Essays on the role of accounting in acquisition decision-making

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Abstract

This dissertation investigates the role of accounting in acquisition decision-making via three essays. First essay examines the influence of accounting on trust development during the acquisition negotiation process. Essay 2 explores the interplay of formal and informal pre-decision control mechanisms and seeks to provide new insights on the interplay of various pre-decision control mechanisms at different stages of the acquisition decision-making process. Third essay seeks to specify how accounting, as a resource for sensemaking, affects the shaping of meaning construction in the context of post-acquisition integration. All essays included in the dissertation adopt a case study approach drawing on an acquisition process of two Finnish companies.

The primary objective of this dissertation is to contribute to the strategic investment decision-making, acquisition negotiation and post-acquisition integration literatures with new insights on the role of accounting in acquisition decision-making. All three essays included in this dissertation provide evidence that accounting has a different role for different actors at different times of ex-ante and ex-post acquisition decision-making. Accounting operates as a trust-building mechanism during the negotiation phase, serving as a substitute for personal-based trust and enabling acquisition negotiators to show commitment to the acquisition (Essay 1). It also operates as a communication tool during the evaluation and selection phases in the interplay of financial analysis, strategic analysis and managerial judgment (Essay 2). Additionally, this study theorizes that accounting reduces buyers’ ex-ante complexity, so that even a complex transaction can be legitimized within a very limited pre-acquisition timeframe, or shape ex-post complexity into a plausible form (Essay 3).

The dissertation further indicates that rather than being an isolated phenomenon, accounting operated at the core of forming and reforming organizational life during acquisition negotiation (Essay 1) and ex-ante and ex-post acquisition decision-making (Essay 3). These findings suggest that accounting assists in molding subjective considerations, contributing to the emerging research on strategic investment decision-making.

Keywords Acquisitions, Decision-making, Negotiation, Trust, Pre-decision controls, Sensemaking

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PART I
PART I: OVERVIEW OF THE DISSERTATION

1. INTRODUCTION

This dissertation investigates the role of accounting in acquisition decision-making. It is strongly motivated by Alkaraan and Northcott (2007), who argue for the significance of understanding the various roles of analysis tools during different phases of strategic investment decision-making process. Generally, according to this pronouncement, before entering the evaluation stage, where investment options are assessed and financial analysis conducted, most strategic considerations have already been made. However, only limited research has explored how these affect decision-making prior to the investment decision. Further motivation comes from continuous calls for more empirical research into capital budgeting decisions applying case study methods (Alkaraan and Northcott, 2006; Hopwood, 1983; Miller and O’Leary, 2005; Northcott, 1991; Scapens, 1990; Verbeeten, 2006).

The primary objective of this dissertation is to contribute to the strategic investment decision-making, acquisition negotiation and post-acquisition integration literatures with new insights on the role of accounting in acquisition decision-making. Despite extensive literature on strategic investment decision-making, earlier evidence on the varying role of accounting in acquisition decision-making has been insufficient. Prior research has tended to draw attention to the use of capital budgeting techniques (Alkaraan and Northcott, 2006; Arnold and Hatzopoulos, 2000; Carr and Tomkins, 1996, 1998; Farragher et al., 1999; Graham and Harvey, 2001; Haka 1987; King, 1975; Klammer and
Walker 1984; Klammer et al., 1991; Pike 1983, 1988, 1996; Sandahl and Sjögren, 2003; Sangster, 1993). As Carr et al. (2010) argue, the bulk of the research in strategic investment decisions has focused on budgeting techniques and their usability.

The dissertation consists of three essays and an overview. All three essays provide evidence that accounting can have a different role for different actors at different times in ex-ante- and ex-post acquisition decision-making. Additionally, the dissertation provides further empirical evidence on accounting as a communication tool (van Cauwenbergh et al., 1996) and enhances our knowledge on the role of accounting in forming organizational life (see, e.g., Gerdin et al., 2014). The dissertation makes further contributions to specific research areas of the three essays included in this dissertation, as outlined below.

The first essay of this dissertation explores the influence of accounting on trust development in the context of an acquisition negotiation process at the pre-merger stage. Earlier literature has provided evidence that trust enables effective negotiation (Leach and Sabatier, 2005), which in turn forms an essential part of the establishment of interorganizational relationships (Ring and Van de Ven, 1994). Additionally, accounting has been conceptualized as a ‘trust building’ technology, meaning that parties intentionally show their leaning towards cooperative behavior and their trustworthiness through relational signaling, such as sharing information voluntarily through ad hoc calculations (Lindenberg, 2000; Vosselman and van der Meer-Kooistra, 2009). However, earlier literature has paid little attention to how accounting acts in the process of
relational signaling and what forms it takes (Vosselman and van der Meer-Kooistra, 2009). Essay 1 seeks to provide new insights on the relationships among accounting, trust and acquisition negotiations by examining how accounting influence the development of trust in the acquisition negotiation process. The study illustrates how accounting operated as a trust-building mechanism and served as a substitute for personal-based trust. Specifically, accounting assisted the negotiators in corroborating their initial positive beliefs about the acquisition outcome. Progressively, these positive beliefs outweighed negotiators’ initial negative beliefs regarding the acquisition process. Additionally, accounting enabled the negotiators to show risky behaviors via escalating commitment to the acquisition through ad hoc calculations and continuous discussions.

The second essay focuses on the interplay of formal and informal pre-decision control mechanisms and managerial decision-making behavior at different stages of acquisition decision-making. Prior strategic investment decision-making literature has indicated that strategic investment decisions are based on a combination of financial analysis, strategic considerations and managerial judgment (Alkaraan and Northcott, 2007; Carr et al., 2010; Emmanuel et al., 2010; van Cauwenbergh et al., 1996). However, only limited research has been undertaken to explore how financial analysis, strategic considerations and managerial judgment control strategic investment decision-making prior to the investment decision (Alkaraan and Northcott, 2007). Additionally, earlier research has reported inconsistent findings on how financial analysis, strategic considerations and managerial judgment affect managerial decision-making behavior at different stages of the strategic investment decision-making process. Therefore, Essay 2 explores the
interplay of formal and informal pre-decision control mechanisms and managerial
decision-making behavior at different stages of the acquisition process. Distinguishing
this study from earlier research, the essay points towards a more continuous interplay
between pre-decision controls and managerial decision-making behavior within the
context of acquisition decision-making.

