previous research, a conscious use of the VAS has been presented as one way of benefiting from the experience gathered within the acquired entity before the acquisition (Goretzki et al., 2018). None of the managers in the survey nor in the interviews mentioned this phenomenon. This may indicate that new entities cannot profit from the advantages of so-called compromising accounts to a maximum. It seems that the main goal would still be to be to make the acquired organization part of the acquiring organization as efficiently as possible. Of course, this is dependent on the goals set for the specific integration; some settings may accept more

independent solutions and entities than others. As argued in the theoretical chapter, for some contexts, structural differentiation may be quite a good solution.

As can be seen, the trust-building process is not easy to grasp nor dependent on one specific factor. Rather, it should be seen as an evolving process between the parties involved during the integration of two or more organizations. This further highlights the importance of a transparent and continuous flow of communication between the managers and the employees. However, the communication efforts should be based on thought-through contents, in line with the thoughts of Audi et al. (2015) who stress the importance of cultural training and transparent redundancy policies. Also Bansal (2016) argues that communication without contents is not enough. Concentrating on cooperation between contents and communication also reduces the risk of empty promises of “talk” as a solution, which was mentioned in several of the survey answers. In this context, it is also worthwhile remembering that trust does not mean agreeing on everything; trust is rather a question of transparency, creating an atmosphere, where parties can rely on matters being openly discussed regardless of whether the topics are likely to be perceived as positive or negative.

One of the questions that arouse in the literature review was whether MCs should be seen as a system or a package. In the interviews and the survey, it became evident that managers on all levels of organizations seemed to lack knowledge of the theoretical concepts of MCs. Person B suggested that the term *processes* would perhaps be more suitable for describing the procedures that he had initiated.

This takes us to the policy-oriented research question set for my thesis: *What should managers do to improve trust building during an integration?* Based on the results of my study, I argue that three main factors should be considered. Firstly, an understanding of the concept of trust is needed; if managers knew that trust in new relationships often takes a calculative form, it could be easier to approach the topic in a professional way. This may also provide the trust-related work with more systematic structure, so that managers do not need to see “talk” as the only solution. Secondly, if managers want to start using trust as a means of enabling control, they have to start by diversifying their reward systems beyond the traditional monetary rewards that focus on extrinsic motivation. Acknowledging intrinsic motivation is a prerequisite for organizational trust. Thirdly, the concept of institutional logics and the outcome of competing parallel logics would help

illustrate potential scenarios that may arise. These concepts and scenarios could help managers understand the existing options in terms of organizational culture after an integration. Insights from institutional logics could also act as a warning; if everything seems to be going well on the surface, a risk for decoupling exists. Usually, conscious work and creative friction lead to better end-results than stakeholders, who pretend to be content on the surface, but do something else behind the scenes.

To return to the leading research question - *How can MCs be used to improve trust building during the integration phase?*: I argue that MCs certainly can be used to improve trust building during an acquisition. However, for trust to be built, all thematical fields presented in this thesis must be considered together. Trust is a holistic phenomenon, with tentacles in many directions. Moreover, the concept of MCs, and especially detailed academic discussions on the topic, do not seem to be widely spread among Finnish managers. If they are to profit from academic findings concerning MCs, terminology needs to be rooted in a more pragmatic setting. Managers would certainly also profit from more in-depth academic knowledge – however, many managers do not report that they lack familiarity with these topics, and therefore, I see a risk that they are also not able to identify training needs in this field. Since so little is known about these topics in the business world, I see great potential for increased, purposeful work on organizational trust.

This thesis has been limited in several ways: firstly, M&As were divided into mergers and acquisitions, and then focus was laid solely on the latter. This choice was made since an analysis of both phenomena together would have been too broad. Secondly, this thesis has only focused on management's perspective on trust building; a choice made based on management's tendency to be the active part in creating the MCs. Thirdly, the thesis was limited by geographically concentrating on managers from Finland, a decision based on two factors: eliminating the impact of different national cultures, and for gaining access to interviews from the chosen group.

Further research should involve more interviews from a specific industry, so that proper comparisons between somewhat similar organizations could be made. It would also be worthwhile analyzing the impact of national culture as far as trust building is concerned, for instance as a comparison between Finland and Sweden. As Finns are traditionally seen as more action-oriented than Swedes, who concentrate more on shared decision-making, it seems logical that this also would have an impact on how trust is built.

