

**Bachelor's Programme in Accounting**

# Navigating M&A: the purpose of MCs in promoting desired outcomes

Case: Family-owned company perspective

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### **Abstract**

Mergers and acquisitions (M&A) are strategic tools for companies aiming to grow and expand their operations beyond organic growth. Unfortunately, less than half of these M&A deals achieve their desired and planned goals. However, these desired outcomes can be encouraged by implementing certain management controls (MCs) in the acquired company. These MCs aim to develop a positive view of the acquiree company and the integration process.

The purpose of this thesis is to analyse the use of management controls (MCs) in promoting desired results in M&A deals within a family-owned business. The objective is to determine: What management controls are utilized in a family-owned business, what kind of controls are used in a successful integration process, and how management controls can promote desired outcomes in post-acquisition integration.

This thesis is a single case study conducted with a qualitative approach, chosen to enable a deeper dive into the specific topic. The empirical data was collected by conducting two interviews with the CFO of a family-owned company, who played a significant role in the acquisition team. However, due to the qualitative approach and the thesis being a single case study, there are limitations to the findings.

The findings of this thesis validate the impacts of using MCs in post-acquisition integration. Focusing on MCs that encourage good communication, trust-building, and a thriving company culture facilitates positive perceptions of the acquirer and promotes successful acquisition outcomes. Future research on the topic of MCs utilized by different kinds of acquirers is recommended.

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**Keywords** Management control systems, mergers and acquisitions, management accounting, family-owned enterprises, integration

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### **Sammandrag**

Företagsförvärv är ett strategiskt verktyg för företag som vill bland annat utvidga sin verksamhet till nya områden och växa. Tyvärr når mindre än hälften av företagsförvärven de planerade och önskade resultaten. Däremot kan uppnåendet av de önskade resultaten främjas genom användning av styrmedel. Dessa styrmedel stöder utvecklingen av en positiv miljö kring företagsförvärvet och av det nya moderbolaget.

Syftet med denna avhandling är att analysera användningen av styrmedel som stöder förvärvs processen och hjälper att uppnå de önskade resultaten i ett familjeägt företag. Målet är att undersöka: Vilka styrmedel används i ett familjeägt företag, vilka styrmedel som används i en lyckad integrationsprocess, och hur styrmedlen kan främja uppnåendet av de önskade resultaten i integrationen.

Denna avhandling är en kvalitativ fallstudie och empirin består av två semi-strukturerade intervjuer. Personen som intervjuades är finansdirektör i ett familjeägt företag och hade en betydande roll i förvärvsteamet. På grund av att avhandlingen är en kvalitativ fallstudie är resultaten dock begränsade.

Forskningsresultaten i denna avhandling bekräftar att användning av styrmedel i företagsintegration har betydelse. Styrmedel som stöder god kommunikation, skapar bättre förtroende hos det förvärvade företaget samt främjar den gemensamma företagskulturen, bidrar till den positiva uppfattningen om företagsförvärvet och det nya moderbolaget. Om det förvärvade företaget har en bättre uppfattning om företagsförvärvet, är det möjligt att uppnå bättre resultat. Vi rekommenderar ytterligare forskning om styrmedel som används i företagsförvärv med olika typer av företag.

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**Nyckelord** styrmedel, företagsförvärv, internredovisning, familjeägt företag, integration

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## Table of contents

1	Introduction .....	1
2	Theoretical background .....	3
2.1	Management control systems (Levers of control).....	3
2.2	Mergers and acquisitions and family-owned businesses.....	9
2.2.1	Family-owned businesses.....	9
2.2.2	Peculiarities in MCs of family-owned companies.....	9
2.2.3	Mergers and acquisitions (M&A) .....	10
2.2.4	M&A in family-owned companies.....	10
2.3	How MCs can encourage positive perceptions of integration .....	11
3	Description of research method and material .....	16
3.1	Research method and design.....	16
3.2	Research material .....	17
4	Research findings and analysis .....	18
4.1	Target company and case overview .....	18
4.2	Management style in target group.....	20
4.3	Management controls in the target company .....	21
4.4	Management controls used post-acquisition .....	22
4.5	Factors affecting interpretation of MCs and integration .....	23
5	Discussion and conclusion .....	26
	References.....	30
	Appendix .....	34

# 1 Introduction

Mergers and acquisitions (M&A) have become a strategic tool for companies striving to grow their enterprises, expand their markets, and gain larger customer-pools, among other things (Renneboog and Vansteenkiste, 2019). While successful M&A actions can generate incredible opportunities and develop businesses in ways otherwise not possible, the integration process can be challenging in many ways (Bartels et al., 2006). Furthermore, not all M&A actions are successful nor reach their planned goals, some can damage value creation and even destroy enterprises (Schoenberg, 2006). Post-acquisition integration is a critical part of the M&A process and can affect the wanted results significantly. The integration process needs to be carefully planned and executed to ensure a smooth transition for both parties involved (Väisänen et al., 2021). Management controls (MCs) that support strategy implementation and target reaching, can be applied in post-acquisition integration, to promote the desired outcomes (Väisänen et al., 2021). The research questions can be formulated in the following manner:

*What management controls are utilized in a family-owned company?*

*What kind of controls are used in a successful integration process?*

*How can management controls promote desired outcomes in post-acquisition integration?*

By answering the preceding questions, the aim is to broaden the understanding on the importance of management controls in navigating M&A -actions. Furthermore, there is a gap in the research when it comes to family-owned enterprises and their use of MCs, which this thesis aims to narrow. The main theories and frameworks utilized in the analysis of MCs and to answer our research questions, are the levers of control (LOC) -framework (Simons, 1995), which has been revised by Tessier and Otley (2012). Additionally, the factors that affect the perception of the management controls and the integration, which are covered in Väisänen et al. (2021), are analysed.

The case company, Birch, conducted an acquisition in 2021, and the case covers the integration process and the success of the acquisition. Birch is a private, family-owned company with an entrepreneurial mind-set, which makes the analysis interesting. These characteristics are appearing rarely in the M&A and MCs research (e.g. Senftlechner and Hiebl, 2015; Sundaramurthy, 2008), which encourages the presentation of theories related to those specific

characteristics, and how they might affect the use of MCs (Senflechner and Hiebl, 2015). This will broaden the understanding of how the theories fit this specific empirical data.

Management controls (MCs) are an important part of the management and planning of strategy, decision-making and target reaching in companies (Widener, 2004). Controls can be applied in many situations by providing structure and guidelines to improve performance and overcome challenging situations. Furthermore, MCs can support both the management and employees in situations like post-acquisition integration, which can be unpleasant and involve feelings of uncertainty. By supporting the communication, trust-building and culture development, the management controls can facilitate a more positive environment both during and after the integration. MCs have been somewhat thoroughly studied (e.g. Malmi and Brown, 2008; Adler and Borys, 1996), however the research on their impacts on successful integration has been slim (e.g. Väisänen et al., 2021; Vuorenmaa, 2024). Additionally, the research regarding MCs in post-M&A integration involving a family-owned company has been even more limited (Ossari, 2021).