Finally, the third essay of this dissertation focuses on accounting and its role in making
sense of post-acquisition integration. Prior post-acquisition integration literature has
addressed cognitive simplifications and behavioral manners that have led to unrealistic
conceptions of merger outcomes (Vaara and Monin, 2010), potentially resulting in
amplified and deceptive expectations of the advantages of the investments (Jemison and
Sitkin, 1986). However, the post-acquisition integration literature has provided only
limited evidence on the communicative construction of meaning in the context of inter-
organizational transactions (Jørgensen et al., 2012). Therefore, Essay 3 approaches post-
acquisition integration via accounting and sensemaking. Prior accounting literature has
indicated that accounting is a representation device, which, through framing
circumstances and potential approaches, can modify certain development paths as
meaningful (Hacking, 1983, 1992; Jørgensen et al., 2012). Thus, Essay 3 examines how
accounting, as a resource for sensemaking, affected the construction of meaning during
post-acquisition integration. Whereas earlier literature has portrayed accounting as
forming organizational life (Gerdin et al, 2014), this paper corroborates the constitutive
role of accounting by indicating that accounting has different roles for different actors at
different times during ex-ante and ex-post acquisition sensemaking. Firstly, the study
indicates how accounting reduced complexity for the buyer so that the transaction could be legitimized within a limited pre-acquisition timeframe. Secondly, the study indicates that ex-post resistance to change by the seller was due to limited ex-ante sensemaking. Thirdly, accounting metrics became the anchor for ex-post sensemaking, leading to an inability to react to emerging situations. Therefore, rather than being an isolated phenomenon, accounting operated at the core of forming and reforming organizational life during both ex-ante and ex-post acquisition sensemaking.

This dissertation comprises two parts. Part I provides an overview of the dissertation. The remainder of the overview following the present introductory chapter is organized as follows. In chapter two, the related theoretical discussions are explored. In chapter three, the objectives of this research are introduced, followed by methodological construction in chapter four. Chapter five outlines the main contributions of each of the three essays included in this dissertation, ending with some concluding remarks. Part II consists of the three original essays.
2. LITERATURE REVIEW

2.1. ACCOUNTING AND TRUST DEVELOPMENT IN ACQUISITION NEGOTIATIONS

2.1.1. Definition of trust

This dissertation approaches trust as “willingness to be vulnerable” (Mayer et al., 1995; p. 726) and applies Rousseau et al.’s (1998; p. 395) definition of trust as “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another.”¹ This definition contains two components of trust: trust can be seen as an intention to be vulnerable (or ‘trusting intention’; Mayer et al., 1995; Lander and Kooning, 2013) and as a positive expectation (or ‘trusting belief’; Cullen et al., 2000; Lewicki et al., 1998; Lander and Kooning, 2013).

According to McKnight and Chervany (1996), when one person has ‘trusting beliefs’ about another, the person is willing to depend on him/her, leading the person to behave so that the intention will be apparent. By interacting cooperatively, ‘trusting beliefs’ initiate self-sustaining inter-person cycles of trust (McKnight et al., 1998; Lander and Kooning, 2013). Additionally, when the trustee shows ‘trusting behaviors’, they impact the cycle of

¹ Other scholars use similar definitions of trust, including ‘confident, positive expectations’ by Lewicki et al. (1998); ‘willingness to rely’ on another by Doney et al. (1998); ‘positive expectations’ of others by Hagen and Choe (1998), Elangovan and Shapiro (1998) and Das and Teng (1998); and ‘positive attitude’ towards others by Whitener et al. (1998). In fields ranging from psychology (e.g., Lewicki et al., 1998; Mishra and Speitzer, 1998) to strategy (e.g., Bhattacharya et al., 1998), researchers share confident expectations and willingness to be vulnerable as the main components of trust (Fulmer and Gelfand, 2012; Rousseau et al., 1998; Schoorman et al., 2007). Similarly, more recent studies have commented the willingness to accept vulnerability as the core of trust (McEvily et al., 2003; Schoorman et al., 2007; Vosselman and van der Meer-Kooistra, 2009).
the trustor, thus establishing a stronger positive perception of the trustee (Mayer et al., 1995; Lander and Kooning, 2013). Combined, the inter-person cycles of trust and feedback loops between the parties construct a circular process of mutual strengthening (Butler, 1991; Lander and Kooning, 2013).

Prior research suggest that interfirm trust develops gradually through a combination of reputation, direct experience and third-party recommendations (Gulati, 1995; Larson, 1992; Ring and Van de Ven, 1994; Sako and Helper, 1998; Uzzi, 1997), providing relevant information about the reliability of possible counterparties (Gulati and Gargiulo, 1999). Trust development has been identified to consist of three stages, the first being initial trust (Lander and Kooning, 2013), which is strongly influenced by reputation categorization and stereotyping (McKnight et al., 1998). Thus, negotiators form primary positive or negative trusting beliefs regarding the other party based on cognitive cues (Lander and Kooning, 2013). The negotiators’ cognitive processes of reputation categorization and stereotyping (McKnight et al., 1998) based on organizational and cultural characteristics determine the initial level of trust between them (Lander and Kooning, 2013). Thus, their personal relationship influences and adapts the structure of the interorganizational relationship (Curral and Judge, 1995). In the second stage, these initial assumptions are substituted by behavioral experiences as more reliable information is gathered through direct interaction (McKnight et al., 1998; Lander and Kooning, 2013). According to Lewicki et al. (2006), early relationship is normally characterized by low levels of trust and by distrust due to limited information about the other party. With first-hand knowledge about the other party, extended trust is developed (Humphrey and
Schmitz, 1998; Lander and Kooning, 2013). Thirdly, Lander and Kooning (2013) showed how continuous interaction influenced the development of a stronger trust, affect-based trust, which is based on beliefs about the intentions attributed to others’ behaviors (McAllister, 1995). Additionally, this affected the perceived risk levels and benefits from intercompany collaboration. This motivated the parties to express progressively risky behaviors by escalating commitment to intercompany collaboration.