6. Swedish summary

Ledningens kontrollsystem som ett verktyg för att skapa tillit under företagsförvärv

Företagstransaktioner har stor betydelse för en organisations utvecklingskurva. Enligt Porter (1997) är organisationens strategi ett sätt att positionera sig gentemot kunder och konkurrenter. Trots att företagstransaktioner är av stor betydelse, verkar många av dem misslyckas (Moschieri och Campa, 2014; Slangen, 2006; Dikova och Sahib, 2013, Bansal, 2016). En stor del av misslyckandena kan förklaras med en för hög köpesumma, men Čirjevskis (2020) hävdar att också kulturella skillnader är en orsak. I min avhandling kommer fokus att ligga på dessa mänskliga faktorer, eftersom jag analyserar hur ledningens kontrollsystem kan utnyttjas under integrationsfasen för att skapa tillit inom organisationen. Jag har valt att avgränsa undersökningen till enbart företagsförvärv, trots att tidigare forskning oftast behandlar förvärv och fusioner som en gemensam helhet.

Tidigare forskning har bara i begränsad utsträckning undersökt vilken roll tillit spelar under integrationsfasen av ett förvärv (Bansal, 2016). Speciellt lite är känt om hur chefer och ledare i praktiken skapar tillit. Frågan om tillit relaterar också till hur en organisation kan stärka de anställdas inre motivation, något som har fått betydligt mindre uppmärksamhet inom ekonomistyrning än monetära belöningssystem. Från forskningsfältet kan också rapporteras att en diskussion under senare år har förts om huruvida kontrollsystem ska ses som ett system eller som ett paket; ska de enskilda kontrollelementen betraktas som sammanvävda eller autonoma? Med utgångspunkt i dessa frågeställningar och forskningsluckor lyder min forskningsfråga: *Hur kan ledningens kontrollsystem utnyttjas för att förbättra tilliten under en integrationsfas?*

För att man ska kunna analysera forskningsfrågan måste fyra tematiska områden beaktas, eftersom de alla påverkar tillitsprocessen. Dessa är kultur, motivation, kontrollsystem och tillit. Kulturens påverkan kan ses i form av både nationell kultur och organisationskultur. Hofstede (2010) har hävdat att den nationella kulturen är så gott som omöjlig att påverka, vilket innebär att egenskaper som har sina rötter i denna behöver beaktas snarare än förändras. En organisationskultur, å andra sidan, kan påverkas och förändras, men då krävs tålamod och återkommande diskussioner med personalen (Malmi och Brown, 2008; Hofstede, 2012). För att

systematiskt motivera de anställda att jobba mot samma mål, behöver man arbeta för att bibehålla eller stärka deras motivation (Malmi och Brown, 2008; Lepak et al., 2007). När monetära eller icke-monetära belöningsystem införs som ett led i detta arbete, blir uppföljningen viktig. Risken är att för starkt fokus på yttre motivation och monetära belöningar inverkar negativt på faktorer som tillit. Detta berör också den teoretiska frågeställningen om huruvida ledningens kontrollsystem ska ses som ett system med starkt sammankopplade delar och stark kontroll, eller som ett lösare sammansatt paket, som tillåter mer kreativitet på bekostnad av kontrollfunktionen. En möjlig väg att gå är den som föreslås av Demartini och Otley (2020): att se ledningens kontrollsystem som ett kontinuum, som möjliggör en kombination av kontroll och kreativitet.

Det sista tematiska området, tillit, är också det minst undersökta i tidigare forskning. Enligt Audi m.fl. (2015), har tillit inom organisationen kunnat kopplas till att medarbetarna känner sig nöjdare, anstränger sig mer, presterar bättre och arbetar bättre i grupp. Enligt Chathot m.fl. (2011) omfattar det svårdefinierade begreppet tillit åtminstone dimensionerna integritet, engagemang och ömsesidigt beroende, vilka alla har bevisats korrelera med förbättrade resultat i organisationen. Även om starkt fokus på kontroll kan medföra att medarbetarna känner sig övervakade och begränsade, är det viktigt att minnas att tillit och tydligt uppgjorda och följda system inte behöver utgöra motsattpoler. Akrouit och Diallo (2017) belyser detta genom att beskriva hur tillit utvecklas från kognitiv till affektiv; i början av ett förhållande bygger tillit på att parterna följer överenskommelser och visar sig trovärdiga för varandra (kognitiv tillit). Först i ett senare stadium kan tilliten utvecklas i affektiv riktning, så att parterna litar på varandra utan formell reglering. Att utarbeta tydliga regler under en integrationsprocess innebär alltså inget mistroendevotum.