The main objective of this thesis is to analyse the MCs used in a family-owned enterprise and how utilizing them can support the post-acquisition integration process. This case study method was chosen to bring versatile insights into the utilization of management controls that achieve optimal integration outcomes. The thesis is conducted with a qualitative approach, which has its limitations. Moreover, the empirical findings and reached conclusions are based on one company and only one view on the topic. Further limitations are specified in the *Discussion and conclusions* -chapter.

Chapter 2 begins with a literature review that covers the fundamental subjects in this thesis. These subjects include management controls and the utilized framework (Tessier and Otley, 2012), information about mergers and acquisitions as well as family-owned enterprises. Additionally, the thesis covers the use of MCs to encourage positive outcomes and perceptions of an acquisition. Chapter 3 covers the methods and material utilized for the thesis. In chapter 4, the case study utilized in the thesis is covered and compared to the theories introduced prior in the thesis. Lastly, in chapter 5, the findings are discussed further which lead to the conclusions and recommendations for actions and future research.

## **2 Theoretical background**

This section of the thesis will cover the research related to MCs and M&A -deals. Additionally, research regarding family-owned companies will be briefly introduced. Firstly, the management control systems are introduced, and the framework utilized in this thesis (Tessier and Otley, 2012) is covered. Thereafter, the research on M&A, and family-owned companies will be briefly covered. Lastly, the framework used in the analysis of the MCs utilized in a post-acquisition integration process, is introduced (Väisänen et al., 2021).

### **2.1 Management control systems (Levers of control)**

The definitions of MCs are usually quite broad, including all kinds of tools, to help the management with supervising and carrying out corporate plans as well as strategy execution. Managers have considered traditional accounting measures such as budgeting, to be too simple, which has increased the interest and need for management controls, that could better support decision-making and strategy realization (Silva et al., 2021). In this thesis the main framework used for analysing management controls is based on the levers of control (LOC) -framework (Simons, 1995), that has been revisited by Tessier and Otley (2012).

Companies apply management controls to prevent and encourage certain behaviour, promote common goals, and support strategy (Widener, 2004). If the controls are planned and implemented appropriately, they can affect employee behaviour in preferred ways, that align with the company (Abernethy and Chua, 1996; Merchant and Van der Stede, 2016; Malmi and Brown, 2008). The intent behind MCs is to construct a system or a guide, as not everyone will know or be able to work in the desired way, which implies the need of guidance and structure from the management (Merchant and Van der Stede, 2016). However, there are several approaches to applying control, and not all of them are considered effective by employees, which can raise negative attitudes towards the management and the controls. Furthermore, the controls seen as successful or effective are rarely considered or given much attention, whereas the ineffective or unfavourable ones are more prominent (Perrow, 1986).

The employees' perception of controls and the management's intent behind the controls are often different. The managers plan the MCs and what they want to achieve with them. Furthermore, the employees observe and react to the controlling mechanisms and rules. The difference

in involvement is the reason, that the perception of and intent behind controls are not always coherent (Tessier, Otley, 2012). Malmi and Brown (2008) suggest that it's more probable that employees will comply and implement the designed controls if they have been participating in the planning of the controls. This in turn may make the controls work better and improve the employees' attitude towards them and the management (Väisänen et al., 2021). However, involving employees in the planning of controls may not be achievable in changing situations, like mergers and acquisitions (M&A), where controls are often applied by the acquirer (Väisänen et al., 2021). Tessier and Otley (2012) encourage additional empirical research related to employee involvement in MCs planning.

MCs contain both formal and informal controls (Laguir et al., 2019). Formal controls are intentionally applied standards and practices, that aim to control by applying cause and effect - loops, where consequences aim to affect behaviour (Langfield-Smith, 1997). Informal controls consist of organizational values, beliefs, and norms, which can be harder to identify in an empirical setting (Abernethy and Vagnoni, 2004). Furthermore, informal controls rarely aim to intentionally shift the employees' focus to organizational goals and targets. Formal controls are easier to analyse since they are intentionally designed and applied in the company, therefore many theoretical MC frameworks are based on formal controls and aim to address the more evident and detectable sets of MCs (Laguir et al., 2019). Moreover, the share of formal controls compared to informal controls, positively affects the ability to analyse the applied MCs in a company. The framework used as a base for this thesis focuses on analysing more formal controls (Tessier and Otley, 2012).

Tessier and Otley (2012) are revisiting the levers of control (LOC) -framework established by Simons (1995), that supports the analysis of formal management controls. The LOC -framework is based on four levers of control: **beliefs, boundary, diagnostic and interactive** (Simons, 1995). These levers are embedded and work together to create dynamic control systems, that support strategy implementation. The four levers are controlling the four key components that affect the application of strategy in companies, and that need to be understood. These key components are “**core values, risks to be avoided, critical performance variables and strategic uncertainties**” (Simons, 1995, p. 6).



### *Beliefs system*

The base of beliefs systems is to pass on the **core values** and the purpose of the organization, that support strategy implementation. The beliefs systems include positive forces, that encourage and guide new possibilities (Simons, 1995).

### *Boundary system*

Boundary systems create boundaries to mitigate risks related to opportunities and aim to communicate the **risks to be avoided**. However, managers do not need to rule the employees' every move, only guide them, which supports creativity retention. (Simons, 1995; Tessier and Otley, 2012.)

### *Diagnostic control system*

The diagnostic control systems aim to guarantee successful strategy implementation and ensure target reaching. They are used in motivating and supervising operations, as well as compensating for reaching goals. These systems aim to control the **critical performance variables**. (Simons, 1995; Tessier and Otley, 2012.)

### *Interactive control system*

The interactive control systems encourage communication between managers and employees to support learning of employees. The objective with the interactive control system is that the managers are participating in the decision-making and interact with the employees to tackle **strategic uncertainties**. (Simons, 1995; Tessier and Otley, 2012.)

As seen in Fig. 1, the design process and implementation, of the levers of control -framework (Tessier and Otley, 2012), is quite complex. The design process is now further simplified by using Fig. 1, as a support for the presentation. The framework is divided into two different parts, the internal and external part. The internal part involves the managerial intentions behind the management control systems (MCS) and reflects on the process of planning and designing MCSs, which is done internally by the managers. The external part includes the presentation of controls, and how employees perceive them. When beginning the design process of MCSs, the **first step** is to choose what type of individual controls managers want to use, in this framework they are presented as technical or social controls. Social controls are made to impact the feeling side of employees (Ray, 1986, p.288) and include culture, values and beliefs related to

the company (Alverson and Karreman, 2004), whereas technical controls intend to impact the execution of tasks and include rules and principles (Perrow, 1986).