2.1.2. Research on acquisition negotiations, accounting and trust

Studies focusing on trust in the context of acquisitions have had number of outcomes; e.g., Graebner and Eisenhardt’s case study (2004) indicates that acquisition targets favor buyers that they trust, where other studies suggest that acquisition deals are more likely to take place when the buyer and seller have a prior direct relationship (Schildt and Laamanen, 2006; Vanhaverbeke et al., 2002) or mutual network ties (D’Aveni and Kesner, 1993). Some studies have focused on the balance between trust and distrust, while earlier findings indicated that trust imbalances will be short-lived (Graebner, 2009). If one party trusts the other, the trustee will feel mutually obliged, leading to symmetric trust (McEvily et al., 2003; Zaheer and Harris, 2005). In the opposite situation, the distrusted party will lose confidence, leading to symmetric distrust (Ferrin et al. 2007). In contrast to these trust research findings where members of a dyad share ‘trusting beliefs’ (i.e., the assumption that trust/distrust is symmetric) (Dyer and Chu, 2000, 2003; Lui and Ngo, 2004; Ring and Van de Ven, 1994; Schoorman et al., 2007; Zaheer and Harris, 2005), Graebner (2009) argued for a more complex pattern. She examined acquisitions of entrepreneurial firms and argued that trust and deception can coexist due to “a complex
set of asymmetries and errors in both parties’ views regarding trust and trustworthiness” (Graebner, 2009; p. 436). In her findings, both the sellers and the buyers often had asymmetric views on the other party’s trustworthiness, and negotiation-related deception was common. Similarly, Lander and Kooning (2013; p. 5) argue that trust and distrust can coexist and that they develop “at a different pace and pattern in different relational domains”. Accordingly, the trust in the process (i.e., the way parties achieve an outcome) can be high even if faith in the outcome is low and vice versa.

The relationship between business transactions and trust has gained increasing attention from accounting scholars (Coletti et al., 2005; Dekker, 2004; Free, 2008; Hakansson and Lind, 2004; Langfield-Smith and Smith, 2003; Merchant, 1984; Mouritsen and Thrane, 2006; Seal et al., 1999; Seal, 2004, Tomkins, 2001; Tsamenyi et al., 2013, van der Meer-Kooistra and Vosselman, 2000; Vosselman and van der Meer-Kooistra, 2009). These studies have approached trust from a control perspective, arguing that trust is an uncertainty-absorbing mechanism (Dekker, 2004; Langfield-Smith and Smith, 2003; van der Meer-Kooistra and Vosselman, 2000), that a high level of trust reduces the need for control (Kamminga and van der Meer-Kooistra, 2007; Groot and Merchant, 2000), that trust affects the design and the outcome of the control packages (Tomkins, 2001; Emsley and Kidon, 2007; Langfield-Smith, 2008), and that control-related information influences the level of trust (Emsley and Kidon, 2007). However, there seem to be different opinions regarding whether accounting is a substitute for or a complement to trust (Das and Teng, 1998; Dekker, 2004; Free, 2008; Tomkins, 2001). Those scholars who perceive accounting as a substitute for trust argue that in situations where trust is high, there would
be less need for formal accounting and vice versa (Das and Teng, 1998; Wicks et al., 1999). Some studies even argue that the introduction of formal accounting would have a negative impact on the need for trust (Currall and Judge, 1995; Smith and Barclay, 1997). Tomkins (2001) disagrees with this inverse relationship, suggesting that the early periods of a relationship are likely to be characterized by low levels of commitment and thus a positive connection between trust and accounting information. With a more mature cooperation and higher level of trust, the connection can be negative. Thus, the higher demand for trust may not automatically call for less accounting (Bijlsma and Koopman, 2003). In other words, accounting can complement trust but can also be a substitute for it (Emsley and Kidon, 2007; Free, 2008).

Vosselman and van der Meer-Kooistra’s (2009) study problematizes this separate approach and argues for a more interactive relationship. They illustrate how accounting is related to trust by conceptualizing accounting as a ‘trust-building’ technology. Vosselman and van der Meer-Kooistra (2009; p. 270) regard accounting to be “directly instrumental to the generation of positive behavioral expectations…about the ability, benevolence and integrity of the other party” and show how voluntary local decisions empower the use of accounting in illustrating the engagement in the relationship. Similarly to the concepts of risk-taking behavior (Das and Teng, 1998) or ‘trusting behavior’ (Lander and Kooning, 2013) described earlier, Vosselman and van der Meer-Kooistra link this show of commitment to ‘relational signaling’ (Lindenberg, 2000), meaning that the parties intentionally show their leaning towards cooperative behavior and, thus, their trustworthiness. Hence, “trust is built to the relationship” through local voluntary
decisions (Vosselman and van der Meer-Kooistra, 2009; p. 273). Through ad hoc calculations and accounts, accounting acts as a means of voluntary information sharing and hence encourages knowledge sharing. Therefore, accounting acts as a relational signaling device to build the relationship.

Additionally, Vosselman and van der Meer-Kooistra (2009) distinguish trust from being an actor. Trust operates through accounting and is an outcome of the sharing of accounting. By giving positive signals of being proficient, benevolent and truthful, the parties suggest to each other their commitment to a long-term relationship instead of short-term opportunistic behavior. Thus, relational signals push the building of ‘thick’ trust forward. As Vosselman and van der Meer-Kooistra show (2009; p. 280), “whereas thin trust emerges from the absence of legitimate negative behavioral expectations, thick trust emerges from the presence of positive behavioral expectations”. Thus, they conclude that accounting can help in creating and reproducing these positive expectations.

2.1.3. Research gap in acquisition negotiation, trust and accounting literatures addressed in this study

The first essay of this dissertation responds to the call by Vosselman and van der Meer-Kooistra (2009) to study how accounting acts in the process of relational signaling and what forms it takes, as well as by Graebner (2009) and Jemison and Sitkin (1986) to examine how trust is built in the relationship during an acquisition negotiation. Distinguishing this study from earlier research by focusing on the development of trust,
from initial trust to affect-based trust, the essay examines the influence of accounting on trust development during the acquisition negotiation process.

2.2. ACCOUNTING AND PRE-DECISION CONTROLS IN ACQUISITION DECISION-MAKING

2.2.1. Definition of pre-decision control mechanisms

Essay 2 applies a definition of pre-decision controls as mechanisms designed to influence managerial decision-making behavior across various stages of the acquisition decision-making process (Alkaraan and Northcott, 2007). According to Alkaraan and Northcott (2007; p. 135), “pre-decision controls establish pre-conditions that determine whether an investment project is identified as worthy of formal, financial evaluation; and the criteria against which it will be evaluated and selected”. These controls include organizational strategy, financial analysis techniques, the influence of managerial judgment through intuition and strategic fit.