I den empiriska delen av min avhandling skapade jag ett online-frågeformulär med 18 frågor, uppdelade enligt de tematiska områden som jag beskrev ovan. Enkäten skickades till 50 finländare i chefspositioner. Svaren från 29 personer var relevanta och analyserades med hjälp av innehållsanalys så att svaren kodades i grupper bestående av de fyra tematiska områdena. En enkät når ganska lätt en större grupp respondenter, även under den Covid-19-pandemi som rådde under tiden för denna avhandling. Begränsningarna för en enkät är bland annat att det är omöjligt att ställa följdfrågor, och inte heller kan man få bättre förklaringar på ett otydligt svar. För att stöda svaren från enkäten höll jag därför två semi-strukturerade intervjuer med personer som

arbetat med företagstransaktioner. Begränsningarna här är att jag bara kunde intervjua två personer, och att jag bara fick deras syn på saken. Styrkorna var att det gick att ställa följdfrågor och närmare bena ut tolkningsbara svar. Denna triangulering innebar alltså att jag kunde minimera de skadliga konsekvenserna av respektive metod.

Respondenterna i enkäten misslyckades i tämligen stor utsträckning med att visa att de förstått begreppen kultur, motivation, kontrollsystem och tillit på en djupare nivå. Resultaten från intervjuerna var tudelade; person A gav svar som likade dem i enkäten, vilket delvis kan bero på hans professionella inriktning. Person B har en bakgrund som uppenbart lämpade sig för mina frågor, och hen kunde förklara och ge svar på frågorna på en djupare nivå.

När jag jämförde resultaten från de empiriska undersökningarna med tidigare forskning bekräftade mina svar tidigare fynd: största delen av ledarna misslyckas i att förklara hur de arbetar för att skapa tillit inom sin organisation; de som innehar förmågan, har den i form av tyst kunskap. Det enda undantaget var person B, som har många års relevant erfarenhet av företagsförvärv och integreringar. Problemet är att experter på denna nivå inte är speciellt många till antalet och att deras kunskap därmed inte syns i gängse företags verksamhet.

För att återgå till forskningsfrågan: *Hur kan ledningens kontrollsystem utnyttjas för att förbättra tilliten under en integrationsfas?*, vill jag poängtera att det är viktigt att betrakta avhandlingens teman (kultur, motivation, kontrollsystem, tillit) som en helhet. Om man gör detta, hävdar jag att kontrollsystem kan användas för att förbättra tillit. Det är emellertid viktigt att minnas begreppet kontrollsystem verkar obekant för många chefer, speciellt om diskussionen går in på nyanser om system och paket. Om man vill använda vetenskapliga resultat för att förbättra tillitsskapande, behöver man använda diskurs som yrkesverksamma chefer förstår.

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Appendices

Appendix 1: Online survey

This survey is part of the research for my master's thesis at Åbo Akademi University. It is mainly targeted at managers at all organizational levels that have been involved in a mergers and acquisition process.

Observe that all questions are obligatory and that the answers to open-end questions are not limited in their length.

* 1. What is your title within your organization?

* 2. What reward systems are used in your company? (Please indicate at least 1)

| | |
|---|--|
| <input type="checkbox"/> Bonus | <input type="checkbox"/> Career development |
| <input type="checkbox"/> Provision | <input type="checkbox"/> Increased responsibility |
| <input type="checkbox"/> One-time payments | <input type="checkbox"/> Praise and Acknowledgment |
| <input type="checkbox"/> Options | |
| <input type="checkbox"/> Other (please specify) | |

None of the above

* 3. What qualities do you think your reward systems have? (Please indicate at least 1)

| |
|---|
| <input type="checkbox"/> Transparent |
| <input type="checkbox"/> Motivating |
| <input type="checkbox"/> Fair |
| <input type="checkbox"/> Challenging |
| <input type="checkbox"/> Rewarding |
| <input type="checkbox"/> Attractive |
| <input type="checkbox"/> Measurable |
| <input type="checkbox"/> Other (please specify) |

* 4. Do your control systems include mechanisms that are meant to improve trust-building within the organization?