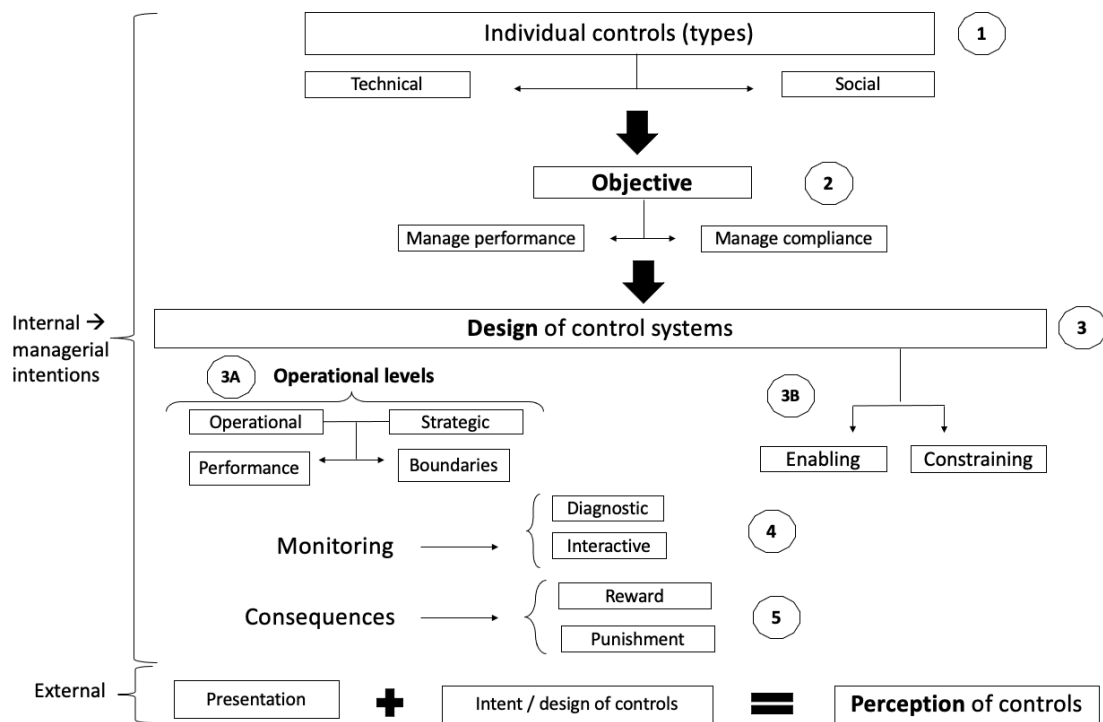


Figure 1: Visualisation of the design process and implementation of MCS, interpretation of /variation of the framework by Tessier & Otley (2012).

After choosing the types for individual controls, technical or social, the **second step** is to determine the objectives of the controls. The objectives are divided into **managing performance** and **managing compliance**. The controls associated with compliance are related to bureaucracy and create boundary systems, that aim to protect and sustain company value, whereas performance controls are used to achieve company goals and generate value (Cunningham, 2004). Both objectives are used to form management control systems, and neither of these are considered good or bad, or one better than the other. (Tessier and Otley, 2012.)

When the management has chosen the objectives, the **third step** is to design and compile the management control systems (MCS), that can have different attributes. The main attributes in this framework are control systems on different operational levels, and enabling and constraining systems. MCS on different operational levels are divided into operational controls and strategic controls. Controls on the operational level determine what the organisation needs to do or avoid doing to reach goals. The strategic objectives measure whether the strategy aimed to

reach the goals is effective and successful. Both operational and strategic controls can be used simultaneously, and they are not contradictory. Companies manage compliance by using boundary controls: strategic boundaries and operational boundaries, which include rules that constrain certain behaviour. The strategic boundary systems aim to control and constrain the strategic opportunities of the company. The operational boundaries relate to daily activities, and include rules that need to be followed, to conduct operations in the defined way. Companies manage performance by using operational performance controls and strategic performance controls in their control systems. The operational performance controls aim to guarantee that the operational activities help reach strategic goals. The strategic performance systems aim to control that the applied strategy is performing as it should, and helps the company reach its goals. (Ferreira and Otley, 2009; Tessier and Otley, 2012.)

Adler and Borys (1996) introduced the enabling and constraining attributes of MCS and the balance between them, which is expressed as the “dual role of control” (Tessier and Otley, 2012). Some control systems are aiming to prevent and restrict certain behaviour, by creating boundaries and rules to follow. These controls are minimizing the risks, by decreasing options and making the behaviour of employees more predictable. These kinds of controls are constraining control systems and usually include more technical controls. Other control systems aim to enable learning and encourage organizational values. These are enabling controls, which support creativity and flexibility, and usually include more social controls. Both styles and roles are necessary to create a dynamic and balanced MCS bundle, and neither of them are considered good or bad (Mundy, 2010). The enabling and constraining roles are referring to features of MCS and are chosen by the managers. These features reflect on the intent behind the controls, and how the managers want to achieve goals. (Tessier and Otley, 2012.)

The **fourth step** is to determine whether the changes in operations and results want to be monitored interactively or diagnostically. The interactive monitoring is applied on more important controls, and is a dynamic model where controls are observed and altered more often. Managers are more involved in the monitoring and modification of the interactive MCS. The diagnostic monitoring involves less interaction with the controls, and they are considered or changed only if circumstances or results change radically (Tessier and Otley, 2012). After the individual controls are designed, the following step, the **fifth step**, is where managers need to determine how they want to address differences between the targets and results. The differences in targets

and results, may be favourable or unfavourable for the company, which in turn will determine the consequences. If employees can preserve and generate company value, by following and complying with the controls, managers can reward these actions. However, if employees are not complying with the controls, and are not able to preserve the value, they can be punished. Not all controls need to have a consequence, but consequences can motivate the employees to comply with the set rules and practices. After the different controls, objectives and consequences are determined, the controls can form joint management control systems (MCS). These MCS are formed when the controls are working together to e.g. enforce strategy or aid decision-making. (Simons, 1995; Tessier and Otley, 2012.)

The employees' perception of MCS often differs from the managers' intent behind the controls. The perceptions and attitudes towards the controls may be positive, negative, or neutral, and not all employees will perceive them in the same way. The perception of controls is the external part of the MCS process and is affected by the intent behind the controls, the consequences of performance as well as how they are presented. Controls can be considered positive, when they "motivate, reward, guide and promote learning", and negative when they "coerce, punish, prescribe and control" (Tessier and Otley, 2012, p.172). When the controls help the employees make better decisions and improve their performance in daily activities, they are often perceived as positive. If the controls are a way of managing and compelling the employees to work by the means of the management, the controls are often considered negative (Adler and Borys, 1996). According to Chenhall (2003), when employees consider MCS useful, they are more willing to use them, which leads to elevated knowledge regarding the assignments and better performance. MCS that include more enabling controls are considered more positive, than those including more coercive controls, because the enabling controls build trust in the employees. Not all controls can enhance positivity in employees, and some controls may cause negative attitudes towards them. Nevertheless, their use may be necessary for strategic or operational reasons. (Tessier and Otley, 2012.)