2.2.2. Research on pre-decision control mechanisms

The literature on strategic investment decision-making has focused extensively on the use of capital budgeting techniques (Alkaraan and Northcott, 2006; Arnold and Hatzopoulos, 2000; Carr and Tomkins, 1996, 1998; Farragher et al., 1999; Graham and Harvey, 2001; Haka 1987; King, 1975; Klammer and Walker 1984; Klammer et al., 1991; Pike 1983, 1988, 1996; Sandahl and Sjögren, 2003; Sangster, 1993). However, a growing number of studies have indicated that strategic investment decisions do not always rest solely upon
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financial considerations (Alkaraan, 2015; Alkaraan and Northcott, 2006, 2007, 2013; Bromwich and Bhimani, 1991; Butler et al., 1991, 1993; Bowyer and Davis, 2012; Carr et al., 1994; Carr et al., 2010; Carr and Tomkins, 1996, 1998; Frezatti et al., 2013; Jones and Dugdale, 1994; Shank, 1996; Shank and Govindarajan, 1992, 1993; van Cauwenbergh et al., 1996). While financial issues remain a central aspect of strategic investment decision-making, more subjective strategic considerations have been found to influence these decisions, including quality, market leadership, strategic fit, innovation, and company image (Alkaraan and Northcott, 2013; Carr et al., 2010). Additionally, recent research findings indicate that managerial judgment and intuition play an important role in strategic investment decision-making (Alkaraan and Northcott, 2013; Emmanuel et al., 2010). As Alkaraan and Northcott (2007; p. 134) continue, “financial analysis techniques are only one control mechanism designed to guide decision-making”. However, so far only limited research has been undertaken to explore how these other factors precondition decision-making prior to the investment decision (Alkaraan and Northcott, 2007).

Despite the extensive literature on strategic investment decision-making, prior studies have reported inconsistent findings on how financial analysis, strategic considerations and managerial judgment affect managerial decision-making behavior at different stages of the decision-making process. In Alkaraan and Northcott’s (2007) study, financial analysis was mainly used in the final evaluation stage of the strategic investment process. It was perceived as less powerful pre-decision control mechanism. In contrast, van Cauwenbergh et al. (1996) indicated that financial analysis plays an important role in
strategic investment decision-making processes and is often used in the early analysis of strategic investments. Additionally, Alkaraan and Northcott (2007) note that before the evaluation stage (in which investment options are assessed and financial analysis is conducted), most strategic considerations have already been made. They further suggest that managerial judgment is evident only in the later selection stage of the investment decision-making process. By contrast, Emmanuel et al. (2010) found evidence that managerial judgment affects multiple stages of the decision-making process, including the early screening, financial evaluation and implementation stages. This apparent inconsistency within the prior research on how various pre-decision control mechanisms and managerial decision-making behavior impact each other calls for further empirical examination of this relationship.

2.2.3. Research gap in pre-decision control literature addressed in this study

The second essay of this dissertation responds to the call by Alkaraan and Northcott (2007) for taking a broader perspective on the factors influencing strategic investment decisions by also examining them as a management control issue. The study further responds to calls for more empirical research into capital budgeting decisions applying case study methods (Alkaraan and Northcott, 2006; Hopwood, 1983; Miller and O’Leary, 2005; Northcott, 1991; Scapens, 1990; Verbeeten, 2006). Distinguishing this study from earlier research, Essay 2 explores the interplay of formal and informal pre-decision control mechanisms and seeks to provide new insights on the interplay of various pre-
decision control mechanisms at different stages of the acquisition decision-making process.

2.3. ACCOUNTING AND POST-ACQUISITION SENSEMAKING

2.3.1. Sensemaking as a concept

Essay 3 draws on the concept of sensemaking (Gioia and Chittipeddi, 1991; Weick, 1995). Sensemaking has been defined as a discursive process of constructing situational consciousness and understanding, in situations of great complexity or uncertainty, in order to make decisions (Klein et al., 2006). Sensemaking is “an issue of language, talk, and communication” (Weick et al., 2005, p 409) that is fundamentally based on meaning construction, including emotional processes of assessment and political processes of justifying and finding social acceptance for decisions (Søderberg and Vaara, 2003; Jørgensen et al., 2012). Sensemaking activities are often required in situations where our understanding of a phenomenon becomes unintelligible, such as post-acquisition integration. This takes place when our surroundings are changing quickly, presenting unexpected issues for which we are unprepared, or which we are incapable of solving, due to their adaptive rather than technical features (Heifetz et al., 2009). In these situations, phenomena “have to be forcibly carved out of the undifferentiated flux of raw experience and conceptually fixed and labeled so that they can become the common currency for communication exchanges” (Chia, 2000, p. 517). Therefore, Essay 3 mobilizes sensemaking framework as a process of social construction, in which the top
management teams of the buyer and the seller form and reform commonly accepted, plausible meanings of their acquisition process.

2.3.2. Research on post-acquisition integration

Prior literature on post-acquisition integration, especially among organizational scholars studying acquisition decision-making, has addressed cognitive simplifications and behavioral manners that have led to unrealistic conceptions of merger outcomes (Vaara and Monin, 2010). Vaara and Monin (2010) related this to the concept of groupthink (Janis, 1972), referring to the idea that deepening attention to certain ideas disturbs critical thinking. Similarly, Jemison and Sitkin (1986) argue that amplified and deceptive expectations of the advantages of the investments can arise (Jemison and Sitkin, 1986). Haspeslagh and Jemison (1991), in their study of process-based difficulties that complicate the integration process for merging companies, argue that determinism relates to management’s inability to adjust to changing situations by maintaining their original justification.

Another body of inter-organizational research has focused on the construction of meaning, illustrating how the interpretative diversity of different involved actor groups is linked to cooperation such as post-acquisition integration (Jørgensen et al., 2012). Some of these studies focus on identity construction, especially regarding the construction of gender inequality (Tienari, 2000; Tienari et al., 2005), while others discuss the
ambiguities\(^2\) of inter-organizational operations (Ailon-Souday and Kunda, 2003; Risberg, 1999, 2001, 2003; Vaara, 2001, 2003). However, while these interpretative studies on post-acquisition “have addressed a wealth of questions regarding the symbolic construction of meaning in inter-organizational encounters, the role of inter-organizationally employed representation technology as discursive sensemaking and sensegiving devices has been neglected so far” (Jørgensen et al., 2012, p. 112). Therefore, Essay 3 seeks new insights in order to contribute to the post-acquisition integration literature with the assistance of accounting as sensemaking perspective, as will be illustrated in the following chapter.

