SCHOOL OF ECONOMICS AND MANAGEMENT

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Employee perceptions post-M&A and why it is important

A case study of how employee perceptions of controls post-M&A affect motivation and identity

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Authors:

Daniel Sjöblom

Sebastian Tannér

Supervisor: Anders Anell

Examiner: Johan Dergård

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Abstract

Title: *Employee perceptions post-M&A and why it is important*

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Keywords: *Mergers and Acquisition, post-M&A integration process, management control systems, employee- perception and motivation, culture and identity.*

Purpose: *This study aims to examine changes in the acquired company's MCS post-M&A and how the employees perceive this change. Further, the purpose is to investigate how employees' perceptions affect the employees' motivation and identity.*

Methodology: *This study follows a qualitative research approach by analyzing an acquired company in the logistic industry. Data was collected through semi-structured interviews. During the process, the authors have been able to work on-site and therefore had the opportunity to observe employees' actions and aspects that would not be possible otherwise.*

Theoretical framework: *Our theoretical framework has developed form literature and theories about M&A, management control systems, the employee perceptions of change in management control systems, and what effect M&A has on employee motivation and identity. Finally, the logic of the theoretical framework is summarized in a theoretical model used throughout the study.*

Empirical data: *The acquired company is a small logistic company that has been acquired by a larger publicly listed competitor in the industry. Six respondents represent different roles in the company, from a CEO- to an operational level. The respondents have long experience in the company and can therefore compare their perceptions before and after the acquisition.*

Conclusions: *In comparison to previous research, this study shows that there are cases where an acquiring company does not control the acquired company with an iron hand and implements lots of controls. Even if the acquiring company, in this case, has implemented their ways of working, which the employees have perceived as being increasingly monitored. We could see that the acquired company's identity is very much alive because they could retain the same employees as before the acquisition. But since the main factor of why the culture and identity remain is the existing employees, the future of the company's culture is uncertain. New people will enter the company and influence the current culture, thus creating a new identity. It turned out that it was the intentions of the acquisition and the perceptions of the acquirer which had the most significant impact on how employee motivation, the identity of the firm, and culture were affected.*

Preface

We both feel that it has been fun and educational to write this thesis. The journey has contained both laughter and sometimes frustration. But in general, we both agree that writing this thesis has been educational and helped us gain much knowledge we will bring with us in the future.

We would like to first and foremost express our sincere gratitude to our supervisor Anders Anell, who has supported us with rewarding constructive criticism and advice during the whole process. We are both grateful for Anders' support during the tutorials and the way he challenged our ideas and helped us in tough times during the process.

We would especially like to thank all the respondents who took part in the study and the CEO for letting us do this case study on-site. All the respondents' cooperation and knowledge have inspired us and facilitated the working process. Without you, this study would not be possible.

Thank you!

Daniel Sjöblom & Sebastian Tannér
Lund, May 2022

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List of abbreviations

CEO - *Chief Executive Officer*

CFO - *Chief Financial Officer*

HR - *Human Resources*

ISO - *International Organization for Standardization*

LOC - *Levers of Control*

M&A - *Mergers and Acquisitions*

MCS - *Management Control Systems*

1. Introduction

1.1 Background

Mergers and Acquisition (M&A) is one frequently mentioned strategic investment that will impact the company in the long run and includes high risks where the outcomes are hard to quantify. If the M&A and the following outcomes turn out to be great, it could lead to operational and strategic advantages (Adel & Alkaraan, 2019). M&As will influence the future strategic paths the company wants to go and what objectives the company will achieve, which creates a long-term commitment. Usually, the acquisition is based on financial and strategic grounds to create synergies (Alkaraan, 2015; Grant & Nilsson, 2020). M&A has evolved into a significant component of today's economy (Guerrero, 2008). M&As are rapidly becoming one of the standard means for organizations to achieve corporate growth through diversification and become more effective in an increasingly competitive corporate environment (Terry, 2003). It is primarily the transactions between small and medium-sized enterprises that represent the increasing volume of M&As (Bauer & Matzler, 2014). Despite the increase in M&A, their success is often ambiguous. In America, 75% of all M&As fail to achieve their financial goals. In Europe, 50% of all mergers destroy value, and in contrast, only 17% eventually create value (Schuler & Jackson, 2001).

Previous research has focused on the importance of the strategic- and financial fit between the two organizations involved in the M&A (Newman & Krzystofiak, 1993). It has been acknowledged that failures in M&A cannot be fully explained by the lack of strategic- or financial fit. Viewed from a social identity perspective, M&As could be defined as the formal recategorization of two social groups into one new group (Van Knippenberg et al., 2002); it is suggested that to determine the success of the M&A, the extent to which the culture of the acquirer can be integrated into the acquired organization is critical (Terry, 2003). Therefore, it is essential to consider the type of governance when evaluating the deal and how it will affect strategic choices, objectives, and overall business (Worek, 2017). The acquiring company should never underestimate the power of the acquired firm's values. Approaching a target that shares similar values are a way to maintain or restore employees' trust in the acquired company. Letting managers communicate and transfer the values to their employees gives both sides of the merger a good sense of the case and overall benefits. It helps all parties to make the integration processes smoother (Lind & Lattuch, 2020).

Acquisitions may radically affect employees' work motivation because it changes their daily work routines and the intentional workload. It leads to a greater sense of insecurity and therefore affects motivation. One way for organizations to ensure an ongoing commitment and highly motivated employees is to establish a compelling and emotional attachment to the organization through beliefs in the goals and strategy of the company (Kummer, 2008). When employees perceive the organizational goals as important, meaningful, or engaging, they are internalized and valued by the employee. High degrees of internalization enhance the employees' willingness to act and commit according to the organization's goals (Clayton, 2015). Companies today generally have a narrow view of motivation, where one forgotten motive is the motive to reciprocate. Reciprocity is a social preference where the employee's perception of action, for example, an acquisition, is essential. Reciprocity is not linked to potential material benefits in the future. Instead, the focus is on whether the action is perceived as friendly or hostile without emphasizing material benefits. If the employee perceives the action as good, they will value the payoff as positive. On the other hand, if the action is perceived as hostile, the employee will value the payoff negatively (Fehr & Falk, 2002).

Previous research has found that social identity and stress among employees are approaches that are affected due to M&As (Van Knippenberg et al., 2002; Guerrero, 2008). Social identity is related to how the breakdown and reconstruction of a new identity generate long-term attitudes among employees. Stress is used to explain the human reactions related to insecurity, questioning the employees' skills and their future within the company (Guerrero, 2008).

1.2 Problem discussion

Previous research indicates that both sides of the deal experience losses of trust. Generally, the acquired firm is the most vulnerable part. The M&A process is complex and will affect the organization and the employees in different ways and phases. Depending on how willing the employees are to adjust and support the change, the integration process could create challenges for the organization (Lind & Lattuch, 2020). Post-M&A, employees could lose their trust in the management and perform inadequately due to a decline in motivation. This could also lead to uncertainty regarding their future in the company and how the acquisition will impact their career. Due to the cultural change during M&As, trust issues, poor performance, and uncertainty may drastically change and challenge the employees' commitment (Kummer, 2008).

M&As threaten employee identification as they usually require an organizational and cultural change, forming a new identity compared to the organizational structure pre-acquisition. Suppose that discontinuity occurs, such as a change in the entire management or corporate culture. In that case, it is more likely that the employees would not transfer their former identification to the new organization, creating a problematic situation according to social identity (Guerrero, 2008).

Management control systems (MCS) are essential in the strategy process to effectively accomplish the organization's objectives. New managers often bring new visions and strategies which will impact the organization's control system (Simons, 1994). MCS implementation is critical in the post-M&A process and will depend on the cultural differences and how the reorganization will resemble. Studies of acquisitions usually point out that inadequate MCS implementation is the primary cause of why most acquisitions are unsuccessful (Jordáo et al., 2014). It is critical to consider the employees' perceptions and not only the managerial intentions during the implementation. The employees could perceive the implemented controls differently depending on their preferences regarding company culture (Tessier & Otley, 2012). Post-M&A, employees could perceive that the organization has changed so much that it is no longer their company. They may feel that they have switched jobs and moved to another organization rather than being in the transformation process (Van Knippenberg et al., 2002).

1.3 Purpose and research questions

This study aims to examine changes in the acquired company's MCS post-M&A and how the employees perceive this change. Further, the purpose is to investigate how employees' perceptions affect the employees' motivation and identity. Two research questions have been formulated to fulfill the purpose of this case study:

- *How are new implemented controls post-M&A perceived by the acquired company's employees?*
- *How do the perception of new controls and the acquirer's intentions impact the employees' motivation and identity?*

1.4 Outline of the Study

This study will be structured as follows. Firstly, the methodology used for this study will be introduced in the following chapter. Then the previous applicable research in the field is presented in chapter three, the literature review, which provides information on the M&A process, the cultural difficulties in the integration process, how different MCS packages may change due to the integration, and how these changes are perceived by the employees and how it affects their motivation and the identity of the company. We summarize the literature review chapter by explaining our theoretical model that will be used for primary data collection and analysis.

Chapter four presents the empirical findings conducted from interviews with the employees from the acquired company combined with our observations. These findings will, later on, be discussed concerning the existing literature in chapter five. In the last chapter, we conclude the previous chapters by answering our research questions, reflecting upon the contributions and limitations of this study, and finally providing suggestions for future research.

2. Methodology

2.1 Research approach

A social science study can be performed based on two different research methods: qualitative and quantitative. Qualitative research is often related to interpreting and explaining data using an inductive approach where the focus is on collecting non-numerical data through interviews. Thus, it generates a more subjective description of events and documents (David & Sutton, 2016). This study was conducted by analyzing a single case in the logistic industry where a publicly listed competitor acquired a small local company. A case study generally captures the complexity of a single case where researchers search for details regarding interaction within a context. A single case makes the researcher understand the case's activity among the essential circumstances that the subject will face (Stake, 1995). The subject of this study includes perceptions, culture, identity, and motivation. Subjectivity gives us authors the basis to interpret how motivation is affected due to the acquisition. Since these factors are seen as soft values which are hard to quantify, we used interviews and observations on-site to obtain an appropriate outcome. The study was conducted through semi-structured interviews to create a deeper analysis of the respondents' answers. Bryman and Bell (2017) express that a case study is of interest if the goal is to provide an in-depth analysis. This study was conducted with a qualitative approach with this argumentation in mind. With this approach, we studied their reality by interpreting the respondents' answers about how they perceived the post-M&A transformation and how that impacted their motivation and changed the company's culture and identity.