The MCS are usually a combination of different control styles, that have different attributes, and are rarely based on one framework. The framework (Tessier and Otley, 2012) in this thesis helps to understand the intent behind the design of controls, and what the controls aim to affect, as well as how they are perceived by employees. However, companies rarely analyse both the intent behind and the perception of the controls, which may lead to contradictions. The focus,

when designing controls, is usually on the strategic side, and how companies can reach set targets. Scholars, on the other hand, base research on cases, and often focus both on the intent and the perception of the controls. They focus on the type of controls, and how these systems are contributing to results, which is not always the case in the corporate world. (Tessier and Otley, 2012; Malmi and Brown, 2008; Adler and Borys, 1996.)

## **2.2 Mergers and acquisitions and family-owned businesses**

### **2.2.1 Family-owned businesses**

Family-owned businesses (FBs) play a big role in the corporate world, with over 60 % of European companies managed and owned by families. However, the share is smaller when considering publicly listed companies (EU, n.d.). Although the FBs are prominent in our society, management research related to them is quite slim (Gedajlovic et al., 2012). It is assumed that FBs act differently compared to non-family-owned companies, in strategy implementation and management (Senftlechner and Hiebl, 2015). Furthermore, FBs tend to use fewer financial measures and focus more on other methods and criteria (Senftlechner and Hiebl, 2015) The managers and owners of FBs are often the same people or the same person, which reduces the agency problems, and makes decision-making and management easier. However, if the size of the company grows, the need for more management and compliance additionally keeps rising. FBs can be defined by three categories: ownership, management, and control (Senftlechner and Hiebl, 2015). A company is considered family-owned, if the ownership is more than 20 percent, the management and decision-process is conducted by a single person or family, or if they control the company. The lack of research on the topic of FBs affects the ability to analyse and fit models into the family-owned companies, especially when there have been studies that show that FBs and non-family-owned companies often work differently. (Senftlechner and Hiebl, 2015, Villalonga and Amit, 2006.)

### **2.2.2 Peculiarities in MCs of family-owned companies**

There are some peculiarities that are valid for family-owned businesses and their use of MCs. FBs tend to use fewer MCs than other companies, furthermore when family members are in executive positions companies use less strategic measurements. When FBs grow and call for more governance, scholars suggest these companies need to add more strategic controls into their MCS and professionalisation of MC practices, to continue with successful operations.

Furthermore, FBs are less likely to have a specialized department, for management accounting, which may affect the interest to create and apply MCS. (Senflechner and Hiebl, 2015.)

### **2.2.3 Mergers and acquisitions (M&A)**

Mergers and acquisitions, also referred to as M&A, are one of the main drivers of organisational growth (Cartwright and Schoenberg, 2006). The term M&A is most often used when an organisation is acquired by another and becomes a subsidiary, or when companies merge into one. The processes related to mergers and acquisitions affect both the acquirer and the acquiree significantly, and integration of businesses is a key factor in successful M&A. There are two ways in which M&A are conducted, by buying shares (share deal) or by buying assets (asset deal), or in some cases by doing both (Immonen, 2022). The chosen method often depends on the situation, and the wanted results.

There can be different objectives with M&A, e.g. expanding markets, new customer-pools, and new products (Renneboog and Vansteenkiste, 2019), although the most common reason is growth. Organic growth, resulting from successful operations, has its limits, and M&A actions generate opportunities and expansion, that would not otherwise be possible. Furthermore, the market value of M&A deals has been rising in a steady pace since the beginning of the millennium (Bain & Company, 2023). However, only under 60 % of the acquisitions reach the goals set for them (Schoenberg, 2006). The lack of similarities in cultures are a significant component in unsuccessful deals (Cartwright and Schoenberg, 2006). Furthermore, Renneboog and Vansteenkiste (2019) imply that resemblance, regarding e.g. culture and leadership, encourage a favourable outcome of M&A deals. These findings emphasize the importance of due diligence and evaluation of how suitable the combination of entities can be, prior to acquisition.

### **2.2.4 M&A in family-owned companies**

FBs are considered to act in different ways than non-family-owned entities (Senflechner and Hiebl, 2015). FBs may consider strategic decision-making and changes as more critical, for the future of the entity, because they often aim to keep the company running by the family. Furthermore, family businesses are often more careful when wanting to acquire a firm, and their acquisition strategy is more cautious resembling a “wait and see” -tactic (Geppert et al., 2013).

Additionally, FBs are often privately owned, or have at least a big portion of private ownership, which also supports the significance of the family and the cautiousness when it comes to changes in company structure. Furthermore, FBs tend to use and focus on non-financial controls, and less formal controls, than other entities, because the ownership of the company is so central. The centrality of ownership also affects the trust in other owners and members of the management, that are non-family members. (Steier, 2001; Sundaramurthy, 2008; Hiebl et al., 2013.)

The family- and company culture are both important in a family-owned company, and are critical factors, when considering M&A. Family-owned companies should focus on the culture, when doing integration activities, and ponder whether the cultures of the companies need to be separate or if they are suitable to unite. (Worek, 2017; Mickelson and Worley, 2003; Bjursell, 2011.)

### **2.3 How MCs can encourage positive perceptions of integration**

After the acquisition is completed, the next step is to determine the desired level of integration, which can differ between companies and the wanted results. The level of integration will determine the changes made in the company structure and operations, as well as what controls are applied upon the acquiree. Many M&A deals do not reach their set goals, because the integration is not successfully operated (Larsson and Finkelstein, 1999). Some companies want the integration to be limited and only achieve financial benefits, whereas some aim to form a coherent entity, with joint processes and goals. The integration process can be challenging to both parties, especially when there are differences in expectations, culture, and habits. Additionally, the uncertainty in the business environment, caused by the M&A activities, may require a different approach to using MCs (Malmi and Brown, 2008). However, there are several factors that can affect the perception of the acquirer and the integration process, beyond the applied management controls. In this thesis the focus will be on the importance of incorporating and encouraging **trust**, **culture** and **communication** in the applied MCs and what type of MCs can encourage positive perceptions of the integration. (Väisänen et al., 2021.)

M&A -deals and integration affect many parts of the organizations involved. Changes can be made on processes, ERP-systems, controls, and daily activities. However, some do not make

these changes at all, and prefer a more separate model, with familiar structures and independent control. In situations where the changes are minimal, utilizing MCs bring favourable outcomes, since monitoring the performance of the acquired company may still be necessary. It is understandable, that changes to daily routines, strategy, management etc. is not necessarily perceived as positive, and employees are not eager to change their familiar practices right away. However, focusing on cultural-fit, communication and trust-building can enable desired outcomes and foster positive attitudes towards the change. Furthermore, creating positive perceptions of the process as well as the environment, will enable commitment and loyalty to the targets and the acquirer, which enhance the chances of better outcomes of M&A deals. (Väisänen et al., 2021; de la Chapelle, 2022.)

### *Trust*

Trust between acquirer and acquiree is crucial in building a positive environment that supports the common goals. When trust is lacking between partners in an acquisition, utilizing management controls to compensate for the lack of trust will further discourage trust-building (Vuorenmaa, 2024). Furthermore, establishing and encouraging trust-building from the beginning is essential, in fostering the desired outcomes and positive attitudes. Utilizing trust-building management controls in an acquisition situation is crucial in facilitating good outcomes.