2.3.3. Research on accounting and sensemaking

Essay 3 examines the role of accounting in making sense of post-acquisition integration by approaching accounting as a representation device. Prior literature has indicated that accounting links representations of economic ideas to potential forms of intervention through representation and intervention (Hacking, 1983, 1992). By framing circumstances and potential approaches, accounting represents certain development paths as meaningful (Jørgensen et al., 2012). Therefore, accounting can be perceived as a representation device that establishes a solid frame of reference, is transportable despite time and space, and is adjustable to local considerations due to its flexibility (Gerdin et al., 2014; Jørgensen et al., 2012). Additionally, it has been argued that, through representation and intervention, accounting can link representations of economic ideas to

\(^2\) Prior literature suggests that such ambiguity can be considered ‘a normal state of affairs’ (Vaara, 2003) with both positive and negative impacts (Cohen and March, 1974; Denis et al., 1996; Meyerson, 1991; Risberg, 1999).
potential forms of intervention (Hacking, 1983, 1992). Similarly, Roberts and Scapens (1985) argued that accounting information not only mirrors but also modifies organizational reality and, thus, can be seen as a central sensemaking tool. As Gerdin et al. (2014, p. 390) argue, “accounting significantly contributes to forming (rather than just informing about) organizational life”. Earlier studies on accounting and sensemaking have indicated, for example, that certain specified goals were created based on accounting metrics as an outcome of top management’s sensemaking, creating commitment in uncertain situations such as an initial public offering (Kraus and Strömsten, 2012). Therefore, accounting can provide a plausible representation of the area that the managers are trying to navigate.

2.3.4. Research gap in post-acquisition, sensemaking and accounting literatures addressed in this study

Although scholars and practitioners agree that the post-acquisition integration process is a vital, perhaps even the most significant factor in securing a successful acquisition (Fubini et al., 2007; Haspeslagh and Jemison, 1991; Hitt et al., 2001; Marks and Mirvis, 1998; Heimeriks et al., 2012), we have only a limited understanding of mergers and their detailed impacts on the studied organizations. Therefore, Essay 3 responds to the call by Jørgensen et al. (2012) to study the communicative construction of meaning in the context of inter-organizational transactions. Distinguishing this study from earlier research, the essay seeks to specify how accounting, as a resource for sensemaking, affects the shaping of meaning construction in the context of post-acquisition integration.
3. RESEARCH OBJECTIVES

This section summarizes the research objectives of this dissertation. The primary objective of this dissertation is to contribute to the literatures on strategic investment decision-making, acquisition negotiation and post-acquisition integration by addressing the identified research gaps in the prior literature, as explained in the previous chapter. The dissertation aims to contribute to these literatures by providing new insights on the role of accounting in acquisition decision-making. Additionally, the dissertation aims to further contribute to specific research areas of the three essays included in this dissertation, as summarized below.

Essay 1 seeks to provide new insights on the relationships between accounting, trust and acquisition negotiations. It examines how accounting influenced the development of trust in an acquisition negotiation process. In order to better understand these relationships, this essay introduces the theory of accounting as a trust-building technology (Vosselman and van der Meer-Kooistra, 2009) into the literature on acquisition negotiation (Graebner, 2009; Lander and Kooning, 2013). The essay provides new insights on how accounting acts in the process of relational signaling (Vosselman and van der Meer-Kooistra, 2009) and the process that leads to an acquisition (Graebner, 2009).

Essay 2 seeks to advance the knowledge of strategic investment decision-making by focusing on the interplay of financial analysis, strategic considerations and managerial judgment at different stages of the decision-making process. The essay aims to refine earlier theory (Keating, 1995) by focusing on Alkaraan and Northcott’s (2007) model of
pre-decision controls for strategic investment decision-making in the context of acquisition decision-making. Essay 2 provides new insights on the interplay of formal and informal pre-decision control mechanisms and managerial decision-making behavior at different stages of the acquisition process.

Finally, Essay 3 seeks to contribute to the post-acquisition literature (Hardy and Phillips, 1998; Haspeslagh and Jemison, 1991; Janis, 1972; Jemison and Sitkin, 1986; Vaara, 2003; Vaara and Monin, 2010) and to the accounting and sensemaking literatures (Jørgensen et al., 2012; Kraus and Strömsten, 2012; Tillmann and Goddard, 2008), by examining how accounting, as a resource for sensemaking, affected the construction of meaning during post-acquisition integration. Since the post-acquisition integration literature has provided only limited evidence on the communicative construction of meaning in the context of inter-organizational transactions, the study draws on the accounting and sensemaking literatures (Jørgensen et al., 2012; Kraus and Strömsten, 2012; Tillmann and Goddard, 2008) to illustrate representation devices, such as accounting, that are assumed to operate as a resource for sensemaking. It could offer relevant insights into the sensemaking process in post-acquisition integration.
4. RESEARCH APPROACH

This dissertation theorizes in the interpretive genre (see, e.g., Lukka and Modell, 2009), allowing the researcher to emphasize theoretical sensitivity and allowing emerging themes to surface (Ahrens and Dent, 1998; Dyer and Wilkins, 1991). The dissertation seeks to balance earlier theory with emerging empirical insights, preventing theory and the researcher’s own conceptual pre-understanding from dominating over emerging themes. The ontological position of this study therefore assumes reality to be emergent, subjectively created and objectified through human interaction (Ahrens and Chapman, 2006; Chua, 1986; Humphrey and Scapens, 1996).

The empirical investigation of this dissertation draws on an acquisition process of two Finnish companies that began in late 2007. Data have been gathered through eighteen semi-structured field interviews. The study addressed the seller’s management team and board of directors, the buyer’s and merged companies’ top management and board of directors, as well as external advisors who participated in the negotiation process. Interviewed external advisors included senior integration, financial and legal advisors who assisted the buyer company, as well as strategy advisors who assisted the seller company, during the acquisition negotiation process. The interviews, lasting from 30 to 150 minutes, were conducted between October 2012 and January 2013, totaling more than twenty-four interview hours. All but two of the interviews were tape-recorded. Notes were taken during these two interviews and were transcribed immediately after the session. Prior to the research project, the researcher had no connection with the
interviewees or the companies. After a kickoff meeting with the buyer’s CEO, a site visit was organized at the merged companies’ headquarters, where the researcher introduced himself to the parent company’s and seller company’s senior management. The researcher met all but one of the interviewees in person before the actual interview. This enabled the researcher to build confidential rapport, especially with the persons interviewed by phone. Five persons were interviewed through a conference call. The researcher made every effort to contact all key participants of the acquisition process. Nevertheless, not all were reached; three board members could not be contacted, and their potentially valuable insights thus had to be excluded from the study.