- Yes
- No
- Have not given it a thought

Optional comments

* 5. How satisfied are you with your company's management control systems?

- Satisfied
- Mediocre
- Not satisfied

* 6. To what extent does your company's management control systems provide you with sufficient information to help you steer your employees towards conducting their work in the wished manner?

- To a grade extent
- To some extent
- Not at all

* 7. At what level within your organization are the control systems created?

* 8. As a manager, do you feel that you have sufficient knowledge of how to create trust?

- Yes
- No
- Have not given it a thought

Optional comments

* 9. What managers qualities do you consider to be important for trust-building? (Please indicate at least 1)

- Fair
- Clear
- Goal-oriented
- Accessible
- Communicative
- Visionary
- Caring
- Demanding
- Knowledgeable
- Monitoring
- Interested

Other (please specify)

* 10. Based on your answer to the previous question: How are these qualities reflected in your work?

* 11. In what ways have you learned how to build trust as a manager?

* 12. How do you notice if your approach has desired results among the employees? (staff turn-over, commitment etc.)

* 13. What opportunities do you give your employees to make independent decisions?

* 14. In an context of acquisitions, how often have you experienced problems that have their roots in different corporate cultures

- Hardly at all
- Sometimes
- Often

* 15. Relating to your answer in question 14: What were these problems?

* 16. How did you handle these problems (referring to questions 15)?

* 17. In an integration context, how have you considered the acquired company's original corporate culture?

* 18. Has the symbiosis of different corporate cultures brought anything positive regarding value creation to the organization?

Appendix 2: Interview guide

Swedish

Avhandlingens rubrik: *Management Control Systems as a Tool for Trust Building in a Context of Acquisitions*

Forskningsfråga: *How can MCs be used to improve Trust Building during the integration phase?*

1. Bakgrund

- Vad jobbar du med (hurdant företag och vilken position)?
- Vilka erfarenheter har du av företagsköp?

2. Kultur

- Har du i samband med företagsköp upplevt svårigheter som berott på kulturella skillnader? (organisationskultur vs nationell kultur)
 - o Påverkar kulturella skillnader sannolikheten för att ett företagsköp ska lyckas?
 - o Är det ett realistiskt mål att skapa en sammanhängande företagskultur om de olika organisationernas företagskulturerna varit väldigt olika?

3. Motivation

- Hur jobbar ni på ledningsnivå för att motivera de anställda att genomföra integrationen?
- Vilka belöningsystem har du sett användas under integrationsfasen i ett företagsköp? (Om möjligt, ge exempel på både monetära och icke-monetära; belönas individer eller team?)

4. Kontrollsystem

- Vilka kontrollsystem använder ni i samband med integrationsprocessen?
- Hur länge brukar man räkna med att en integrationsprocess tar? Varför så länge eller varför så kort?
- På vilken hierarkisk nivå i organisationen fattas beslut gällande integrationen av kontrollsystem?
- Har du uppfattningen att anställda förstår de kontrollsystem som används?
- På vilket sätt har de anställda möjlighet att inverka på dessa kontrollsystem?
- Har situationer uppstått där den uppköpta enheten inte varit beredd på att låta sig integreras?

5. Tillit

- Hur skapar du i en chefsposition tillit under en integrationsprocess?
- Vad kan du göra för att överlag öka tilliten bland de anställda sinsemellan under integrationsprocessen?
- Har ni upplevt att anställda uppfattat kontrollsystem som ett tecken på att man inte litar på dem?
- Har det i samband med en integrationsprocess hänt att de anställda gått tillbaka till att följa de gamla systemen?
 - o Har ni upplevt att sådant här motstånd lett till något positivt?

English

Title of the thesis: *Management Control Systems as a Tool for Trust Building in a Context of Acquisitions*

Research question: How can MCs be used to improve trust building during the integration phase?

1. Background

- What do you work with (what type of organization and in which position)?
- What experience do you have concerning acquisitions?

2. Culture

- In an acquisition context, have you experienced difficulties routed in cultural differences (organizational culture vs national culture)?
 - o Do cultural differences impact the success of an acquisition?
 - o Is it realistic to aim at creating a shared global organizational culture if the organizational cultures have been different?

3. Motivation

- On a management level, how do you work to motivate the employees to fulfill the integration?
- What reward systems have you seen in use during the integration stage of the acquisition (if possible, give examples of both monetary and non-monetary rewards, are individuals or teams rewarded?)