The M&A deal may require changes to previously used MCs in the acquired company. Because the acquired company usually has and uses their own controls, the new MCs are often compared to the old ones, which may affect the willingness to change the controls (Adler, 2012). If the old ones include more enabling controls and employees have a positive attitude towards them, it might be harder to apply more constraining controls with more rules and restrictions. Applying global, new MCs in a M&A situation, may be more favoured, if the previous local MCs are more constraining than the new controls. Furthermore, employees are more inclined to apply and follow MCs, if they are perceived as positive and aid the performance and daily activities (Mahama and Cheng, 2013). If the employees feel like the newly applied controls aim to help the performance and tasks of the managers instead of themselves, their attitude towards the controls is more negative (Adler and Borys, 1996), which will in turn facilitate mistrust in the management.



Establishing shared trust between the acquisition parties is necessary in building a positive attitude towards new, changing MCs (Väisänen et al., 2021, p. 3). When employees can trust the managers, they are more likely to communicate openly about processes and results, which enables better monitoring and adjustment if situations become less favourable. Shared trust can be built by improving the social connections between the employees and the new management (Long, 2018), as well as by retaining consistent and open communication. When employees trust the new management, they are more likely to accept more constraining controls and lower adjustability, which enables the management to use various management controls. When the management can use MCs more widely, it enables more freedom for the design of management controls. (Väisänen et al., 2021.)

### *Culture*

Cultural differences may play a significant role in post-acquisition integration. If the integration process demands a lot of cooperation and teamwork from the employees across company and country borders, the differences in habits and standards are heightened (Ahern et al., 2015). Additionally, companies have formed their own cultures, beyond the geographical ones, which generate unique norms and expectations. The differences in these norms and expectations may generate differing assumptions of the process and target, which create conflicts of interest. In M&A -deals, compelling new company culture with the use of MCs may not be successful and wise. The management controls that highlight the company culture may need to be altered or even left out of the MCs that are planned to be applied in the acquired company. Focusing on examining the company culture before the acquisition, to evaluate the cultural-fit, as well as planning the shared company culture can improve the attitudes and perceptions of the integration process and the controls. Furthermore, the preservation and support of existing company culture may be the way to go, which allows positive perceptions of the acquirer. (Väisänen et al., 2021.)

### *Communication*

Good communication is seen to have a good impact on the employees' perceptions, even when facing organisational changes, such as M&A (Jimmieson et al., 2004). If managers can reassure the employees and communicate in a suitable way, that the controls are not applied because of mistrust, the various perceptions of controls can be softened to be more positive (Christ, 2013). When the communication is open and shared between both parties, the changes in

circumstances and e.g. negative attitudes towards controls, can be communicated and necessary changes can be made. These changes further enhance the communication and trust between the parties, which encourages positive attitudes. In addition, open and honest communication, which is achieved by expressing clear goals and boundaries encourages positive attitudes towards the acquirer (Henri, 2006). When communication between managers of both parties is continual, the stress which arises from the changing environment and integration can be decreased. Furthermore, Granlund (2003) states that it is vital for the employees of the acquired company to understand the vision and goals of the merger and the future, to trust the acquirer.

When the management communicate their intentions and targets behind the management controls, the employees' perception of both the management and the integration process are more positive (Väisänen et al., 2021). In a M&A setting the transparency and openness of the intentions and targets behind the use of management controls, enables the acquired company to understand the process and reason behind the applied controls, which enables better adjustment to change. When the communication between acquirer and acquiree is already established to be supporting and affirmative prior to integration, employees are more likely to have a positive view on the process (Bartels et al. 2006). The open communication contributes to the trust-building between the acquirer and the acquiree, and may enable the use of more coercive controls, if the trust is built and the intentions are communicated. (Väisänen et al., 2021.)

It can be difficult to include the acquiree and its employees in the design process of MCs, if they are already planned and established in the acquirer company (Väisänen et al., 2021). However, emphasising good communication of the intentions and reasons to applying diverse controls can improve the perceptions of them. When the management are more knowledgeable and aware of the factors that affect the perception of the controls, as well as promote communication of the perceptions, the management are more likely to implement MCs that are favoured by the employees (Christ, 2013).

The brief analysis of how management controls can have an influence on the perception of the integration process, as well as on the acquirer has now been conducted. The most important factors, that Väisänen et al. (2021) have considered in their research about post-acquisition integration, have been compiled. These include cultural consideration, communication, and trust. In addition to the aspects covered in this section, the perception of the controls and the

integration process can be affected by other factors. Furthermore, Malmi and Brown (2008) also suggest that the use of controls, during uncertain circumstances, may need to be limited.

## 3 Description of research method and material

### 3.1 Research method and design

This thesis is a single case study, and the qualitative approach has been used to analyse the empirical data. Ahrens and Chapman (2006) advise the application of a qualitative approach, when the use and meaning of management accounting are flexible and indefinite, which they are in the target company. This supports the use of the qualitative approach. The empirical data is collected by conducting two interviews in the target company. Additionally, observations made by the researcher are supporting and expanding the analysis of the findings in the interviews. The research has been emphasized on the reflection between the empirical and theoretical data (Ahrens and Chapman, 2006), to ensure that the case can contribute to research on the topic.

The companies covered in this thesis have been described by using pseudonyms. Birch is presenting as the acquiring company, and the current parent company of Oak. Oak is posing as the acquired company and is a subsidiary of Birch post acquisition. Yankee is posing as the previous owner of Oak and is an American corporation.

The interviews were semi-constructed and included questions that were planned and given to the interviewee beforehand (see [Appendix](#)), to allow preparation. Both interviews were conducted with the Chief Financial Officer (CFO) of the acquiring company (Birch). One of the interviews took place in March 2024, and lasted 55 minutes, and one in April 2024, which lasted 50 minutes. The interviews were recorded and transcribed subsequently based on the recordings.

The single case method enables a thorough analysis and investigation of the specific MCs used in an integration process, and which have contributed to a positive view on the integration process. The chosen target company has unusual characteristics when it comes to acquisitions, private and family-ownership, and these kinds of companies do not often conduct M&A deals. Additionally, the management controls in the company are unconventional, and do not follow theoretical observations. However, a single case study and the qualitative research method has its weaknesses; the results and analysis may be quite slim, and the contribution to the area of

research may be inconclusive. Additionally, the qualitative approach may give unreliable results, due to the small amount of data used in research.

### **3.2 Research material**

The case covered in this thesis includes two companies, where Birch is acquiring Oak. Birch is a private, family-owned company, in the manufacturing industry, that was established over 50 years ago in a garage. The founder and CEO is a fundamental part of the management and culture of Birch. The interviews and the questionnaire are based on the M&A deal, which took place in 2021. The interviews included questions on the acquisition and integration, as well as on the management controls. The integration of Oak continued after 2021, and the perceptions of the integration and of Birch are analysed post acquisition.