At the beginning of the process, we gathered data from existing literature regarding motivation and identity. Then, we continuously tried to link the gathered theories to our empirical material. Due to that our study is linked to theories that later are used in the operationalization schedule and the analysis, the empirical material will be controlled by our theories. Through our data collection, we have examined to which degree the theories apply to our case.

2.2 Literature review

The theoretical framework was performed by examining previous research and theories from various research articles about the topic. The main database used to gather research articles was *LubSearch*. In addition, databases such as *Google Scholar, ScienceDirect,* and *Emerald Insight* were used to complement the internal database for Lund University. The focus during this process was to get an overview of the topic to develop the process further. The first thought was to connect M&A with motivational aspects and how these events may affect employee motivation. Therefore, the first keywords used in our literature research were *"mergers and acquisition"* and *"employee motivation."* While searching for data, we identified other theses with similar research topics, which helped develop our thesis further with suggestions for future research and interesting references. The articles found, provided us with different existing frameworks, which enabled us to identify potential possible adaptations for this study, narrowing our literature searches to *"cultural effects," "change in employee attitudes," "social identity," "perceptions,"* and *"intentions."* Therefore, the finalized theories used in this study include information about post-M&A integration processes, social-identity theory, employee motivation, and levers of control. The aforementioned theories have been used to collect and interpret the data to answer the study's research questions.

2.3 Empirical study

2.3.1 Selection of case and respondents

We wanted to research motivation and culture within a company and how this could change due to a specific event. One of the authors had a close relationship with one person involved in the top management of a small local company that had just been acquired by a publicly listed company. This simplified the process of finding potential cases within the chosen subject and spared us much time. The acquisition was a trigger where we believed there could be changes in employee motivation and the company culture and therefore was a subject of interest. The relationship allowed us to be more involved in the company and create a broader view of the acquisition and related changes in motivation and culture. On the other hand, it could also develop biases and obstruct critical thinking.

According to Stake (1995), the selection of cases should depend on the expected probability of learning, and the case with the highest expected learning should be preferred. In our case, we had the opportunity to conduct our study on-site, which allowed us to observe and capture more than just the respondents' answers during interviews. In qualitative research, the selection of respondents should help the authors understand different gradations that will help answer the research question (Bryman & Bell, 2017). We also had the advantage of having easy access to respondents, which we could include in the study without any limitations. In this study, the employees' perception is the main focus. Thus, we have not been targeting any specific roles within the organization. Instead, the study examined the impact acquisition has on employee motivation and company culture from a broader perspective. The selection, therefore, includes respondents from a CEO- to an operational level. Since we included respondents with different roles and experiences, it enabled us to identify organizational and individual patterns.

2.3.2 Data collection and analysis

We have mainly gathered data through semi-structured interviews with six respondents within one company to answer our research questions. Further, additional data regarding the specific case has been obtained from the acquiring firm's website, various audit firms, and annual reports of the acquired company. Additional follow-up interviews were conducted if we found something interesting during our interviews with the respondents that we wanted to investigate further. The respondents have different roles in the company, which performs a broader perspective on how M&A affects the company culture and employee motivation. The interview questions were created with an operationalization schedule, a supporting tool to formalize the interview questions and relate them to the theories from previous literature (Appendix 1). Each question has citations from the literature to strengthen the association between theory and the specific question, and then the question is formulated with the purpose of this study in mind.

The interview guide was sent out before the interview if the respondent wished. We conducted our interviews in Swedish or English, depending on which language the respondent was most comfortable with. This was to capture as much information as possible and ensure that linguistic barriers did not affect our study. On average, each interview lasted 40 minutes and was also recorded after the respondents' permission so that we could relisten to the interviews and transcript it. Besides that, the recordings allowed focusing on the interview without taking notes. It also made it possible to interpret what the respondent answered and how they answered (Bryman & Bell, 2017). Furthermore, the transcription was advantageous in using specific and accurate citations, which will generate an interactive text in the empirical chapter (Söderbom & Ulvenblad, 2016).

Qualitative data is characterized by information that can be collected from the content. The process includes determining or absence of patterns within the range that could consist of themes, sentences, or ideas. After transcription, we coded the content into different colors, which is considered the most essential part of the analysis process (David & Sutton, 2016).
Coding implies that the empirics are categorized into different themes depending on what the content expresses (Bryman & Bell, 2017). The transcripted interviews were coded into five themes based on our study (Table 1). The coding made it easier to reduce, handle and identify which parts were central and interesting for this study (David & Sutton, 2016). The coding also made it easier to discover interesting patterns between the respondents' answers (Bryman & Bell, 2017) according to the five different themes used. By dividing the empirical material into themes, the empirical findings and analysis were more structured.

Acquired company before acquisition
Perception of the acquirer
Cultural differences
Applied controls and changes in MCS
Effect on motivation and firm identity

Table 1: Five themes used to code and analyze the data collected from the interviews.

2.4 Trustworthiness

Since this is a single case study, it allowed us to investigate the impact of the acquisition and the employees' perceptions in this particular case. We have been able to observe how the organization works from the inside as we were assigned to use the office to conduct this study freely. Therefore, we have been able to observe and understand how the daily routines are perceived and how the employees are being controlled in different ways. Consequently, we can argue that we have gotten a broad and detailed insight into the acquired firm, which has allowed us to present a justifying image of the M&A case and how this affected the employees' motivation. The danger of doing a case study could be that the authors get a close relationship with the respondents, impacting the quality of the study since the authors get biased (Bryman & Bell, 2017). To ensure that we did not become biased, we only made observations from a distance and tried to avoid interaction with the employees as far as we could. We wanted to make sure that the employees proceeded with their daily working routines as usual and did not bother that we were there, observing them.

2.4.1 Validity

Validity is based on whether the researcher adheres to the subject studied by observing, identifying, and measuring the problem that the researcher claims to study (Bryman & Bell, 2017). Validity can generally be divided into two categories, internal and external validity. The internal validity relates to how good linkage there is between the researcher's observations and the theoretical ideas. Researchers argue that internal validity is a strength of qualitative research. The long-term and detailed participation in an organization enables the researcher to ensure a high degree of credibility between concepts and observations (Bryman & Bell, 2017). We provided internal validity since the interview guide was produced using an operationalization schedule where previous theories and concepts were used to develop the interview questions. To further ensure internal validity, we created an interview guide divided into different themes where we consistently used these themes to increase credibility. On the other hand, external validity is whether the findings could be generalized. There is often a problem with generalizability in qualitative research because the approach is usually developed by using case studies and small samples (Bryman & Bell, 2017).

2.4.2 Reliability

Reliability is to what extent it is possible to repeat the study and get equivalent results (Söderbom & Ulvenblad, 2016). As mentioned before, our primary data is collected through semi-structured interviews with open questions that provide the opportunity for follow-up questions. We can argue that the result could be equivalent if the study were repeated, based on the interview questions and the operationalization schedule. In the operationalization schedule, we link the consisting theories and purpose to each question, making it easier to generalize the result. Each question is an indicator for measuring and fulfilling a purpose related to this study (Bryman & Bell, 2017). Although, in qualitative research, it is hard to fulfill the reliability criterion because we are studying a social setting that will develop over time (Bryman & Bell, 2017). We use employee perceptions as the main factor that will change over time and make it hard to replicate this study and get the same result. In addition, we had the opportunity to make observations on-site, which could be challenging for other researchers without the same relationship with the acquired company.

2.4.3 Limitations

Quantitative researchers sometimes criticize qualitative studies for being too subjective and interpretive. They argue that qualitative results only rely on the researcher's unsystematic view of what is essential. Close relationships arise between the researcher and the respondents, impacting the results (Bryman & Bell, 2017). Despite this study's subjective approach, it is essential not to get caught up in preconceptions and to have an open mind to the respondents' answers. The reader should consider in our empirical content that only one case in one company has been involved in this study. Therefore, the study cannot guarantee generalizability of how all M&As impact employee perceptions and motivation. The time limit has also been a factor that has limited the selection of cases. If the study had been conducted over a more extended period, more M&A cases could be included and compared to increase generalizability.

2.5 Ethical considerations

In our case, the examined company is anonymous. To further secure ethical considerations in the interviews, each respondent has been informed that the interview is optional and will remain anonymous. The respect for the respondent may decrease if they are treated as research material and ethical considerations are based on informed consent, privacy protection, confidentiality, anonymity, and protection against harm (David & Sutton, 2016).

In the dispatch, we have been evident in describing that participation in the study is entirely voluntary and that they have the opportunity to withdraw their participation at any time without stating any specific reason. We have also mentioned that personal data used in the study is processed following the respondent's compliance to ensure an ethical approach in the study.

Each interview began with a concise description of the case and the respondent's right to remain anonymous. The recording from the interviews has been stored securely to maintain the anonymity and ownership of the respondents.

3. Theoretical framework

The theoretical framework provides relevant research regarding employee perceptions during the integration process post-M&A. Then, we summarize research about MCS in M&A, followed by how MCS changes due to M&A and how employees perceive it. This chapter also includes a review of studies that have examined how M&A affects employee motivation and identity. Our theoretical model, which visualizes the logic throughout this paper, is presented at the end.

3.1 Employee perceptions in the post-M&A integration process

When M&A takes place, the acquired company will be dealing with an integration process. In the integration process, different characteristics will impact the success of the integration (Steigenberger, 2017). Ranft and Lord (2002) found that the communication between the parties could be influenced by their differences in size and performance. With more significant differences, it was found that smaller firms generally have more autonomy, and their retention of employees is often improved. Cultural differences between the two companies could also influence the integration process. The difference in culture could depend on both national and organizational cultures in the involved firms (Steigenberger, 2017).

Risks associated with M&As could depend on deficient evaluation, calculated synergy effects, and integration problems. This leads to many M&As intentionally being estimated to be successful but instead becomes a failure (Schuler & Jackson, 2001; Jones, 1983; Harrison et al., 1988). Grant and Nilsson (2020) discovered that in the M&A process generally, only some strategic rationales were included in the financial rationales. Thus, the management in the acquiring company often misses the part where strategy could not be converted into financial principles. This was because the uncertainty and the long-term perspective were hard to transform into a financial justification. Therefore, it was difficult to calculate the synergy effects.

Existing M&A literature implicitly assumes that, on average, perceived or actual job characteristics decline following an acquisition, resulting in a reduced challenge, requiring minor skill variation, and lower autonomy affecting the intrinsic motivation of the employees (Newman

& Krzystofiak, 1993). An exception is if the employees perceive that the transformation involves little or no change in their daily work. It could also be that they believe that it would be beneficial to join the acquiring organization as it provides a higher status since it is larger, richer, or more powerful. In those cases, M&As would not intentionally have the same negative effect on the employees (Guerrero, 2008; Van Knippenberg et al., 2002).