Semi-structured interviews were used in order to encourage the interviewees to discuss matters with their own meaning constructs (Rubin and Rubin, 1995) and to enable the researcher to ask probing questions (McKinnon, 1988). Interview themes and questions were developed with the assistance of prior theory (Ahrens and Dent, 1998). Additionally, the questions were discussed with and scrutinized by two academics with a great deal of field research experience. This was done in order to increase the validity of the interview questions (see Ahrens and Dent, 1998; McKinnon, 1988). Confidentiality was the main concern in gaining access to this case and was a major matter in handling the interview data. This aspect of the study was described to the interviewees to encourage them to share their experiences freely. A great deal of effort was put into creating as informal an interview situation as possible by emphasizing the independence and neutrality of the researcher in order to minimize threats to reliability and validity (McKinnon, 1988). Additionally, the semi-structured interviews enabled the researcher to
ask probing questions (McKinnon, 1988). The themes for the interviews were prepared in advance and discussed with the interviewees, but the interview format was not shared. Thus, the researcher enjoyed the freedom of directing the conversations in appropriate directions.

The researcher admits that a potential bias of ex-post rationalization (Huber and Power 1985) existed when interviewing the participants of the acquisition process several years after the incident. Therefore, the interview data were complemented by internal and external documentation. Archival data consisting of strategy documentation and case companies’ annual reports were gathered from the buyer company and from public sources. The researcher was provided with access to internal documentation prepared during the acquisition and integration processes and with reports conducted by external advisors for the acquisition, integration and strategy processes of the acquired company. Other relevant material was gathered from company websites and during site visits. Newspaper articles on both companies and the acquisition process were collected and meticulously analyzed. Additionally, several informal meetings with the top management of the merged companies were arranged. This triangulation of data was conducted in order to increase the reliability and validity of the study (McKinnon, 1988; Scapens, 1990; Vaivio, 2008) and to check for ex-post rationalization on the part of the managers (Huber and Power 1985). In addition, data analysis proceeded in parallel with data gathering, which enabled the researcher to probe more deeply into emerging themes (Ahrens and Dent, 1998; Ahrens and Chapman, 2006; McKinnon, 1988; Vaivio, 2008).
After gathering the empirical data, the information was carefully investigated and then organized into a tentative format. The initial findings were discussed with key informants at the case organization in order to check factual content (Scapens, 1990). From the preliminary patterns of evidence, the researcher was encouraged to continue on the current path towards an analytical illustration. No theoretical framework was forced upon these findings initially. Instead, the researcher sincerely reflected whether the preliminary theoretical conceptions were inappropriate. This would have suggested the mobilization for alternative theories. Nevertheless, the researcher believes that an iterative examination and re-examination of both theory and research evidence allowed him to build a plausible interpretation of the studied events.

5. SUMMARIES OF THE ESSAYS AND THEIR CONTRIBUTION

5.1. ACQUISITION NEGOTIATION: THE INFLUENCE OF ACCOUNTING ON TRUST DEVELOPMENT

The first essay of this dissertation seeks to provide new evidence on the influence of accounting on trust development during acquisition negotiations. Earlier literature has provided evidence that trust enables effective negotiation (Leach and Sabatier, 2005), which is an essential part of the establishment of interorganizational relationships (Ring and Van de Ven, 1994). Additionally, accounting has been conceptualized as a ‘trust building’ technology, meaning that parties intentionally show their leaning towards cooperative behavior and their trustworthiness through relational signaling, such as sharing voluntarily information through ad hoc calculations (Lindenberg, 2000;
Vosselman and van der Meer-Kooistra, 2009). Essay 1 examines how accounting was implicated in the development of trust between the buyer and the seller during an acquisition negotiation.

Essay 1 contributes to the trust and accounting literature by showing how accounting operated as a trust-building mechanism in an acquisition process. The applied definition of trust in the paper contains two components: trust can be considered as 1) an intention to be vulnerable (or ‘trusting intention’; Mayer et al., 1995; Lander and Kooning, 2013) and 2) a positive expectation (or ‘trusting belief’; Cullen et al., 2000; Lewicki et al., 1998; Lander and Kooning, 2013). The paper suggests that accounting impacts instrumentally on “the generation of positive behavioral expectations” about the ability, benevolence and integrity of the other party (Vosselman and van der Meer-Kooistra, 2009; p. 270). As Vosselman and van der Meer-Kooistra (2009) argue, accounting can assist in constructing and reflecting positive behavioral expectations about the other party and thus help to establish a stronger trust, ‘thick trust’. Essay 1 shows how accounting assisted negotiators in surfacing their positive initial ‘trusting beliefs’ on the acquisition outcome instead of focusing on negative initial beliefs about the acquisition process. After negative personal-based trust on the process surfaced, accounting assisted the negotiators in turning their attention elsewhere – to work mutually on accounting calculations. As McKnight and Chervany (1996) argued, when a person has ‘trusting beliefs’ about another, the person is willing to depend on the trustee and thus to behave so that the intention will be apparent. All the negotiators shared high ‘trusting beliefs’ about the acquisition outcome, which outweighed sellers’ initial negative ‘trusting beliefs’
about the acquisition process when sellers were in direct contact with the buyer’s negotiators. As earlier literature has indicated, trust develops through repeated interaction and on the basis of first-hand knowledge of the other’s trustworthiness (Humphrey and Schmitz, 1998; Lander and Kooning, 2013). Accounting acted as a means for voluntary information sharing and encouraged knowledge sharing (Vosselman and van der Meer-Kooistra, 2009); therefore accounting-based trust can serve as a substitute for personal-based trust.