Birch gathered a team, that aimed to support the acquisition of Oak. The CFO of Birch was a business development specialist in Birch during the acquisition and played a significant part in the acquisition-team. The first interview included information about Birch and Oak, and how and why the acquisition was executed. The first interview included questions such as: 1) What kind of plans were set for the integration, long and short-term? 2) Had Birch been scoping Oak for a longer period? 3) Did Birch and Oak exchange most favourable business regimes? The second interview focused on the management style of Birch and how possible management controls are applied. The second interview contained the following questions: 1) Did you notice any differences in company cultures between Birch and Oak? 2) Do the group companies share a strategy post acquisition? 3) Have you discussed how Oak was managed prior to the acquisition?

The theoretical data is covering the management control field from the past 20 years, with some research reaching to over 20 years. The main paper utilized in the analysis of MCs is the levers of control (LOC) -framework (Simons, 1995), which has been revised and adjusted by Tessier and Otley (2012). The main paper used for the analysis of successful integration is under five years old (Väisänen et al., 2021), and covers the most important aspects to consider regarding MCs utilization in integration.

## **4 Research findings and analysis**

This section of the thesis will cover the empirical findings related to utilizing MCs to achieve favourable acquisition outcomes. Initially, the target company and information about the acquisition will be introduced, along with information about the management style in Birch. Furthermore, the MCs in both the acquired company and the acquiree company will be analysed and compared to theoretical research. The main theories that the analysis is based on, include Tessier and Otley's (2012) levers of control -framework, as well as Väisänen et al. (2021), which covers the impacts of MCs on an acquisition. Lastly, an analysis of the used controls that facilitated the positive perceptions of the integration and supported desired outcomes is included.

### **4.1 Target company and case overview**

The target company, Birch, is a Finnish industrial company operating in the healthcare sector. Birch is a private, family-owned business that has grown from a garage start-up to a major player in its industry, with a billion-dollar revenue. The development from a small start-up to a global company has required changes to ordinary business manners, and adjustment to handling bigger changes such as acquisitions. Despite changes and development of the business, the founder and CEO of Birch remains the core of the company, and is the most influential person, when it comes to managing Birch. Birch is considered a family-owned company on all three aspects: ownership, management, and control (Senftlechner and Hiebl, 2015). The founder and their close family members are together owning a significant majority of the shares of Birch. Additionally, the founder and other family members play a considerable part in the management and control of Birch.

The acquired company, Oak, is a German company working in the same field as Birch. The companies have been rivals especially in the German market and have now jointly become an even bigger player in the market. Oak has been a family-owned company until approximately 20 years ago, when it was bought by an American corporation, Yankee, which is publicly listed. Yankee used more rules and regulations in the management of the employees and the company, which made the adapting to change more significant. During the period that Oak was a part of Yankee they were able to adjust to change and adapt to the management style and rules of the

Yankee. After roughly 15 years of being owned by Yankee, Oak planned to separate, since they were not a part of the core business. Together with Yankee they planned and carried out an internal due diligence, to make sure that they knew what they were carving out. After planning out the trade, they performed an auction, which eventually resulted in Birch acquiring Oak.

The founder and CEO of Birch had wanted to acquire Oak for a longer period, and now the opportunity arose. To get ready for the acquisition, Birch had gathered a team of knowledgeable individuals to perform the acquisition of Oak. The team consisted of a former CEO of Oak as the team-leader, who provided helpful knowledge about the company, and was familiar with how they worked prior to becoming part of Yankee. The former CEO of Oak was also a close trusted person for the founder and CEO of Birch, which made the process smoother. Another member of the acquisition-team was a business development professional, who later became the CFO of Birch. He was interviewed for this thesis. Additionally, lawyers, the founder of Birch, as well as other professionals were part of the acquisition team. The team-leader, and former CEO of Oak, became again the CEO of Oak after the acquisition, and additionally served as an advocate for Birch matters internally. Furthermore, the new CEO continued with the integration, and communicated regularly with Birch members, in board meetings and in other forums.

The main objectives of the acquisition of Oak included new markets, complementary products, larger market share, new customers as well as “eliminating” a competitor. The competition in the German markets were quite fierce, and Birch had not had an opportunity to expand its operations, due to Oak being the biggest player there. Birch and Oak are big companies, both with turnovers of several hundred million euros annually. Furthermore, the acquisition of Oak added roughly one third of total turnover to Birch. Additionally, the acquisition would support the growth of Birch by broadening the markets, as well as by gaining market share in certain areas. Oak is a manufacturer of a complementary product that both groups incorporate in their main products. Birch has previously bought these products from an external supplier but is now able to use the internal supply. This change makes the supply chains and the deliveries more secure and cost effective since external factors are more limited.

## 4.2 Management style in target group

The founder and CEO of Birch is a central part of the culture and origin of the company. The founder is guiding the business and is an important decision-maker in Birch. Due to the founder still being able to participate and control Birch, the core values and purpose of Birch are heavily moulded and built around the founder, especially the closer you are to the higher management and the founder.

*“The family-ownership is at the core of the company culture, and it remains to strongly personify the culture to the founder. The closer the contact to the founder is, the more unified and clear the culture of the management is.” (CFO of Birch)*

In the interview it appeared that Birch does not have a clear, voiced out business strategy, that could be disclosed to its employees or other stakeholders. Because the founder and CEO of Birch is at the core of the business, it appears that the strategy formulation and implementation emerges largely from the thoughts and dreams of the founder. The strategy in Birch is formed as an emergent strategy, where the emphasis is on the execution of the activities and the goals can be formed and changed during the process (Lowe and Jones, 2004). Another type of strategy is the deliberate strategy, which focuses on executing the activities as they were planned and ensuring that the managerial goals set for them are met (Lowe and Jones, 2004). The presence of an emergent strategy makes the analysis of management controls in the company quite difficult. However, the CFO of Birch states that forming and voicing out a strategy could be beneficial in the future, to clarify the objectives and goals of the company and its activities.

Birch has been able to conduct business activities in a more flexible way due to the private ownership. They have managed to operate business activities without excessive compliance, due to private companies having less strict regulations and norms. Furthermore, the supervising and management of subsidiaries is quite adjustable and flexible, which enables the formation of internal cultures in the subsidiaries.

*“The leadership style in Birch is not to have joint processes and systems in the entire group, we allow more flexibility and let the subsidiaries be quite independent.” (CFO of Birch)*



It is interesting that the integration of the management control systems and even ERP systems, are quite slim. Birch has many subsidiaries, that are spread around the world, however the management of the subsidiaries is quite flexible. They can perform by their own, and monetary aid is limited. Furthermore, the company has conducted several acquisitions, in various parts of the world, which implies that the style of integration and management seems to be preferred in Birch and has worked for them in the past. Since, the regulations of private companies are not as strict, the subsidiaries are able to work in a more flexible way and support the best practices possible for them.

### **4.3 Management controls in the target company**

In this section the management controls in the target company, and the acquired company are analysed. Furthermore, one of the research questions: *What management controls are utilized in a family-owned company?* is answered.