Employees will perceive actions differently depending on the consequences and the (un)fairness of the intentions of the specific action. If the action's intentions are perceived as hostile, it will make the employee respond in a hostile way. In the integration process of an acquisition, employees could perceive the takeover as a hostile intention for two reasons. Firstly, the takeover per se could be perceived as hostile, and secondly, the sudden disclosure could create distrust (Fehr & Falk, 2002). Since the information at the beginning of the process is often dedicated to top management, it becomes difficult for employees to access the same information, creating uncertainty (Lind & Lattuch, 2020). Therefore, it has been shown that M&A can cause a perception of cultural conflicts, uncertainty, loss of control, and job insecurity among the employees (Newman & Krzystofiak, 1993). Thus, the employees will resist and be skeptical at the beginning of the integration process (Steigenberger, 2017). It does not matter what the intentions of the acquisition are if it is perceived as hostile. In these situations, the employees will start to be more self-interested and not put that extra effort into their work (Fehr & Falk, 2002).

The interpretation of reciprocity could raise some questions. For example, is it possible to manipulate the perceived kindness or hostility by framing it another way? Reciprocity motives will react to cognitive factors. How the action will be perceived will depend on reference points, and those could be manipulated by framing it in another way. In most cases, if the action is related to "taking away something," it is perceived as more hostile than if the action was related to "giving something" (Fehr & Falk, 2002).

3.2 MCS in M&A

3.2.1 MCS implementation

MCS is critical in the M&A process and will differ depending on the cultural change and managerial change in a reorganization (Jordào et al., 2014; Simons, 1994). The acquirer could try to do a deep integration to increase their control over the target and pass on routines (Pablo et al., 1996; Puranam et al., 2009). According to Reus et al. (2016), this transformation between the firms could negatively affect the integration process. There is a high proportion of M&As that fail where one explanation could be the challenge to build a MCS that fits both the acquirer and the targeted company (Jones, 1983; Harrison et al., 1988) or that the acquiring company tends to implement their own MCS on the targeted company (Jones, 1985).

The degree of integration will depend on if the acquiring company's strategy is based on portfolio management with a high degree of diversification and narrow possibilities of synergies or activity sharing where the diversification is lower, but the chances of synergies are more present. With the portfolio management strategy, the control is tighter, focusing on short-term financial performance. In contrast, in the activity sharing strategy, the controls are looser, non-monetary, and long-term due to the interdependence of the acquired firm and other business units (Nilsson, 2002).

The Levers of control framework (LOC) was designed as a strategic management tool for understanding relationships between strategy and control (Martyn et al., 2016). In particular, it emphasizes the importance of four controls needed in an organization to balance predictable goal achievement and creative innovation. These are belief-, boundary-, diagnostic-, and interactive control systems (Simons, 1995). Top managers use belief systems to define and communicate the organization's fundamental values, purposes, and direction. To transfer the organization's core values to its employees, the belief system is created through formal documents and statements provided by the management. Boundary systems, on the other hand, are used to explicit limits and rules which must be respected in the organization. These systems are typically created as a code of conduct and other regulations and limitations that mitigate the potential risks within the organization. Diagnostic control systems are used to monitor organizational outcomes and correct deviations. Typical diagnostic control systems are business plans and budgets used as feedback systems to track variances from goals and expectations. Lastly, interactive control systems are linked to top management's involvement in daily activities. By focusing on attention, dialogue, and continuously learning throughout the organization, management emphasizes the design of interactive systems (Simons, 1994).

3.2.2 Change in MCS due to M&A

In an acquisition, the acquirer's attributes tend to impact the targeted company's life to a greater or lesser extent. The process may imply introducing new working methods, new follow-ups, and control systems as there is an integration of two different organizational cultures (Jordào et al., 2014). The implementation could harm the morale of the targeted company if they currently have a MCS that suits their organization. It is essential to consider the environment where their operations occur because it can differ from the acquiring company's domain (Jones, 1983). The companies could have different requirements regarding the various design and use of the MCS, which will impact to what degree the acquirer's MCS should be integrated (Jones, 1986; Harrison et al., 1988). The study conducted by Jones (1986) shows that in the majority of M&As, the management controls of the acquirer were integrated into the targeted company, mainly when a larger firm acquired a small firm.

Simons (1994) studied the use and change of MCS when newly appointed managers entered the company and requested a strategic turnaround. The unwillingness of an organization's employees to commit to this new way of working represents a severe challenge to managers attempting a strategic turnaround. To bring the employees into this strategic change, all managers in the sample used belief systems and boundary systems to actively create an incentive for the employees to work in new ways in the domain of the new strategic initiatives. The belief systems were intended to create and inspire a new culture and establish a mission that would inspire and motivate the whole organization. The boundary systems were implemented to specify what types of behavior would no longer be tolerated in the new organization.

The lack of integration of the companies' cultures, processes, and systems in an M&A is often seen as a significant cause of why most M&As are unsuccessful. Therefore, the administration usually faces challenges in implementing the MCS necessary to ensure the achievement of the predetermined acquisition goals and minimize the cultural clash between the two parties (Jordào et al., 2014). To be successful, managers should reduce the employees' uncertainty in the post-acquisition process and motivate them to foster a more productive working environment. The acquirer's role is to conceive a new MCS for the acquired company rather than extending its current control mechanism (Jones, 1985). The clash of cultures usually affects the adoption of the MCS in the acquired company. According to Jordào et al. (2014), there are three possible outcomes of cultural integration in the M&A process (Figure 1). Firstly, cultural assimilation, where the acquirer's dominant culture implies a high level of changes in MCS in the acquired company. Secondly, cultural blending where both cultures coexist without control of one another and the acquired company go through a moderate level of changes in MCS. Lastly, cultural plurality, where both cultures are integrated so that the acquirer forces no significant changes in the targeted company's MCS (Jordào et al., 2014).

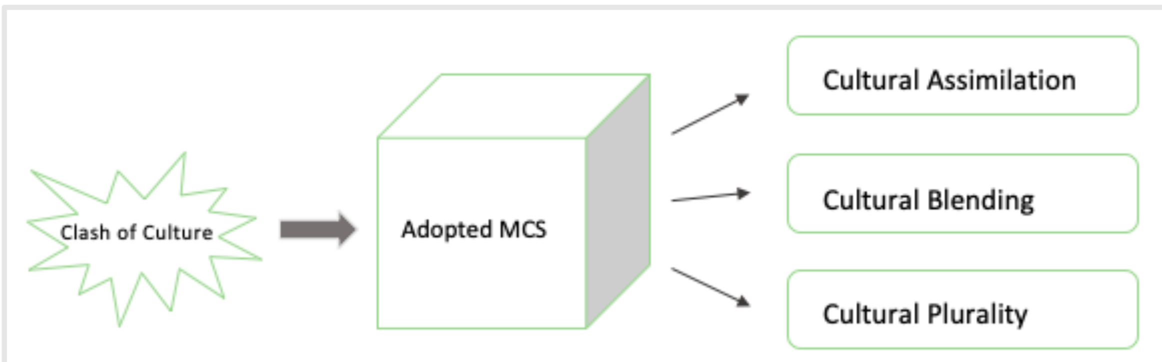

Figure 1: The three possible outcomes of cultural integration in M&A.

A typical control due to a new organizational strategy, like an acquisition, is implementing an incentive program to increase the monetary rewards and increase employee motivation (Simons, 1994). Chamorro-Premuzic, (2013) found that an incentive's effect is linked to the specific task that the employee performs. If the task is perceived as exciting or challenging, an increase in reward would typically decrease intrinsic motivation. For a tedious or monotonic task, it could instead increase the employee's motivation (Frey & Jegen, 2001). However, empirical evidence reveals that if the company starts paying a reward for a particular task, they cannot remove the rewards for that task in the future since the employee would now expect a reward for doing the intended task, thus decreasing their motivation (Frey & Jegen, 2001). In general, results show that the association between salary and job satisfaction often is weak and that money does not buy engagement. Companies want their employees to be satisfied with their pay, but more importantly, that they are intrinsically motivated and prioritize enjoyment, learning, and personal challenges. Since it has been recognized that intrinsically motivated employees that focus on the work itself and less on the money perform better than extrinsically motivated employees (Chamorro-Premuzic, 2013). It could also be that employees will feel less autonomous when the extrinsic rewards are perceived as controlling, which is typically the case with monetary and nonmonetary rewards. Thus, autonomous motivation decreases and lowers job performance (Groen et al., 2017; Frey & Jegen, 2001).

3.2.3 Employee perception of MCS

It is essential to consider the employees' perception of the implemented controls and not only the actual managerial intentions with the control to implement successful controls. A key that influences the perception of the controls is the culture within the firm. Depending on the culture, the employees will perceive the controls differently. Employees could, for example, perceive a boundary system as either constraining or liberating. Their perception of the controls determines whether it is perceived as enabling or coercive (Tessier & Otley, 2012). Enabling and coercive are used to categorize control systems in two different classifications. Enabling control is empowering, allowing employees to be involved, think, and engage in their work-life, which increases their autonomy. In contrast, coercive controls are more constraining and restrictive, only allowing employees to comply, which increases the efficiency and clarifies the expectations, although it decreases the need for autonomy and the sense to think, understand, and question (Ahrens & Chapman, 2004).

3.3 M&A effect on employee motivation

3.3.1 Employee perspective of M&A

It has been recognized that M&A has a severe psychological impact on all people involved in the process (Van Knippenberg et al., 2002). The employee perspective is one of the most critical aspects in the M&A process to consider to determine whether the acquisition was a success or a failure. However, how to handle this aspect remains one of the most challenging tasks to accomplish for organizations (Kummer, 2008). Contrary to the assumption that M&As are potentially beneficial to business practice, they typically generate skepticism and adverse reactions (Terry, 2003). However, the skepticism depends on the role the employee has during the integration process (Bijlsma-Frankema 2004; Brannen & Peterson 2009) and also the level of social identity the employee senses with their current employer (Colman & Lunnan 2011; Kroon et al., 2009; Ullrich & van Dick 2007). Retaining the acquired company's name and logo and keeping the top management as before the deal could be a symbolic way of creating autonomy and independence. This would retain some sense of social identity, securing the motivation of the employees (Ranft & Lord, 2002).