4. MCs

- What MCs do you use during the integration stage?
- What is the typical timeframe for an integration? (motivate)

- On what hierarchical level of the organization are decisions concerning MCs made?
- Is your experience that the employees understand the MCs that are in use?
- In what ways can employees have an impact on the MCs?
- Have you experienced situations, where the acquired entity has not been prepared to be integrated?

5. Trust

- In a management position, how do you create trust during an integration process?
- How can you strengthen the sense of trust between employees during an integration stage?
- Have you experienced that employees feel that MCs are a sign of mistrust?
- Have you experienced that employees have returned to following their old systems after the integration process?
 - o Have you experienced that this kind of friction has also led to some positive outcome?

Appendix 3: Original quotations in Swedish

Q1:

“Bara om man tar det här enkla mellan Finland och Sverige: jag kommer ihåg när vi skulle ha ett integrationsmöte mellan produktutvecklingen mellan Ericsson och Nokia. Det är ju inte företag som är hemskt långt ifrån varandra med sin verksamhet eller något. Jag var med där, jag var liksom integrationsansvarig, men då börjar den här svenska utvecklingschefen och berättar vilka processer de hade i sin utveckling, i sitt utvecklingsarbete, vi berättade om vilka tidtabeller vi hade, och vilken budget vi hade. Också när den finska killen fick sin muntur, så börjar han berätta - och det här är ju på engelska för vi hade ju inget gemensamt språk när finnar och svenskar träffas... Så där så började han att berätta om vilka tekniska lösningar som var i pipelinen och varför de var överlägsna alla andra... Så du förstår ju att diskussionen varade inte mer än i 20 minuter och så hade de inte något mera att tala om”

Q2:

“I Sverige diskuterar man och förankrar. Det tar evigheter och så kommer man fram till ett beslut och då är alla förankrade, alla är med på det där beslutet, men det tar en jäkla tid. I Finland är det oftast så att chefen kanske frågar lite vad ni tycker och så tar han ett beslut, och så ska det på något sätt *efter* beslutet förankras i organisationen och verkställas. Det är ganska stor skillnad.”

Q3:

“Du ska inte försöka implementera att tyskarna skulle börja dua, utan de niar och du ska respektera det. Det heter ”Herr X” och inte ”du” eller förnamn, utan det är sådana bitar ska man liksom passa sig.. Och det var många som trodde att man kunde... även om vi talar engelska med dem, så trodde de att man skulle kunna liksom göra en sådan där relaxed stämning genom att dua.”

Q4:

“Jag hade varit VD där då ett tag, så kommer herr KMB efter att jag hade plattat till organisationen, så att istället för 3 direktrapporterande så hade jag 10 direktrapporterande. Då kommer fastighetsansvariga herr KMB in på rummet med en stor ritning och säger att han skulle vilja ha i uppdrag att försöka börja hitta ett nytt kontorshus åt oss. Jag förstod förstås ingenting - varför han ville det. Nå, han förklarade att i organisationshandboken så står det att varje direktrapporterande till vd ska ha 3 fönster i sitt rum. Nu när det är tie, så räcker fönstren inte till mera i det här huset, vi måste få ett nytt hus. [...] Nä, herr KMB fick gå via kassan och jag tackade för hans tjänster.”

Q5:

“Det finns några saker där du kan inte behålla någonting avslängt, som du liksom låter leva sitt eget liv. Som har ett egenvärde utan att man integrerar det eller skapar en gemensam kultur. I synnerhet i sådana organisationer som egentligen ska kunna konkurrera gemensamt. Ta till exempel då mobiltelefoner eller datorer - där kan man inte ha så många olika kulturer eller företagskulturer, utan alla måste jobba åt samma håll.”

Q6:

“Det är realistiskt att skapa en gemensam kultur men det tar tid och det är en jädrans massa arbete och du måste ha ett integrationsteam som aktivt jobbar med också de där kulturella frågorna och framför allt att skapa en ny gemensam strategi.”