The management controls and the control systems are informal in Birch, which tracks back to the ownership style of the group. Chenhall and Morris (1995) suggest that companies and leaders with entrepreneurial mindsets, often prioritise informal control, which supports our findings. The entrepreneurial mind-set of Birch stems from the founder of the company. When asked about the operations in Birch, the CFO states that the company plans its operations with an entrepreneurial mind-set and with passion. When the MCs were observed and investigated on the base of the interviews, it became clear that the use and planning of MCs and MCSs are not essential in Birch. This is supported by the findings of Senflechner and Hiebl (2015), that MCs use in family-owned companies is more uncommon, than in other companies.

It is an interesting finding that Birch doesn't have a clear and voiced out strategy, because Tessier and Otley (2012) and Simons (1995) base their frameworks on strategy, and how the controls can help the company achieve and support it. Since the company strategy is analysed to be more emergent, the targets and goals are harder to understand. This may affect the control and management of subsidiaries since they do not have a clear target to reach. Despite the lack of a clear strategy, the informal controls and management style are analysed, and their relation to the theories in this thesis are interpreted and investigated.

Since Birch mainly have an emergent strategy, the use of strategic controls which evaluate the performance and effectiveness of the strategy, is limited (Tessier and Otley, 2012). The utilized controls are focusing on evaluating the operational practices, with both operational boundary- and performance controls. The operational boundary controls include rules to be followed, which guide the daily activities. Furthermore, the operational performance controls work on the higher level, where the managers of Birch can monitor and steer the direction of the company. The used controls, even though not planned and articulated, are used diagnostically, which means that the processes are evaluated and changed if something seems to work inefficiently or unfavourably (Tessier and Otley, 2012).

While analysing the aspects of applied control in Birch, certain traits were discovered, that support the analysis of MCs, even if they are not necessarily planned and voiced out in Birch. Furthermore, despite the lack of a detailed strategy description, the core values and goals, that Birch aims to reach are successfully analysed. The goal reaching is supported by utilizing controls, that aim to manage performance and behaviour. The compliance management is not as crucial in Birch, and their aim is to concentrate on performance and business activities. Furthermore, the pressure from regulators is not as common as in listed companies, which further shifts the focus to the performance, rather than compliance.

The objective with the used controls is to focus on the management of company performance. Since Birch is a private company, managing compliance is not as relevant as performance. The controls managing compliance are related to bureaucracy, which is less prevalent in a privately-owned company compared to a listed company, which must comply with certain rules and regulations regarding e.g. the stock market (Väisänen et al., 2021). When the main objectives of controls are to manage performance, managers can develop and generate company value (Tessier and Otley, 2012).

#### **4.4 Management controls used post-acquisition**

As mentioned before, Birch does not have planned or designed control systems, that they use in their operations. However, the interviews shed light on the types of controls that Birch uses to manage and supervise the new subsidiary, Oak. Birch utilizes some controls in the post-acquisition integration, which have characteristics of the Tessier and Otley (2012) -framework.

Most of the used controls have diagnostic characteristics where the aim is to supervise and motivate the operations of Oak, by controlling the critical performance variables. These performance variables are mainly financial, where Birch is monitoring the performance and health of Oak and react only if something is “alerting red”. Additionally, because the financial indicators are guiding Oak to avoid certain risks, such as additional supervising by Birch, it gives them the characteristics of a boundary system (Tessier and Otley, 2012). These indicators aim to communicate the risks to be avoided and guide the internal activities in Oak.

Birch is familiar with conducting M&A -deals and have discovered an integration style that has been suitable for the previous acquisitions. The group has concluded that minimal integration has worked well for both Birch as well as the companies acquired by Birch. They have united overlapping operations and tried to find a coherent way to move forward. However, the daily activities in most of the acquired companies have remained the same. Companies are allowed to keep their company cultures and norms, which make the operations work smoothly. Birch has not considered the integration to be the most important part in M&A -actions. If the businesses work well as they are, it’s not necessary to change anything.

#### **4.5 Factors affecting interpretation of MCs and integration**

In this part of the thesis, the previously mentioned aspects that promote positive interpretations of MCs, and that need to be considered to support optimal integration outcomes, are covered. These aspects are communication, culture, and trust.

##### *Communication*

Birch is utilizing controls, which are similar to the interactive control systems (Tessier and Otley, 2012), in the post-acquisition circumstances. The interactive control systems are crucial in a M&A -setting due to their contribution to encouraging communication. Birch is encouraging communication between the management of Oak, by having forums where discussions regarding the management of Oak is possible. Additionally, the board of Oak includes meaningful members of Birch, which enables planning and communication of shared goals and performance. The open communication allows the managers of Birch to be involved in the decision-making and guidance of Oak’s future.

### *Culture*

The company culture is a central part of the activities conducted by Birch both on the long- and short-timeframe. The culture and norms in Birch include e.g. entrepreneurial spirit and flexibility, which stem from the founder and CEO of Birch, who controls large parts of the company. These cultural values are incorporated and communicated to Oak in the united communication forums, e.g. the board of Oak. Furthermore, Birch has emphasized the importance of learning about and communicating with the key personnel in Oak to encourage trust building, as well as sharing and unifying cultures. Additionally, the understanding of the company culture in Oak was clear prior to the acquisition, which enabled the analysis of cultural fit. Renneboog and Vansteenkiste (2019) imply that the assessment of cultural fit of the acquisition parties is critical and influence the M&A outcomes.

The company cultures in Birch and Oak seem to be quite similar in many ways, which supports the ability to have positive perceptions of the acquisition. Even though Oak had been a part of Yankee, the big American corporation, they continued to operate in their own ways and conserved their own culture. Furthermore, the company culture remained to underline the entrepreneurial way of thinking and the image of working for a common goal.

*“Oak never really integrated the corporate culture of Yankee, and it has remained quite similar for a long period of time. We have not heard of Oak longing back to Yankee-times and their culture.” (CFO of Birch)*

However, there are still differences in the company cultures and norms, which could affect the outcomes on the long run. Oak uses more constraining controls, e.g. Kaizen method, with norms and practices in the daily activities, which aim to regulate and find the best way possible to conduct the operations. Furthermore, since Birch has a flexible integration style, and wants the subsidiaries to remain independent, the ability to manage their own operations and processes remains.

### *Trust*

Birch is establishing and contributing to the trust-building between Birch and Oak, by providing open communication and a familiar face. The previous CEO of Oak returned to the company and made trust-building and the relationship between Birch and Oak easier. When both

parties trust each other, and in this case trust the CEO of Oak, the development of group wide mutual trust is possible. Oak was pleased with the familiarity of the CEO, which facilitated good perceptions post acquisition.

All aspects above allow Oak to trust and understand the reasons behind the applied MCs and other changes, that happen due to the acquisition. When the communication between Birch and Oak is open and evident goals are set, the trust building and designing of continual activities is clearer. When mutual trust is built between Birch and Oak, the perception of the integration and the shared future is more positive. By analysing these factors, the probability of a positive attitude towards the acquirer can be heightened, and shared controls can be altered to better fit the new expanded corporate structure.

## 5 Discussion and conclusion

The purpose of this thesis was to examine how MCs can establish a favourable outcome in a M&A deal, especially in a family-owned business context. One of the goals was to better understand what kind of characteristics the controls need to have to encourage the desired outcomes of the integration process. Furthermore, the examination of how the characteristics of the company affected possible use of MCs during the integration process was conducted. Additionally, this thesis aims to narrow the gap in the research regarding family-owned companies and their use of MCs in acquisitions.