Additionally, accounting enabled the negotiators to show progressively more ‘trusting behaviors’ (Lander and Kooning, 2013) to each other through discussions about the seller’s financial figures. In particular, ad hoc calculations operated as a means for voluntary information sharing, serving as a substitute for the lack of initial personal-based trust. The findings further corroborate earlier studies indicating that when the trustee shows ‘trusting behaviors’, trustees impact the inter-person cycles of trust of the trustor and thus establish a stronger positive perception of the trustee (Mayer et al., 1995; Lander and Kooning, 2013) and construct a circular process that strengthens trust (Butler, 1991; Lander and Kooning, 2013). This process, in turn, enabled affect-based trust between the negotiating companies, based on expressions of risky behaviors in the form of an escalating commitment to intercompany cooperation (Lander and Kooning, 2013). Therefore, accounting enabled the negotiators to show risky behaviors by escalating commitment to the acquisition through ad hoc calculations and continuous discussions.
5.2. ACQUISITION DECISION-MAKING: THE INTERPLAY OF PRE-DECISION CONTROL MECHANISMS

Essay 2 seeks to advance the knowledge of strategic investment decision-making by focusing on the interplay of financial analysis, strategic considerations and managerial judgment at different stages of the decision-making process. Earlier literature has indicated that strategic investment decisions do not always rest solely upon financial considerations (Alkaraan and Northcott, 2006, 2007, 2013; Bromwich and Bhimani, 1991; Butler et al., 1991, 1993; Bowyer and Davis, 2012; Carr et al., 1994; Carr et al., 2010; Carr and Tomkins, 1996, 1998; Frezatti et al., 2013; Jones and Dugdale, 1994; Shank, 1996; Shank and Govindarajan, 1992, 1993; van Cauwenbergh et al., 1996). Rather, strategic investment decisions are based on combinations of financial analysis, strategic considerations and managerial judgment (Alkaraan and Northcott, 2007). Essay 2 examines the interplay of formal and informal pre-decision control mechanisms and managerial decision-making behavior at different stages of an acquisition process.

Essay 2 contributes to the strategic investment decision-making literature by focusing on pre-decision control mechanisms. It illustrates a more complex process than what has put forth in earlier research efforts. The essay first illustrates how formal pre-decision control mechanisms (i.e., strategy and financial analysis), together with informal pre-decision control mechanisms (i.e., managerial judgment through intuition and strategic fit), constituted the core pre-decision control mechanisms which had an impact on the managerial decision-making behavior. Second, the study points towards a continuous interplay between formal and informal pre-decision controls and managerial decision-
making behavior throughout the decision-making process, instead of the gradual influence indicated by Alkaraan and Northcott (2007). Alkaraan and Northcott’s (2007) findings indicated that financial analyses were mainly used in the final evaluation stage of strategic investment process and thus were considered as less useful pre-decision control mechanisms. Additionally, their model of pre-decision control mechanisms indicates that managerial judgment (intuition and strategic fit) is evident only in the later stages of the strategic investment decision-making process. The findings from this study are in line with van Cauwenbergh et al.’s (1996) findings indicating that financial analyses had already been initiated in the early evaluation stage. Furthermore, strategic argumentation (i.e., industry and integration opportunities) became intermingled with the information provided by formal financial analysis. Corroborating the findings of van Cauwenbergh et al. (1996), formal analysis operated here as a communication tool during the acquisition decision-making process. Interpretation through intuition and strategic fit adjusted formal financial analysis and strategy, thus modifying formal pre-decision controls. In other words, both formal and informal pre-decision control mechanisms shaped and were shaped by the managerial decision-making behavior.

In summary, Essay 2 indicates how financial analysis, strategic considerations and managerial judgment complemented each other throughout a time- and data-restrained acquisition process. Financial analysis was used alongside strategic analysis and was adjusted by strategic considerations, rather than only supporting and justifying the acquisition decision with rational calculations. Similarly, managerial judgment affected financial analysis and strategy formulation. Therefore, this study points to a more
5.3. THE ROLE OF ACCOUNTING IN POST-ACQUISITION SENSEMAKING

The third essay of this dissertation seeks to provide new insights into the sensemaking process in post-acquisition integration by examining accounting as a resource for sensemaking. Earlier studies on accounting and sensemaking have indicated how accounting links representations of economic ideas to potential forms of intervention through representation and intervention (Hacking, 1983, 1992). Through framing circumstances and potential approaches, accounting modifies certain development paths as meaningful (Jørgensen et al., 2012). Hence, accounting is a representation device that establishes a solid frame of reference, is transportable despite time and space, and is adjustable to local matters due to its flexibility (Gerdin et al., 2014; Jørgensen et al., 2012). As Gerdin et al. (2014, p. 390) argue, “accounting significantly contributes to forming (rather than just informing about) organizational life” Therefore, Essay 3 examines post-acquisition integration as a construction of meaning and the role of accounting as a resource for sensemaking.

Essay 3 contributes to the post-acquisition literature (Hardy and Phillips, 1998; Haspeslagh and Jemison, 1991; Janis, 1972; Jemison and Sitkin, 1986; Vaara, 2003; Vaara and Monin, 2010) and the emerging research on accounting and sensemaking (Jørgensen et al., 2012; Kraus and Strömsten, 2012; Tillmann and Goddard, 2008) by
examining how accounting, as a resource for sensemaking, affected the construction of meaning during post-acquisition integration. The essay indicates that accounting has different roles for different actors at different times during ex-ante and ex-post acquisition sensemaking and therefore corroborates earlier literature as the role of accounting in forming organizational life (Gerdin et al., 2014). The study shows how accounting via forecasted net sales, average project sizes, and EBITDA framed the acquisition opportunity as anticipated, assisting in constructing a new meaning for the buyer in ex-ante sensemaking. With a limited time for the acquisition negotiations, the information memorandum and especially its accounting metrics operated as assisting devices through which the buyer shaped ongoing complexity into a comprehensive and plausible format (Weick et al., 2005). Despite the historical financial figures indicating negative EBITDA and constrained liquidity, accounting framed circumstances and potential approaches. It created order for this particular situation (Weick, 1993). It projected certain development paths as meaningful (Jørgensen et al., 2012). Forecasted accounting metrics such as sales growth, average project sizes, and EBITDA operated as frames through which a meaning for the buyer was formed. Therefore, this study adds to the accounting and sensemaking literatures by indicating that accounting reduced complexity for the buyer: even a complex transaction could be legitimized within a limited pre-acquisition timeframe.

Driven by the ex-ante-constructed meaning, the buyer’s sensegiving influenced the seller’s meaning construction (Gioia and Chittipeddi, 1991; Gioia and Thomas, 1996; Gioia et al., 1994). Similar to Vaara (2003), the field evidence indicates that ambiguities
surfaced in specific discussions on particular integration issues that took place in different formal and informal arenas. Corroborating the findings of Hardy and Phillips (1998), the buyer’s interactions that were portrayed as cooperative were considered to be defensive maneuvers. They were to preserve prevailing distribution of power. These different interpretations revealed ambiguities between the companies. As a consequence, the seller’s CEO resigned. Whereas earlier studies show that strong existential difficulties arise during the post-acquisition role transformation, potentially resulting in resistance to change (Bridges, 1986; Chreim, 2002; Reger et al., 1994), this study indicates that it was due to limited ex-ante sensemaking.