3.3.2 Social identity theory

Social identity theory was developed to examine the individual cognitive perception related to the sense of belonging to a social group. It is related to the employee's knowledge of membership in a group and the values and emotional significance attached to that membership. Through an identification process, the employee understands who they are because they see themselves reflected in the organization's identity (Guerrero, 2008). For an M&A to be successful, it is essential to be aware of the potential changes in organizational identification and how it impacts employee motivation. Identification and employee motivation are often threatened by M&As, as it requires an organizational shift that calls for disidentification with previous organizational attributes, forming a new identity, and a re-identification together with the acquiring firm (Van Knippenberg et al., 2006). However, an article by Schultz (in Terry et al., 2001) found evidence that if the group identity of the acquiring firm is deemed legitimate as a larger, more prestigious entity, it may well improve the group's organizational identification as the social identity score in the smaller acquired firm slightly improved after the acquisition. Therefore, it is crucial to be conscious of the employee perception of the identity in the organization pre-acquisition since the firm that is taken over faces a significant shift in its identity, abandoning an existing identity in favor of a new one. But it may also be potentially beneficial if the employees perceive the change in identity as favorable (Guerrero, 2008).

3.3.3 Employee psychological needs of autonomy, relatedness, and competence

The level of autonomy that the acquired firm retains is an important strategic decision in the integration process. If the acquired firm keeps a high degree of autonomy, it will usually create higher motivation among the employees (Datta and Grant 1990). Higher motivation and autonomy will develop independent thinking (Graebner 2004; Puranam et al., 2009), a dominant factor for knowledge-driven acquisitions (Ranft & Lord, 2002). To help managers understand how to create an optimal organizational environment and increase employees' motivation, previous research emphasizes the importance of satisfying the employees' need for autonomy, competence, and relatedness (Orsini & Rodrigues, 2020).

Autonomy is linked to the employees' need for freedom, to care about and be cared about by others, to feel the freedom to act within their interests, and not feel constrained by the management. To promote autonomy, managers should not apply pressure to perform. Instead, peak performance results from the employees' perception of choosing to do a task, not that they feel that they have to. It is also promoted by setting timelines as essential guidelines rather than dictate (Fowler, 2014). The sense of relatedness is satisfied through the social interaction and attachment to the other employees (Groen et al., 2017). To deepen the understanding of relatedness, managers should take time to facilitate the development of people's values at work and help them align those values with their personal goals. Managers should also frequently pay attention to the employees' feelings and responses regarding an assigned project and try to connect their work to a specific purpose. Lastly, competence is related to people's need to feel effective in their everyday challenges and opportunities by continuously developing skills to feel a sense of growth. To develop the employees' competence, the company should put resources to enable learning through internal training. Managers should also let the employees set individual goals to feel that they are developing (Fowler, 2014). The satisfaction of relatedness and competence is likely to increase the employees' existing autonomous motivation as they feel a sense of belonging to other people within the organization and possess the skills needed to succeed (Groen et al., 2017).

3.3.4 Cultural differences affecting employee motivation and identity

Generally, employees tend to be aware that organizations need to change to stay competitive, and therefore the work itself and the organizational structure cannot remain unchanged forever (Guerrero, 2008). However, cultural differences between the two parties involved in an acquisition may create problems. Namely, different ways of working, leadership styles, or interpersonal interaction in beliefs and values may threaten the employees as they now have to adjust to the other group's practices (Van Knippenberg et al., 2002). At an individual level, a shared vision and a cultural fit create an emotional bond between an employee and the organization, providing a common identity and sense of belonging that can be threatened if the acquirer changes the firm's identity (Clayton, 2015). Employees who previously saw themselves in terms of attributes that distinguished their organization from the acquiring company will perceive the M&A as a source of threat because the post-M&A process requires changes in one's identity, values, norms, and routines (Guerrero, 2008). One factor that may play an essential role during the integration process is to which extent the acquired organization dominates or is dominated by the other. One of the companies involved in the M&A generally dominates the other since it is more extensive, prosperous, and powerful. The employees of the firm that is being dominated are often feeling threatened by the more powerful firm (Van Knippenberg et al., 2002).

According to Berry (1983), there are four modes of acculturation, integration, assimilation, separation, and de-culturation. Nahavandi and Malekzadeh (1988) suggested a matrix to explain the different cultures likely to relate, which is visualized with some modifications in figure 2. They used two dimensions, the tendency to preserve the company culture in the acquired company and the degree of attractiveness of the acquirer. If there are significant tendencies for the acquired company to maintain their culture but low attractiveness regarding the partner, it will create separations in the cultures. On the other hand, high attractiveness but low preservation tendencies will develop into cultural assimilation. If both dimensions are highly present, the acquired company's culture will become a subculture of the acquiring firm. Lastly, if both dimensions are not current, it will be de-culturation where the acquired company will no longer have its foregoing culture, and neither will they adopt a new one.

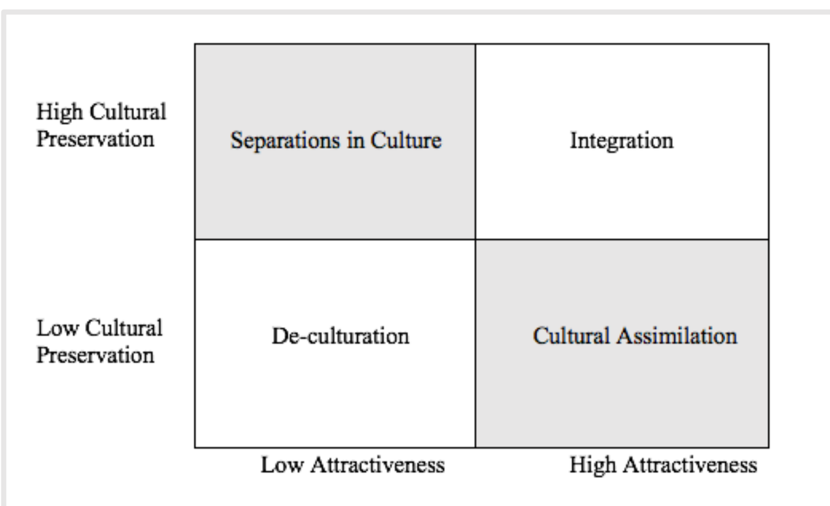

Figure 2: Visualization of the cultural integration in an acquisition by the study of Nahavandi and Malekzadeh (1988).

3.4 Theoretical model of post-M&A

A theoretical model has been developed with a starting point in previous research and the presented theories in the theoretical framework (Figure 3). The theoretical model provides a visual overview of what aspects are included in this study. During the post-M&A process, the characteristics of the involved companies, like size and cultural differences, will be crucial and affect the level of success in the integration (Steigenberger, 2017; Ranft & Lord, 2002). Depending on the characteristics of the included firms and other contextual factors surrounding the post-M&A process, the MCS in the acquired firm could change. The acquirer tends to implement their controls on the acquired company (Jones, 1985). The problem with implementing or creating a MCS that will fit both parties will lead to decreasing synergy effects and could destroy value for both the acquiring and the acquired company (Schuler & Jackson, 2001; Jones, 1983; Harrison et al., 1988).

The employees in the acquired company will perceive the executed actions depending on their perceptions of their earlier culture, implemented controls due to the acquisition, and the perception of intentions behind the acquisition (Tessier & Otley, 2012; Fehr & Falk, 2002; Newman & Krzystofiak, 1993). The employee perspective is one of the most critical factors in determining if the M&A was successful or a failure (Kummer, 2008). The employees' perceptions about the acquisition will further impact their identity and motivation.

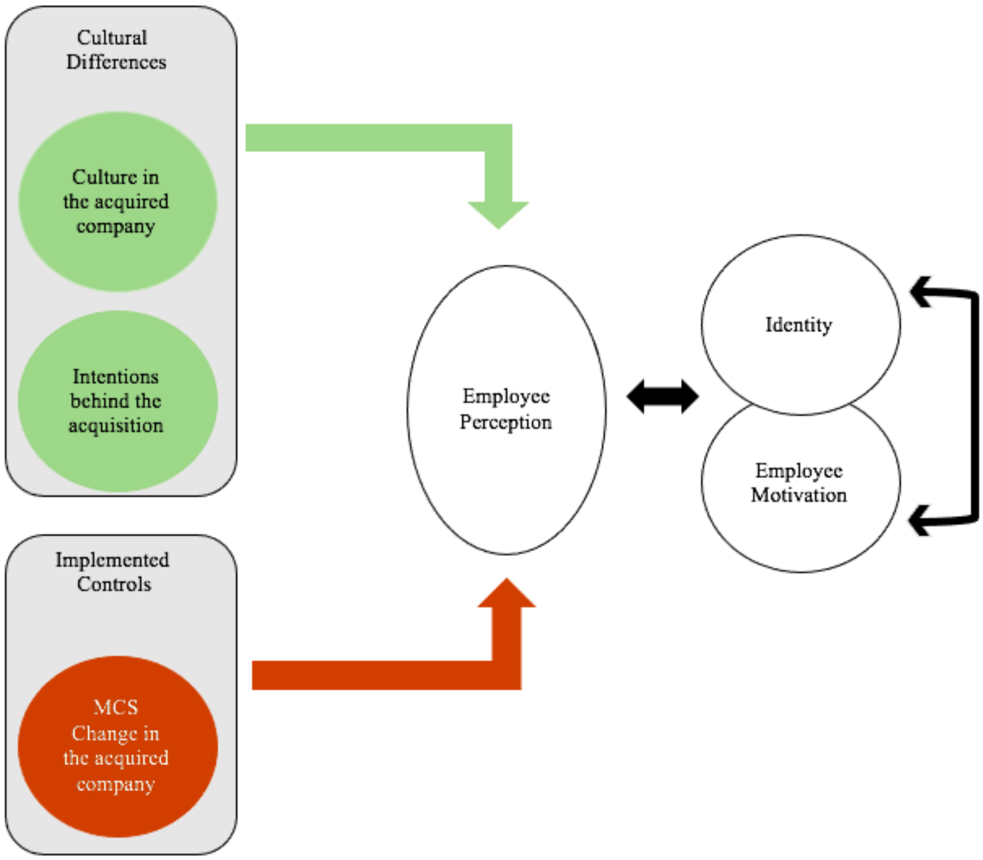

Figure 3: Theoretical model developed in this study for data collection and analysis.