Both companies considered the M&A deal to be important for the company future and allowed both companies to accomplish wanted results. Oak wanted to be an important part of the operations in the company and feel like their operations were meaningful. Birch wanted to acquire Oak to gain market share, customers and to eliminate a significant player from the German market. Additionally, the shared similarities in operations could generate cost savings and supplementary products could be utilized by both parties. However, the competitiveness remained in the German markets since Birch wanted to keep going with the operations and generate sales from both companies and brands. However, the aim was to reduce the competition against each other, and focus on becoming better than other players in the field.

It's apparent that the use of management controls or control systems are not prominent in our case company and are not necessarily important for the time being. Since a worded strategy and goals are not as apparent in Birch, the need for MCs which support strategy implementation and strategy performance are not relevant. However, to ensure common goals and perceptions of the target company and its employees, the design and use of a company strategy to unify the understanding of future opportunities is encouraged. Additionally, formulating some kind management controls, to make sure the company direction is recommended. MCs can additionally ease the monitoring of performance and strategy reaching in the acquired company, which in turn may help to gain knowledge on the success of the integration, and possible future endeavours. This can further support the daily activities, decision-making and performance of the company. Senflechner and Hiebl (2015) suggest, that family-owned businesses use more strategic controls, especially when they grow and the need for governance will in addition increase.

Furthermore, the CFO of Birch who was interviewed for this thesis, thinks that articulating the company strategy could make a difference in the future.

Because the Oak is in a vulnerable situation, building a good relationship and encouraging open communication is essential in making Birch feel trustworthy. As mentioned before, open and honest communication, which was achieved by expressing clear goals and boundaries encouraged positive attitudes towards Birch (Henri, 2006). Furthermore, one of the most essential parts of trust-building is the open communication regarding the goals and targets of the merger (Granlund, 2003). The lack of a clear strategy can become critical in the future when the company keeps growing. A clear strategy, which is supported and achieved by utilization of management controls, is not only important when considering shareholders, but also stakeholders, such as employees. Employees may want and need guidance to strengthen and clear the view of common goals and targets in the company. However, prior research suggests that the entrepreneurial mindset in business management and performance of companies may be threatened by the use of MCs (Bhide, 2000). Furthermore, the size of the company seems to grow year-to-year, which does not seem to be affected by the lack of a clear strategy or management controls.

The perception of management controls is often described with different terms, e.g. negative and positive (Tessier and Otley, 2012), enabling and coercive (Väisänen et al., 2021). In this thesis the terms formulated by Tessier and Otley (2012) have been chosen to describe the perceptions, since they are the base for our theoretical framework. The use of terms seems to differ greatly between researchers (e.g. Ahrens and Chapman, 2004; Simons, 1995), and the meanings may not be equivalent, however they are corresponding and suit this analysis. The terms used by Väisänen et al. (2021) follow the Ahrens and Chapman (2004) framework, whereas the Tessier and Otley (2012) follow the Simons (1995) levers of control -framework. This affects the analysis, because the use of terms and definitions can be different, and the verification of the similarity of terms is inconclusive.

The acquired company, Oak, had been family owned prior to the acquisition by Yankee. As mentioned, the scholars (e.g. Senftlechner and Hiebl, 2015) suggest that the differences in ownership, management, and control, can drastically affect the success of the organisation. The research supports the proposition, that comparing the company cultures and evaluating the need

for changes in controls and corporate cultures has made the integration successful (Väisänen et al., 2021). The communication between the Birch and Oak seems to have been and continues to be sufficient and essential. The trust between the parties have become stronger after the acquisition and integration, which imply that the used controls and mechanisms in the integration were successfully used.

In conclusion, the management controls utilized in the acquisition play a significant role in the integration process. Focusing on the culture, trust and communication has established positive perceptions of the integration and facilitated shared interests to reach the desired outcomes with the acquisition. The management controls of Birch are quite informal; however, the connection between the formal, theoretical framework and the management controls utilized in Birch is clear. The management style of Birch is quite adaptable, and the communication in the board of Oak and other forums bring insights into Oak's perceptions of the management and its own activities. Birch has limited the constraining controls used for the management of Oak, and has preferred more flexible, enabling controls, which has promoted trust-building and positive attitudes between Birch and Oak. Väisänen et al. (2021) suggest that trust should be more incorporated in the intentions, the design process, and use of MCs, especially in M&A -circumstances, to enable positive outcomes, which can be supported by the findings.

### *Limitations*

Due to this thesis being a single case study, the empirical evidence and findings are limited, and broad conclusions cannot be made. The topic has not yet been established and thoroughly researched, which affects the ability to analyse broader patterns related to the subtopic. Furthermore, the theoretical analysis of MCs was based solely on one framework (Tessier and Otley, 2012). Future research may need to consider other frameworks and aspects to get a better general view on the topic. Additionally, the target company chosen for this thesis has very specific traits, which may all affect the results of the research, since the need and interest to use MCs is not substantial. M&A deals are often conducted by stock-listed companies, that need to consider laws and regulations more precisely, than non-listed, private companies (Väisänen et al., 2021). This may cause M&A deals and processes to differ between stock-listed and privately owned companies. Furthermore, the aspect of a private, family-owned company may bring only limited findings to the topic.



Additional research on the topic of MCs and MCS in private, as well as family-owned companies is recommended, in addition, research on the effects of M&A on MCs may be beneficial. Supplementary research relating to family-owned companies conducting acquisitions, and how the MCs used by them affect the acquiree, is recommended. Furthermore, quantitative research on MCs utilization in private companies with entrepreneurial mindsets is advised.

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## Appendix

### Interview questions for the acquiree:

- Were there any plans for the integration of Oak, short or long term?
- Did you review the financial information of the acquired company for a longer period of time?
- Did you have a tight schedule for the integration?
- Were there any difficulties regarding the differences in geographical location and culture?
- Did you have a special team that conducted the acquisition?
- Do the companies have different budgets?
- Did Birch influence anything in Oak post acquisition, or vice versa?
- Did you do any rewards, regarding the integration?
- How did you make sure that there were no big issues regarding the acquisition?
- Does Birch have any formal management control systems?
- Is Oak still family-owned or managed?
- Were there any differences in culture or did you investigate the corporate culture prior to the acquisition?
- Do you think the management / control style includes more rules (technical controls) or culture related controls (social controls)?
- If the acquired company performs worse than planned, are there any consequences?
- How is the decision making process divided?
- Is the strategy united within Birch or divided?
- Has there been any issues regarding the division of decision making?
- How is the strategy established in Birch?
- Has your view on Oak changed post acquisition, regarding capabilities and performance?
- Has the acquisition had any impacts on the stakeholders of Birch, customers, employees, suppliers?
- Had you discussed the management and control styles of Yankee, prior to the acquisition of Oak and how they were able to make decisions?
- Do you use any KPIs when measuring the performance of Oak, post acquisition?