Q7:

“Nog kan man påverka, men det är ett segt och jobbigt arbete som bygger väldigt mycket på att du måste skapa gemensamma värderingar, som är som är liksom avtvättade alla de kulturella värdena och värderingarna. Det kan vara vet du att man respekterar individen och alla är värda sin lön och så vidare. Men utmaningen är att få alla parterna med på en på en resa mot någonting bättre och för att de ska komma med på en resa så borde man alltid kunna utstaka ett tydligt mål som är både monetärt, finansiellt och verksamhetsmässigt”

Q8:

“Nyckelpersonerna får man gärna på högsta nivå utse så fort som möjligt efter integrationen. Men sen så har de ju i uppdrag att bygga organisationen neråt och utse sina medhjälpare och då kommer det att uppstå också en förteckning över alla nyckelpersoner på alla håll där, och då ofta när man vet att det finns sådana här nyckelpersoner, är de sen tio eller hundra, så erbjuder man dem olika typer av bonus. Vi till exempel hade såna här tolv månaders stay-on-bord-bonusar som var ganska väl tilltagna, alltså det var ungefär ett halvår lön om du stannade ett år kvar. Och sen var det sådana där man så fort man fick till exempel resten av årets nya budgeten, sammanslagna budgeten, så då såg man över de individuella bonussystemen så att de nya målen fanns återspeglade i bonussystemet. Och jag menar, de där bonussystemen som vi på den tiden hade, de utgjorde ungefär 40 % av den fasta lönen.”

Q9:

“Finns det nyckelpersoner där, eller finns det liksom som kunskap som man måste säkerställa att finns kvar i bolaget, och då vill vi ju gärna också se att det finns en tidsbunden eller nån form av avtal för dom här, för att hålla kvar sådan kunskap... som ... jag menar om det här företagsköpet baserar sig på att det finns en viss kunskap som det här bolaget sitter på, så är det ju ofta i de här personerna och då säger vi nog att vi liksom förutsätter att den här kunskapen ska hållas där. Och då är det ju nog ofta liksom något avtal, alltså att personen ska stanna en viss tid och liksom som motsats till, eller som så att säga beef där det liksom ofta frågan om någon monetär kompensation antingen i form av ett arvode, som betalas efter den här tiden som man förutsätter att den här

personen är. Eller sen, ganska ofta, säger vi nog också att man binder där de här personerna med i bolagets ägande, att de får en liten steak i det här köpta bolagen.”

Q10:

“Och det är nog en av de största och viktigaste uppgifterna för en sån här integrationsprocess och en ledning av en integration, och där jag kraftigt rekommenderar att man skapar en egen integrationsorganisation som inte är samma som linjeorganisationen, utan där är där finns då representanter för båda parterna och där finns representanter från lite olika nivåer i organisationen som ska driva en strukturerad integration som är välplanerad, som har en tidtabell, som har också liksom delmål och som framförallt har ett jättestort ansvar i att kommunicera och berätta vart man är på väg, vad man håller på med och så vidare.”

Q11:

”I synnerhet när det är multinationellt så måste man hålla i det. Men till exempel, nog har ju Nokia haft sådana här integrationer eller sådana här utvecklingscentra som har haft ganska fria händer att utveckla själva saker men då har de ju tydliga mål och en uppgift att utveckla en ny basstation, 5G-basstationen eller en ny display eller något sånt.”

Q12:

”Vi koncentrerar oss på kassaflöde, så vi kontrollerar liksom på det viset att bolaget följer de målsättningar som vi har kommit överens.”

Q13:

“Framförallt så har det varit processer mer än system, alltså att det fanns nästan en handbok på vilka faser som ska uppföljas i integrationsarbetet som ju ofta stod om, minimi 6 månader, men för det mesta tog det ett år. Jag hade uppdrag en gång på att integrera i tie länder på 12 månader. Så jag fick ju fara som en skottspole över allt då, och då hade jag ett sekretariat som hade ett minutiöst system där man hade de olika integrationsprocesserna och deras liksom milestones definierade, och så var det varje vecka en uppföljning på de här milestones, dit de fick rapportera in.”

Q14:

“Det behöver inte vara de högst uppsatta i den operativa ledningen, utan det finns sådana här påverkare i organisationer, i alla organisationer, såna här inofficiella influencers som det heter på engelska, som påverkar stämningen i en organisation. Man borde kunna identifiera sådana och ta med dem i integrationsarbete som jobbar med den där gemensamma strukturen, och gemensamma målen och integrationen och de här killarna eller flickorna, damerna, vilka det nu sen är - de kommer att sprida också det där budskapet. Det ska finnas från båda sidorna representanter där med och under integrationsfasen så ska de ha en stor makt och de ska kunna ges mycket förtroende också. Och genom det så visar de genom exemplet att man kan driva en gemensam fråga framåt.”