According to the subject, the theoretical framework and the underlying theories are the first steps to gathering the correct empirical data. With the selected theories, we have created an operationalization schedule (Appendix 1) to use during the interviews to capture accurate information. Each interview question relates to a theory and purpose, which indicates a linkage between theoretical- and empirical findings. The operationalization schedule is divided into four categories to get a clear structure (Appendix 2). One of the categories is "perceptions before the acquisition," which capture the respondents' perception pre-acquisition. An example of the aforementioned category is visualized in table 2.

Author	Theory	Questions	Purpose
Jordào et al., 2014	*"The lack of integration of the companies' cultures, processes and systems in an M&A is often seen as the major cause of why most M&As are unsuccessful."*	How would you describe the company culture within the company before the acquisition?	The perceptions of how the company culture was before the acquisition could be used to evaluate the perceptions after the acquisition.
Steigenberger, 2017	*"Thus, the employees will resist and be skeptical already in the beginning of the integration process."*	How did you perceive the acquirer?	Employees could be skeptical already in the beginning of the acquisition process due to their perception of the acquirer
Newman & Krzystofiak, 1993	*"It has therefore been shown that M&A can cause a perception of cultural conflicts, uncertainty, loss of control, and job insecurity by the employees"*	What was your perception of how the acquisition could affect your everyday work life?	Did just the knowledge of the acquisition change the way of working and did the employees ever feel insecure and worried about the future?

Table 2: An example from the operationalization schedule.

4. Empirical findings

The following sections in this chapter are structured as follows; firstly, we present an introduction to M&As in the logistics and transport industry, followed by an introduction to our specific case. Further, the empirical findings of how the respondents perceived the culture before the acquisition and how they perceived the acquiring company is presented. This section is followed by statements of perceptions and changes in MCS due to the acquisition and how the acquisition has affected motivation and identity.

4.1 M&As in the logistic and transport industry

Despite that the pandemic affected M&A deals negatively, analyses show that the number of deals in the industry has radically increased to come back to normal levels again. Research reveals that cross-border deals have become more present in the last four years (Deloitte, 2021). This has to do with the fact that prominent players are keen to widen their network and acquire market share or technology capabilities from new players who have entered the market. The rising trend of transactions has created great opportunities for small firms to sell their business when conditions seem to be ideal. Since the M&A market is hot at the moment, business owners are selling their companies now. Otherwise, they may need to hold for another economic cycle to realize an optimal transaction (Deloitte, 2021).

4.2 The case

4.2.1 The acquired company

The acquired company in our case is a small logistic company located in south Sweden. The company was founded at the beginning of the 21st century by two close friends who always dreamed of starting their own business. Since then, the company has steadily grown, and the number of employees increased to 21 before the acquisition. Before the acquisition, the company always strived to achieve four keywords that symbolized the company's daily work: smart, safe, efficient, and neutral. The company continuously aimed to build long-term and successful customer relationships and a good reputation. By putting extra effort into their daily work with commitment and detailed planning, they created advantages that the competitors did not possess.

Before the acquisition, the company was familiar and had a low degree of formalization. No primary emphasis was placed on budgets and similar financial planning. The managers fully trusted the employees to do what was expected and required them to run the business towards their goals. The managers encouraged the employees to take the initiatives to attend specific educations to keep continuously developing.

4.2.2 The acquiring company

The acquiring firm is a globally operating and listed company that transports various goods worldwide by road, sea, and air. With a strategy of acquisitions and partnerships with carefully selected companies, they continuously expand and enhance professional services and market position. Today the group consists of over 80 European, Asian and American transport companies, with more joining. This strategy goes in hand with their business model to satisfy customers by offering the best solutions regardless of the transport job.

4.2.3 The acquisition

Between October 2020 and January 2021, a handful of people from the acquired company worked secretly about the upcoming acquisition. Nobody else from the company suspected what was about to happen. The people included in the acquisition consisted of the two previous owners, the two new CEOs, and the CFO. They worked hard late nights and during secret meetings with the acquirer to complete the transaction. When the previous owners of the acquired company released the news about the acquisition to all employees in January 2021, they were proud and happy to announce that they had signed the purchase agreement officially. They had developed the company from scratch from almost 20 years into a solid and reliable entity in the industry that they will forever be proud of. The previous owners were transparent about the importance of their company's identity and culture remaining operative and that it should be *"business as usual."* Instead, the future owner would support the company's development and its employees in the future. In addition, the acquiring company delivered a network, knowledge, and scale that would benefit the acquired company. Thus, with pride and a bit of melancholy, the previous owners handed over the baton and stated, "*This is the end of an era, but it is also the beginning of a new* *journey."* In the first quarter of 2021, the process was completed, and the beginning of a new journey had started.

The acquiring company's PM regarding the acquisition emphasized that they saw potential benefits since the two parties shared the same view and values with an asset-light mindset and that the acquired company's talent would help them create success. They also stated that the acquisition was a perfect match because they *"shared the same personal and professional values."* The main idea was that the acquired company would continue with business as usual, and no organizational changes would be made.

4.2.4 Participating respondents in the case

To get a representative view of the case, the selection of respondents in the acquired company was distributed throughout the whole organization, where the respondents have different roles and responsibilities. Table 3 presents a table of the respondents included in this study structured by role, experience, and work tasks. All respondents were employed during the acquisition process and had valuable input regarding their perceptions. The majority of the respondents have been working at the company for a long time and appreciated the employer.

Role in the company	*Years in the company*	*Task assignment*	*Name of respondent*
CEO	*15 years*	*Report to the acquirer and control the operations within the organization.*	*Respondent A*
HR/support	*11 years*	*Free role, supporting operational staff with their daily assignments.*	*Respondent B*

CFO	*15 years*	*Accounting tasks, reporting and emphasis on IT and development of Business systems.*	*Respondent C*
Accounting assistant & Administrator	*3 years*	*Daily accounting and administrative tasks.*	*Respondent D*
Transport planner	*2 years*	*Operational tasks, transport planning and custom related tasks regarding the UK market.*	*Respondent E*
Transport planner	*7 years*	*Operational tasks, transport planning in the continent division*	*Respondent F*

Table 3: Table of the participating respondents and information about their role, years in the company, their dedicated responsibilities, and how they are referred to further in the empirical findings.

4.3 Acquired company before the acquisition

Before the acquisition, the acquired company was a small company without boundaries to other actors in their industry. They perceived themselves as an industry challenger where they had a free role in cooperating with whomever they felt was the best option in the specific situation. The customers thought that the company was special with a first-class service and product differentiation, thus, they were more expensive than the larger competitors in the industry. The company culture was good, with a high degree of autonomy, and the employees felt proud to work in the company. In a way, the culture was unique compared to other logistic firms and workplaces;

- *"The company culture was quite unique due to an inspiring environment and management. The management had requirements but still offered autonomy. They always pushed the* *employees to take the next step and asked: What would you do? They challenged you to make your own decisions." (Respondent B)*

The Respondent further argued that the autonomy given by previous management increased her motivation. They always tried to create a working profile that fitted your interests to maintain the employees and the culture within the company.

Respondents agreed that the culture and identity of the company before the acquisition were very familiar and that they had an excellent team spirit where everybody supported each other. The company could be described as a flat organization, where all employees were friends, and there was no feeling of hierarchy, even if there officially were one. Besides that, they appreciated their colleagues, and the majority of the respondents enjoyed the working environment and the excellent management. Because of the small number of employees in the company, the team spirit became something that management initially emphasized and prioritized. The previous managers in the company had a policy where all recruited employees were hand-picked to fit into the group dynamic. This was further underlined by one of the respondents, how management focused on the cohesion between the employees;

- *"A company culture where the employees were considered the most important, in larger companies you often feel that you are replaceable, but that was not the feeling here. All personnel were equally important and added value to the company." (Respondent E)*

4.4 Perceptions of the acquiring company

All respondents had heard about the acquirer before, and the respondents on an operational level had professional interaction with them in their daily work. Two respondents from the finance division were the only ones that did not have any previous experience with the company. But they had both heard about the company since it is a significant player in the industry and listed on the stock exchange. Therefore, there were initially some concerns from the finance division that the acquisition would lead to the company culture would become more formal;

- *"The only thing I knew with experience was that the organization would become more formal and we would become more a part of a machinery in a larger context." (Respondent C)*

Except for the individual perceptions from the financial division, they have heard negative opinions about the acquirer from colleagues working closely with the acquiring company, which spread to their preconceived notions.

The acquiring company's business model promotes customer service by offering the best solutions. The perception of the acquiring company before the acquisition was that the group had an indubitable lousy reputation throughout the whole logistic industry. Therefore the majority of the respondents were negatively set to the acquirer before the acquisition.

- *"When we heard the acquirer's name, we associated it with subsidiaries from the group, and we never had a good relationship with them." (Respondent A)*
- *"The acquirer's name was something that sounded negative in many ears and had a bad reputation in the industry." (Respondent B)*

The respondents who had earlier experiences with other subsidiaries from the group and the origin of the parent company were negatively set to the acquirer, which influenced their perception of the acquiring company. Previously a conflict with one of the subsidiaries did not end well. This led to the general perception of the acquirer being negatively set.

4.4.1 Cultural differences between the two parties

According to the majority of the respondents, there are initially cultural differences between the two parties. This has affected their perception of the acquirer and the transformation process in general. One cultural aspect that all respondents perceived negatively was the country of origin in which the parent company operates. Other logistic companies with the same country of origin are not considered a particularly fine stamp in the industry. Due to the origin, there are differences in management, leading to different ways of controlling and running a business. One of the respondents previously worked in a logistic company with the same country of origin as the acquirer and did not have positive experiences regarding the management in the organization. This made her concerned about the acquisition and created a negative perception of the acquiring company;

- "*I have worked for X (Nationality) before at other companies, and they have a very strict hierarchy. There is a boss, and then another boss, and then 13 levels below you come. My experience of X (Nationality) is also that money is the only thing that matters. Which I did not perceive was the case here." (Respondent E)*

One of the main differences between the firms was the emphasis on service. The acquired company was seen as an exclusive premium option where you got high qualitative personal service that the majority of the customers were willing to pay for. On the other hand, the acquiring company worked with mass production and quantity over quality. Respondents on the CEO- and CFO levels both expressed that the culture in the two companies was from two different worlds. The acquiring company was ambiguous about where the goods were and did not inform the customers if a problem occurred. Previous experiences were that they did not pick up the goods they were supposed to, did not deliver in time, and did not bother to contact the customer if something unexpected happened. In comparison, the acquired company proudly worked towards a more expensive transport with the customer in focus. The customer knew that they would get the goods delivered in time and with qualitative service despite if unforeseen events occurred. The majority of the respondents agreed that there is a significant cultural difference when it comes to what service level you offer to the customers and what values that are being prioritized;

- *"If we stood for coolness, high service level, exclusiveness etc. Initially, my perception of the acquirer was that they stood for bad service where they don't care about the customer, run over their subcontractors, just shit." (Respondent A)*
- *"It was an ocean of differences, and sometimes I wonder if the acquirer really understood the company that they have acquired." (Respondent C)*

When it was finalized, the employees felt relieved that a newly appointed CEO from the parent company would not come in and manage the company with an iron hand. Instead, respondent A, who previously worked in both the traffic and financial divisions, took over as CEO. Employees started to realize that the promise from the acquiring company that it would still be business as usual may be true after all. The majority of the respondents agreed that if the acquiring company had appointed a new external CEO, there would be significant changes in culture, and the old identity and the group dynamic among the employees that everybody appreciated would slowly diminish.