Because of the relatively short acquisition process and the resignation of the former CEO, after signing the deal the buyer’s top management faced a situation in which they were attempting to structure post-acquisition integration as meaningful (Jørgensen et al., 2012) and bring order to the situation (Weick, 1995). Through representation and intervention, accounting information linked representations of economic ideas to potential forms of intervention (Hacking, 1983, 1992). Additionally, accounting metrics became the anchor for ex-post sensemaking, emphasizing the achievement of forecasted net sales in the information memorandum provided during the acquisition negotiations. As the study further indicates, the buyer’s focus and planning were narrowed down to encompass achieving net sales growth targets. This resulted to an inability to react to emerging situations such as aligning the organizational structure with increased project sizes, enhancing knowledge sharing, and maintaining owner value through profitability. Therefore, the study adds to the post-acquisition sensemaking and accounting literature;
rather than being an isolated phenomenon or simply a representation of an organization, accounting operated at the core of forming and reforming organizational life during ex-ante and ex-post acquisition sensemaking.

6. CONCLUSIONS

The primary objective of this dissertation is to contribute to the strategic investment decision-making, acquisition negotiation and post-acquisition integration literatures by addressing the identified research gaps in prior literature. The dissertation provides focused observations about the role of accounting in a particular context of acquisition decision-making. These are addressed below. Additionally, the dissertation makes further contributions to the specific research areas of the three essays included in this dissertation, as indicated in chapter five.

All three essays included in this dissertation provide evidence that accounting has a different role for different actors at different times of ex-ante and ex-post acquisition decision-making. Accounting operates as a trust-building mechanism during the negotiation phase, serving as a substitute for personal-based trust and enabling acquisition negotiators to show commitment to the acquisition (Essay 1). It also operates as a communication tool during the evaluation and selection phases in the interplay of financial analysis, strategic analysis and managerial judgment (Essay 2). Additionally, this study theorizes that accounting reduces buyers’ ex-ante complexity, so that even a
complex transaction can be legitimized within a very limited pre-acquisition timeframe, or shape ex-post complexity into a plausible form (Essay 3).

Despite extensive literature on strategic investment decision-making, earlier evidence on the varying role of accounting in acquisition decision-making has been insufficient. Prior research has tended to draw attention to the use of capital budgeting techniques (Alkaraan and Northcott, 2006; Arnold and Hatzopoulos, 2000; Carr and Tomkins, 1996, 1998; Farragher et al., 1999; Graham and Harvey, 2001; Haka 1987; King, 1975; Klammer and Walker 1984; Klammer et al., 1991; Pike 1983, 1988, 1996; Sandahl and Sjögren, 2003; Sangster, 1993). As Carr et al. (2010) argue, most of the theoretical pronouncements on strategic investment decisions have focused on budgeting techniques and their usability. However, similar observations about the different roles of accounting have surfaced in the strategic investment decision-making literature. In Alkaraan and Northcott’s (2007) study, financial analyses were mainly used in the final evaluation stage of strategic investment process, whereas van Cauwenbergh et al. (1996) found evidence that financial analyses are often used in the early stages of strategic investments.

This dissertation also provides further empirical evidence on accounting as a communication tool (van Cauwenbergh et al., 1996). As Kraus and Strömsten (2012) indicated, accounting metrics provide a common language for managers in assessing complex situations. The dissertation first indicates that accounting acts as a relational signaling device to build the relationship (Vosselman and van der Meer-Kooistra, 2009) through ad hoc calculations and discussions of the seller’s financials (Essay 1). Secondly,
accounting operates as a communication instrument in the interplay of financial analysis, strategic analysis and managerial judgment (Essay 2). Thirdly, accounting acts as a resource for sensemaking (Essay 3), which is “an issue of language, talk, and communication” (Weick et al., 2005, p 409). These findings suggest that accounting assists in molding subjective considerations, contributing to the emerging research on strategic investment decision-making. These studies have indicated that strategic investment decisions do not always rest solely upon financial considerations (Alkaraan and Northcott, 2006, 2007, 2013; Bromwich and Bhimani, 1991; Butler et al., 1991, 1993; Bowyer and Davis, 2012; Carr et al., 1994; Carr et al., 2010; Carr and Tomkins, 1996, 1998; Frezatti et al., 2013; Jones and Dugdale, 1994; Shank, 1996; Shank and Govindarajan, 1992, 1993; van Cauwenbergh et al., 1996). Instead, more subjective strategic considerations (i.e., quality, market leadership, strategic fit, innovation, and company image) and managerial judgment have been identified to influence these decisions (Alkaraan and Northcott, 2013; Carr et al., 2010; Emmanuel et al., 2010).

Finally, this dissertation enhances our knowledge regarding the role of accounting as constituting and structuring organizational life (see, e.g., Gerdin et al., 2014). As Gerdin et al. (2014, p. 390) argue, “accounting significantly contributes to forming (rather than just informing about) organizational life”. Similar evidence in earlier literature was presented by Roberts and Scapens (1985), who argued that accounting information not only mirrors but also modifies organizational reality. Accounting can operate as a frame of meaning for actors “capable of shaping their cognition and their actions rather than being purely external to it” (Miller and Power, 2013, p. 579). Therefore, the dissertation
indicates that accounting, rather than being an isolated phenomenon or simply a representation of an organization, operates at the core of forming and reforming organizational life during acquisition negotiation (Essay 1) and ex-ante and ex-post acquisition decision-making (Essay 3). Therefore, the dissertation contributes to emerging research on accounting and sensemaking (Jørgensen et al., 2012; Kraus and Strömsten, 2012; Tillmann and Goddard, 2008). However, this remains an underinvestigated and undertheorized area that could offer further relevant insights into sensemaking and sensegiving processes in the context of intercompany transactions.

Inspired by the results of the different roles of accounting for different actors in acquisition decision-making, future strategic investment decision-making research could focus on information dissymmetry. As Pablo et al. (1996) illustrate, acquisition characteristics relate to the speed of decision-making and the limited access to and restricted use of information. Therefore, it is assumed that the seller has better access to and is more aware of accounting information than the buyer, which could indicate different roles of accounting. Additionally, further studies could benefit from focusing on how different stakeholders perceive the role of accounting at different stages of the acquisition process, since in this dissertation the number of participants in the acquisition process was limited. Therefore, with a larger internal and external participant group, future research could enhance our knowledge on the role of accounting for different actors. However, much further research is needed in order to uncover the complexity of accounting in strategic investment decision-making.
REFERENCES FOR PART I