Q15:

”De uppköpta enheternas ledning har försökt kusettaa huvudmannen, liksom ekonomiskt också: bygger till exempel halmtak på sitt hus på firmans bekostnad eller gör några annat... Men jag skulle säga nog det att det är en allmän grej; om inte line of command är tydlig, om inte ansvarsfördelningen är tydlig, finns det alltid en risk att det finns någon som börjar liksom kusettaa på ett eller annat sätt. Så att om du har då en sammanslagen organisation och du har till exempel en Europa-ansvarig som sitter i de här lokala styrelserna och att om den där VD:n av någon anledning lyckas kringgå sin egen styrelse och den här Europa-ansvariga, och säger att han har en direktkontakt med VD:n, så då är då är det fara på torpet redan att han det där hävdar någonstans att ”men det är han kommit överens med VD:n att det har ni ingenting med att göra” Då vet man inte riktigt hur man ska göra i sådana fall. Så ja, line of command tydlighet och kommunikation.”

Q16:

”Jag sålde en finsk Metso-enhet till Tyskland och det dröjde inte länge så hade tyskarna implementerat allting och alla var nöjda och glada, men de respekterade ju det utvecklingsarbete som finnarna hade gjort och samma var det när Continental köpte Elektrobit, så var det ju också så att de ville åt teknologin och kunnandet hos de här killarna, men de implementerade nog sina egna rapporterings- och kontrollsystem. Ofta är det så att den uppköpande enheten nog utser en lokal som vd.”

Q17:

”I och med det att de hade då highstreet-logo på de dokument som de producerar i massor, där det kom liksom olika policy papper och det kom det ena och det andra så gav det lite extra trovärdighet - att det var ingenting som varken Nokia eller Ericsson eller Luxor eller någon annan hade hittat själv på, utan det såg ut som professionell dokumentation, och det var det också.”

Q18:

”Sen finns ofta också någon form av tidsbundna klausuler, så att gamla ägaren måste sitta sitter kvar en viss tid och sånt, så då märks det inte heller innan sen förstås gamla ägare så att säga träder ut helt och hållet, och då kan det hända att det blir någon ändring.”

Q19:

”Världen förändras så mycket att det är liksom svårt att avtala vad vi kommer att göra om 5 år”

Q20:

”Jag brukar säga då redan att man ska gödsla med information, det är tjtigt men man måste liksom hålla på varje vecka och upprepa det... och sen först när organisationen börjar känna igen sig i budskapet så sen först börjar det att hända någon integration också. Om man inte får dem med och förstå helheten: vart vi är på väg och varför vi är på väg, så då blir det sådana här subkulturer och de börjar motverka det ena och det andra.”

Q21:

“Jag återgår till det där, att det måste finnas en tydlig plan och en enorm kommunikationsinsats. Alltså man ska gödsla med kommunikation och berätta - och det ska finnas tydliga ansvariga personer som ansvarar för integrationen”

Q22:

“Men gällande tid och kommunikation kan man missa ganska mycket... och med misskommunikation kan man liksom screw up hela skiten. Det hände i Spanien att Nokias och Ericssons organisationer höll på att konkurrera om samma affär inom banksystem och det dröjde inte mer än tie dagar efter den här annonseringen, så hade varenda en av spanjorerna sagt upp sig och försvunnit. Och det var långt borta, det var ingen av högsta ledningen som egentligen förstod vad frågan var och ingen hade liksom lyssnat på deras problem där. Utan de där Nokiakillarna, det var ju Nokia som gjorde förvärvet, hade gått ut och varit kaxiga och sagt att nu ska vi köra så som vi bestämmer.”

Q23:

“Så kan det hända att den uppköpta organisationen börjar revoltera. Innan man hinner in genom dörren och ens granska vad det är på gång, så hade en VD skrivit under nya anställningsavtal åt sina direktrapporterande direktörer med stora avgångsvederlag. Och de hade vänt på det hela och sagt att nu sitter vi bara här stilla i båten, men vi har våra nya avtal och väntar på att Nokia kommer och ger foten åt oss... och så cashar ni in det där. Så det kan gå på det sättet också, men där åtalade vi ju VD:n för trolöshet mot huvudman och han fick ju han fick ju ersätta, alltså han fick ju foten direkt och det fick ju hans kaverin också”