4.5 Change in MCS due to the M&A

Depending on the respondent's role in the company, they have met new controls that the acquiring company has implemented. At the CEO- and CFO level, there is much additional reporting that the parent company requires. Since the company is publicly listed and the corporate group consists of approximately 80 companies, it requires reporting for both internal and external stakeholders. This change is especially perceptible for the CEO, which is putting a lot of time and effort into fulfilling the reporting requirements.

- *"I have to gather statistics and stuff like that all day. Or at least in the first two to three weeks every month. I don't do anything else. Every month there are some requirements, the first and second this has to be delivered, the third and fourth this has to be delivered and so on. Everything has to be sent in the same system so they can consolidate the data. I understand that these are the rules and the rules are applicable completely, no mercy." (Respondent A)*

Another requirement from the parent company is that the acquired company should coordinate within the corporate group, their subsidiaries. Thus, if they receive a customer request that they cannot handle they should ask their subsidiaries if they are interested. This has also led to the acquired company having to change their shipping company to one that is selected by the parent company.

The parent company has implemented more e-learnings regarding for example cyber security, whistleblowing, bribery and code of conduct. The respondents also mentioned that they have similar policies as before but there is e-learnings regarding the new policies. When the e-learning is finalized you receive an OK from the parent company. There are more controls implemented to ensure that all members in the organization have the same information and go through the same procedures.

- *"But this is something that is included in their concept, when you are a larger company, you have to be clear. For example with the sanctions due to the war, there was direct information about what the parent company accepted and did not accept. Who you can work with or not. This could maybe be the case before as well but now it is much more organized." (Respondent C)*
- *"I think that before it was more in general how you behave, everyone knew that you are not allowed to call your colleague a retard, in other words I do not need to sign a paper to understand that." (Respondent E)*

One major action that has affected the employees in the company is the implementation of a new business system. The business system is also more controlling where the parent company can see what the employees are doing, for how long they have been active in the system, and how much they are billing. Another control that has affected all employees is that they used to have a "Christmas bonus" and they used to buy Christmas gifts for their customers. Both the bonus and the gifts are now not allowed because this is something that the acquiring company does not do according to their policies.

4.5.1 Employee perception of the new MCS

Regarding the new requirements in reporting, the respondents agree that the largest change is at the CEO- and CFO levels. The remaining respondents do not feel like the requirement has affected their daily work. It seems like the reporting is perceived as quite complicated and controlling.

- *"The first day every month I have to report how many employees we have in this office. It may sound easy but it is not. You have to report how many full-time employees, then it should be divided into collars, trainees, how many hired staff from other sister companies that are working here but belong to other companies, etc…. When I received instruction of 25 pages on how to report how many employees we are, I felt, oh shit, this seems* *complicated. Instead, you could have fit the instructions on a post-it note. Because we are a small company with an easy process, I asked them if I could report for the whole year. They looked at me like I was from space. It was unthinkable." (Respondent A)*

The new requirements regarding reporting have led to a decline in autonomy. There is always someone from the parent company that will monitor their subsidiaries to gather the correct information and reports that is necessary.

It was also perceived that the parent company implemented their regulations where everything is more formal now than before. It could also create problems because the parent company and the acquired company follow different national rules. So, sometimes they have to explain that they have to do this another way, following the Swedish regulations. The acquiring company also implements international standards from International Organization for Standardization (ISO). The perception of the process was that it was swift and that it should be a deeper integration into the acquired company.

The implementation of the new business system is perceived differently depending on the employee's role within the company. Those who work operatively felt like the implementation was exemplary and received the right kind of training. They were divided into different teams where one became a "super-user" of the new system. The super-user was trained by an expert from the parent company and could later educate others. For the respondents working in the financial department, the implementation was not perceived as excellent and enabling.

- *"After nine months they implemented their business system in a not at all nice way where they basically parked the new computers here and said; you can discover how this program works and how you want to work." (Respondent C)*

Despite that all respondents appreciated the culture, working environment, and identity that the previous managers had created, Respondent C was early criticism of the last business system used and was not future-oriented. The respondent felt that the managers set boundaries when it came to innovation and keeping up with the new reality of digitalization;

- *"With the previous managers… We had a recurrent discussion about the business system, where I meant that we are stuck in the antique. This was something that they were not interested in approving. So in that way I actually felt more limited then, than I am now." (Respondent C)*

The general perception is that the change in controls has not been something that considerably affected their daily work, except for the new business system. The parent company told the acquired company's employees that they would continue with business as usual and not be forced to do anything. This has almost entirely been the case, and one reason could be that they have delivered what they are supposed to do from a financial perspective. But, there is still a sense of uncertainty among the employees. The acquirer told them that it was business as usual, but they still implemented some changes that impacted the business. So, the general perception is that they have not been affected by the control change, but they believe that this will change and new controls will be implemented in the future. The respondents know that the parent company will not just pay a substantial amount of money, and then if they do not deliver the right numbers, just stand aside and let it happen.

- *"Then it is something like this, in the end it is all about the money and we have to perform as expected to continue as usual and the way we want to work. They have not had any opinions on how we should work. Instead it is what we decide it to be." (Respondent B)*

One respondent thinks that the control over their daily work, in general, has reduced. They had always had reasonable control, and now they feel that they do not have the same overview. One reason for this is the uncertainty that the acquired company is facing. But they slowly move from the uncertainty and have better control, especially when they can fully manage the new business system.

4.6 The acquisition effect on employee motivation and identity

4.6.1 Employee motivation

We observed from the interviews that the respondents perceived that the acquisition did not affect them to the same extent as their colleagues. The majority of the respondents said that they had a more positive attitude towards this "challenge" compared to their peers. Although they agreed that the motivation was decreasing at the beginning of the acquisition process since it led to changes and uncertainty for everybody. Thus, the respondents could see a negative trend among their colleagues that some lacked motivation after the acquisition;

- *"There are many employees that express that they have lower motivation now than before the acquisition" (Respondent C)*

One common answer regarding how the acquisition affected their motivation was the uncertainty of the future. Many of the respondents expressed that they initially felt worried and uncertain if they would be part of the new organization or if they would be fired and replaced;

- *"Everyone felt sad when they got the information, and then the uncertainty factor occurred as we did not know if we would be allowed to stay or not." (Respondent A)*

Those who did not feel worried were those with more flexible roles. Instead, they were concerned about their colleagues and how the organizational structure would change as they wished to have the same people around them. There were also concerns regarding how the acquiring company would come in and manage the company. According to one of the respondents, many of the employees had worked in the company for around ten years, which is very rare in the logistic industry. Since all the respondents appreciated the previous culture, everyone was initially afraid that this would disappear. All the respondents agreed that information is essential to minimize uncertainty and unrest during an acquisition. Although the information is often delegated to specific roles in the company which led to that many of the operational working respondents felt that they wished to get more information.

The majority of the employees appreciated the previous situation and how the company was managed. They had a close relationship with the previous owners and appreciated that the owners were placed in the office to discuss possible problems and solutions. The respondents also mentioned that the new owners have only been in the office once. They did not seem interested in interacting with the employees and how they were doing. This points out that the relationship with top management has lost its personality and changed compared to before.

There was also negative grumbling about the acquiring company's reputation from employees in general, which many of the respondents felt infected the entire organization. Even if some of the respondents initially saw the acquisition as an opportunity and an exciting challenge to tackle, they thought that the negativity from other employees lowered their motivation;

- *"I was excited to see what this would lead us to, but I noticed early on that some colleagues felt that everything was just shit and grumbled over the situation. I just felt that the motivation disappeared, it also affected my motivation." (Respondent B)*

Although, all respondents did agree that the employees always supported each other in difficult situations and tried to keep the motivation up. Many employees in the acquired company had been working in the company for a long time, and at the CEO- and CFO level, they believed that the reason for the primary unrest was the human factor. They both mentioned that people, in general, are not very prone to changes. They want to feel safe and have it like they are used to. Doing their work differently is hardly thinkable. According to the CEO, there is a whole range of different people within the organization, those who are not prone to change and others who take on new challenges to overcome difficult times. To keep everybody motivated, the CEO wants to ensure that the employees support each other and try their best to keep their colleagues motivated and happy.

Generally, the employees feel the same level of autonomy after the acquisition as they did before. Although, some respondents feel more controlled by the parent company according to the increase in reporting standards and newly implemented demands from the parent company. Thus, the autonomy has decreased slightly compared to before the acquisition, but the flexibility and autonomy at an operational level remain the same. Respondent B's perception is that the parent company increasingly monitors them as they gather increased data regarding what each employee has done and has not done. Everything is being measured, and with the data, they can for example see how long you have been logged into the system. The increase in reporting is something that the respondents who work daily with the reporting feel are redundant at times. They feel that some reporting does not benefit themselves as a company but just being there to serve the parent company. Instead, they agree that the focus should be on driving the business forward and not on reporting that does not generate any money. Although, the CFO perceives that her motivation has increased due to increased reporting. She has earlier experience working with more prominent companies, and she feels that her expertise and knowledge are being more demanded today than before the acquisition.

For respondents who work operationally, the motivation has been like a rollercoaster. Some days they are highly motivated to tackle problematic tasks, and some days they lack motivation. In the finance division, the motivation dropped due to the new business system in which they felt that they had not gotten the best support from the parent company in the boot-up. Thus, the two respondents agree that their daily time is spent fixing problems due to the new business system. They agree that it is a difficult run-in period, but they believe that the system will be successful in the long run.

Due to the acquisition, there have also been changes in the incentive program that decreased the motivation of some of the respondents. Even if the majority of the respondents did not mention the bonus system as a primary motivating factor, one of the respondents felt that the motivation among the employees decreased due to that the annual Christmas bonus was removed by order of the parent company;

- *"In addition to your base salary, you received a Christmas bonus. The bonus led you to not negotiating your base salary because you knew that the bonus would arrive in December. Suddenly it was pulled away, and I felt that the motivation among the employees decreased." (Respondent B)*

The Christmas bonus was something that formed the previous identity. Therefore, the action to remove the incentive could be perceived as hostile for some employees as the company's identity was provoked.

4.6.2 Identity

All respondents agreed that the core identity among the employees remains as it was. One main reason for this is that the acquirer has not touched the organizational structure. The respondents perceive that since most of the people working in the organization are still the same, the family atmosphere where all employees support each other remains as it was. Although, the respondents working on an operational level feel that there has been a change in the company's identity because some employees have left the company after the acquisition. According to some respondents, the acquisition may have played a particular role in their decision to leave the company, although there may have also been other reasons.

- *"At the same time, several people have left the company, and this does, of course, lead to a change, new people have replaced them, and you can feel a sense of change in the identity." (Respondent D)*
- *"Many employees stayed after the acquisition and therefore the familiar attitude also remained, I think it is very important here." (Respondent E)*
- *"Here has always been a familiar mentality and I think it still is. We are still the same old group despite that some have left which may have impacted a little. But the team spirit that was, still remains." (Respondent F)*

As we had the advantage of being on-site, we have observed several aspects that indicate that the acquired company's old identity remains internal despite the acquisition. The old logotype and name can be spotted everywhere around the office, while the new logotype is just located outside the entrance of the branch office. The furniture in the office remains in the colors associated with the acquired company before the acquisition. You can still see the old company name written in large letters on the wall in the lounge area. In addition to all the symbols associated with the acquired company before the acquisition, another observation was a painting of the old owners that still hangs on the wall despite that they have nothing to do with the company today. This is something that the new CEO also mentioned when asked about the new identity of the company;

- *"We are now part of a larger context. We are not the nimble challenger anymore. We are now part of a giant group. We have added the parent company's name before our old name, a new logotype, etc. Even though the old one is still here, and you can still sense the old identity inside the organization, on the walls, flags, and on some trucks, it is not really the same, of course." (Respondent A)*

As mentioned earlier, most of the respondents initially had negative perceptions about the acquirer. This is something that one of the respondents especially felt has influenced the new identity of the firm and the feeling inside the organization;

- *"Yes, I feel that the culture and identity have changed. Previously, I felt that we were proud of our brand and name. We were proud to be the small challenger that fought against the big competitors and thought that we were so much better than everybody else… Today I feel that since we are X (Acquired company), it is nothing that we are especially proud of and brag about." (Respondent B)*

The local association before the acquisition is also one aspect that has changed due to the acquisition. The previous managers in the acquired company had a penchant for their hometown, where the company operates from. Therefore the company entered a lot of local sponsorships with football clubs, golf courses, and other local associations. It became a local inspired company compared to the acquiring company, which has ambitions to grow and increase market share globally and does not have a local recognition. Due to the acquisition, the parent company chose to end all sponsorships that the acquired company had as fast as possible.

The small size of the acquired company made it a very personal approach before where the previous owners were close to the operation and were just an office away. With the acquiring company as owners, many respondents feel that the personal approach has disappeared. They do not have a close relationship with the new owners as they had with the previous owners. Many of the respondents feel that they miss the close relationship with the owners where they had the opportunity to discuss opportunities for improvements just an arm's length away.

Another aspect that has led to an identity change is how the outside world now perceives the company. Since the company now is part of a larger organization, they have gotten a new logotype and new rules which have impacted how the company may be perceived in the industry. Even customers initially pointed out that they would end the collaboration if the acquired company became a part of the acquiring company. Therefore, there was a general concern among the employees in the company that they would lose customers and other stakeholders in the industry since they now would associate them with the bad reputational parent company;

- *"There were initially concerns from customers and suppliers that we would lose our nisch and that we would not stand out from our competitors anymore." (Respondent A)*
- *"It was expressed from several directions that we would lose customers. Some customers said that they cannot work with us since we now are X (Acquiring company)." (Respondent B)*

From the operational perspective, there is also a feeling that there has been a severe change in how people around the industry perceive the company. They often received questions from customers and stakeholders after the acquisition was announced about the future and if there would be any critical changes that would impact them;

- *"I think there has been a severe change in our identity and how we are perceived by stakeholders and other companies in the industry. Even if the companies working closely with us understand that we still are the same group of people working here, there are still some who now perceive us as a small part of a bigger machinery. They don't see us as the small competitor anymore." (Respondent F)*

Even if there have not been any drastic changes, there have still been some changes in ways of working which have impacted some of the employees. Because of the new ways of working, they feel that they cannot provide the same service level as before. The CFO is one of the respondents who like to see the acquisition as an opportunity instead of a hostile takeover. The respondent understands that the acquisition changed the identity of the firm but wants to look at it from a more optimistic perspective;

- *"It won't be the same old x (acquired company), it will be the new x (acquired company), and I believe that the new organization will be more prepared for the future. That is my definite perception. But we need to give it some time." (Respondent C)*

5. Analysis & Discussion

This section compares our empirical findings with previous existing theories in the field. The section is structured as follows; firstly, we discuss the integration process and how cultural differences between the companies impacted the integration. We further discuss the change in MCS due to the acquisition and how the employees perceived these changes. We end the chapter by discussing how the acquisition led to changes in identity and how it has affected the motivation of the employees.

5.1 The integration process

Post-M&A there will be an integration process where the acquiring company and its characteristics will decide how successful the integration will be. One crucial factor is the communication between the companies, which could also be influenced by size and performance (Ranft & Lord, 2002) and national and organizational cultures (Steigenberger, 2017). In this case, there is a significant difference in size and performance between the acquirer and the acquired company.

If the acquired company thinks it will be beneficial due to its high status to join the acquirer, it will mitigate the negative effect (Van Knippenberg et al., 2002). The acquired company's employees mainly believed that their status would decrease due to the acquisition. The differences in national and organizational cultures were initially perceived as extremely high. Most of the respondents did not want to be associated with the acquiring firm. They had a lot of negative opinions about the national culture where the acquiring firm has its origin. Those negative and skeptical opinions originate from previous relationships with the specific company and similar companies of the same nationality.

There were also considered to be many differences in organizational culture between the companies. The acquired company was the premium alternative with a product differentiation strategy focusing on qualitative service and long-term relationships, while the acquirer was the opposite. The perception was that they worked with quantity over quality with no service-mindedness regarding customers or subcontractors. The differences between the companies could, in theory, create problems with communication, and as we can see in our empirical findings the acquiring company only had one introductory meeting where they presented themselves. Since then, the new owners have been anonymous and not seen at the office. In the first initial meeting, where the acquisition was revealed, the employees felt like something would happen, but they did not know what. The uncertainty mixed with their negative and skeptical perceptions about the acquirer made the disclosure a disappointing and emotional event. The most important thing is how the employees will perceive the actions and intentions of the acquiring company. One of the reasons why employees could see the acquisition as hostile is that the sudden disclosure could create distrust (Fehr & Falk, 2002) where the employees do not receive all information which creates uncertainty (Lind & Lattuch, 2020). In this case, the uncertainty created demotivation for a short period where many complaints grew and spread among the employees. Although some of the employees felt that this would be an exciting challenge.

5.2 MCS change and the employee perception

5.2.1 MCS change due to the acquisition

After an acquisition, the acquirer can integrate their controls and pass over their working routines to the acquired company (Pablo et al., 1996; Puranam et al., 2009). The acquiring company's attributes tend to impact the acquired company's life to a greater or lesser extent (Jordào et al., 2014). In this case, the initial idea was that the acquired company should remain their business as usual and that the acquisition would not have a tremendous operational impact. We can see that the acquiring company has kept its promise for the most part, although there have been some changes in the way of working and daily routines which have impacted the acquired company. For example, there has been an increase in reporting and sending statistical data about the organization, which has affected some employees. The acquirer has also implemented e-learnings regarding their policies where they aim to implement the same values and procedures into the acquired company. Another change that has impacted all the employees is removing the incentive program, unlike Simons (1994), who mentioned that a common control during an organizational change is to implement an incentive program to increase employee motivation, the acquirer, in this case, removed the annual Christmas bonus which was generously handed out from the previous owners. This action could be perceived as hostile by the employees in the acquired company as the reward was profoundly stated in the former identity of the company.

According to the respondents, the most significant change due to the acquisition has been implementing the new business system. The majority of the respondents have expressed their concern over the new system and that it has complicated the daily work routines. One of the reasons why M&A fail is due to the acquirer failing to implement their controls in a way that fits the acquired company (Jones, 1983; Harrison et al., 1988). The respondents from the financial division have clearly expressed disappointment in integrating the business system, where they wished for better support from the parent company than they got. Although, the empirical findings show that some respondents are optimistic about the new system as they earlier on have expressed that the old system was not integrated and prepared for the future. They believe that the new system is more future-oriented and will be successful as soon as everyone has adapted. This is also mentioned by Guerrero (2008), who claims that employees generally tend to be aware that organizations need to change to be competitive. Therefore, they know that the working tasks and routines cannot remain unchanged forever.

A significant cause of why most M&As are unsuccessful is the lack of integration between the companies' cultures, processes, and systems. Implementing a new MCS due to acquisition could be problematic due to potential differences in culture between the two parties (Jordào et al., 2014). As mentioned earlier, we have found a cultural difference between the two companies. According to the respondents, in this case, the two companies' cultures are from two different worlds, where the acquired company's intended strategy was completely different compared to the acquiring company. The previous management influenced the former culture, emphasizing an open dialogue and a local association. Interactive control is linked to top management's involvement in the daily activities and focusing on a conversation with the employees (Simons, 1994). In this case, most of the respondents appreciated that previous management was nearby and always open for dialogue when problems occurred. This is something that many of the respondents perceived has changed today, as the new owners are located in a different country and therefore lack the interaction with the employees.

According to the empirical findings, the acquiring company has not implemented many new controls with reason to control the acquired operational work. Most of the new controls implemented are due to the requirements from reporting regulations, as they now are part of a group listed on the stock exchange. The new reporting and data input that is required could be linked to an increase in diagnostic controls in the organization, which are used to monitor organizational outcomes and correct deviations. Diagnostic controls consist of business plans and budgets used to track performance and variance from goals and expectations (Simons, 1994), which is aligned with our case where the acquiring company has implemented an increased reporting standard in the acquired company to control their performance. Jones (1986) claims that when a more prominent firm acquires a small firm, the acquirer's MCS is often integrated into the targeted company. The acquired company has been forced to make changes in their daily work to complement and follow specific regulations that they were not required to do before the acquisition. Thus, new boundary systems have been implemented in the company, consisting of particular rules that must be respected (Simons, 1994). Many of the new regulations implemented are linked to reporting standards that they need to adopt. Following the citation from the CEO in chapter 4.5 regarding the change in MCS, he pointed out that there are strict deadlines that they need to follow with no mercy. An additional boundary that is not linked to reporting that the acquirer has implemented is the requirement to change their shipping company to one selected by the parent company and continually ask their subsidiaries first if they receive customer requests that cannot be handled. According to the respondents, this limitation has affected the organization negatively and damaged the reputation of what the company offers.

The clash of cultures affects the adoption of MCS where there are three different outcomes in implementing a new MCS in the targeted company during an acquisition. Firstly, the acquirer culture dominantly implies a high level of changes in the targeted company. Secondly, the two parties' cultures coexist without control of one another, and the companies go through a moderate level of changes. Or lastly, the cultures are integrated so that the acquirer forces no changes in the targeted company (Jordào et al., 2014). In our case, we can argue that the two cultures are integrated in a way where the acquiring company has implemented a limited amount of controls in the acquired company, which categorize the outcome as a cultural plurality according to the theory of Jordào et al. (2014) (figure 4).

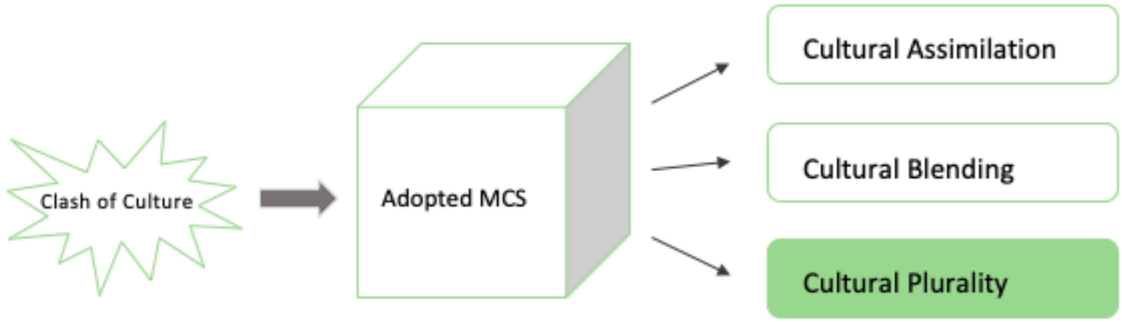

Figure 4: Outcome of where the acquired company in this study ends up in the cultural integration of MCS.

Following the LOC framework, which is designed as a tool to understand relationships between strategy and control (Martyn et al., 2016), we found that before the acquisition, there were no strong controls implemented in the company. The former belief system in the company was more conducted by common sense with loose control. Post-acquisition, we found that the acquirer has been more strict in implementing a belief system into the acquired company to transform their way of working, using e-learnings to implement their core values and code of conduct. The belief system is created through formal documents and statements provided by management (Simons, 1994). Since there have not been radical changes in MCS due to the acquisition, we found that it was not the change in MCS that impacted the employee perception of the acquisition but rather their preconceptions of the intentions of the acquiring company.

5.2.2 Perceptions of MCS change

To implement successful controls, Tessier and Otley (2012) point out that it is essential to consider the employees' perception of the implemented controls and not only the managerial intentions with the control. They mention that depending on the culture within the firm, the controls will be perceived in different ways. In this case, the new reporting process has been perceived as quite complicated and controlling. Some respondents feel that the increased data flow from reports allows the parent company to control the acquired company and monitor the employees' performance. They perceive the new reporting as coercive, where they are forced to do these complicated and time-consuming processes even if it is not beneficial for the company itself, even if the intended reason behind the reporting is due to requirements from regulators as they now are part of a more prominent organization which is listed on the stock exchange and not because the parent company wants to control the organization.

The new business system was implemented because the whole corporate group should have the same approach to simplify processes and increase transparency. The perception is that the new system only complicates their daily work and limits their day-to-day operations. This is also strengthened by Jones (1983), who mentions that implementing a new MCS could harm the morale in the targeted company if their previous MCS suits their organization better because of the different environment where the operations occur. Due to different ways of working, the two parties require different designs and use of the MCS, which should impact what degree the MCS is being integrated (Jones, 1986). This is something that the empirical findings of this study have strengthened as we can see that the majority of the respondents have expressed that the new system does not fit with their previous way of working and that they have been required to adapt their daily routines in accordance to the new system.

5.3 Employee identity and motivation

The acquired company was a small company with a lot of autonomy and freedom previous to the acquisition. The company could cooperate with whomever they wanted, and the employees were encouraged to think by themselves and come up with their ideas and solutions. This aligns with enabling control, where the employees can be involved and engage in their work-life intentionally (Ahrens & Chapman, 2004). Before the acquisition, the management in the company was challenging and tried to create roles in the company that was suitable for the employees. The culture was familiar, everyone talked to each other, and team spirit was a keyword throughout the company. In most cases, during an M&A, perceived or actual job satisfaction will be reduced due to lower autonomy (Newman & Krystofiak, 1993). But M&A could also lead to steady-state or increased job satisfaction if the employees in the acquired company perceive that they have the same level of autonomy and there is no change in their daily work (Guerrero, 2008).

5.3.1 Identity

There was a familiar solid identity in the acquired company before the acquisition. Many employees have worked within the company for several years, and most of the employees were handpicked to suit the company's culture and identity. The acquired company had a solid local association and entered a lot of local sponsorships with local sports clubs and other societal associations. The assumption that M&A will generate beneficial business outcomes is often incorrect. Instead, they create skepticism and negativity among the employees (Terry, 2003). The skepticism depends on the role in the company and how tied the employees are to the company's identity. As mentioned before, there was much skepticism against both the acquirer and the acquisition. The reason for this is partly their relationship and perception of the acquirer but also the strong identity of the firm. The uncertainty and skepticism were not only about how the acquisition would impact the operational and professional aspects but that the unique identity should disappear.

Identity has been the main factor in gathering the individuals who work in the company today. The perception about how the identity would diminish could be why four employees resigned. According to the empirical findings, the acquired company's identity has changed since the employees no longer feel like the nimble challenger. They are now instead part of a giant corporate group. One symbolic way for independence and to retain the identity and the perceptions of belonging to the company could be to maintain top-management and the old logotype (Ranft & Lord, 2002). Both the top management and the logotype were changed due to the acquisition. The vital preservation of the company's identity was clearly due to our interviews and observations on site. The old logotype, corporate colors, and company name were all over. Even a painting of the two previous owners was hanging on the wall, and despite that, they had nothing to do with the company anymore. The new logo and company name were only located outside the entrance to ensure that third parties could identify them. The respondents agreed that the identity internally has slightly changed, but mostly, the perception from outsiders has been affected. The preservation of the "old" identity and that it is about the same employees in the company makes them feel like they have retained or even developed a new stronger identity. The acquirer clearly stated that the acquired company should conduct business as usual, which may be because they knew that the company's identity was something special that you should not interrupt. To maintain success through the M&A process, the acquirer must be aware that changes in the identity could lead to declining motivation (Van Knippenberg et al., 2006). Since the main factor to why the identity remains is due to the existing employees, it is uncertain how the culture and identity in the acquired company will change in the future. As current employees will not stay in the organization forever and new people who enter the company impact the culture and the existing employees, there could be an internal washout of the identity after a period, resulting in the old identity being washed out and unrelatable.

In this case, the acquired company highly values its culture and identity and has a high degree of preservation and a low degree of attractiveness for the parent company. According to Nahavandi and Malekzadeh (1988), this would lead to a separation of cultures between the two companies. The acquired company will try to preserve its culture and refuse to adopt the parent company's culture and separate an independent culture. If there is congruence about the mode, in this case, separation in cultures, it will create minimum acculturative stress. The perception is that the culture at the acquired company is quite similar to before but quite different compared to the parent company. There will be a minimal cultural exchange, which is comparable to what the respondent perceived. We noticed that the negative perception about the acquiring firm diminished during the integration process, which could increase the attractiveness of the acquiring company. It could be a more integrated approach to acculturation in the future. This depends on whether the attractiveness has positively changed just because the acquired company is doing business as usual or if the employees' perceptions have changed. If the parent company tries to interfere and make a solid attempt to integrate its culture with the acquired company, the separation in cultures will grow even more vital. With these arguments in hand, we can conclude that following the matrix and the four different modes conducted by Berry (1983), our case could be classified as a separation in culture in the upper left corner of the matrix (see figure 5).

It implies that there will be no severe changes in the organization regarding neither MCS nor culture. In Figures 4 and 5, the cultural plurality and separations in culture reflect the reality of how the acquired company has adjusted to the acquiring firm.

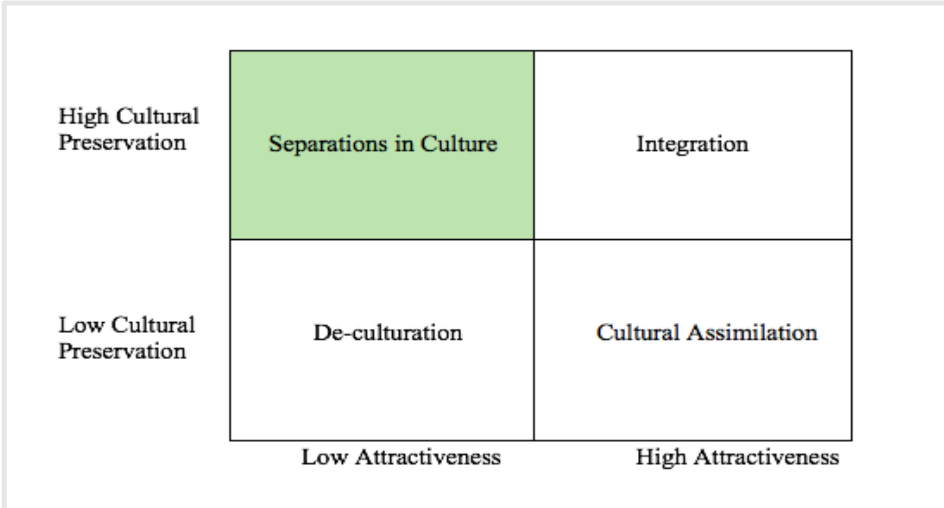

Figure 5: Finalized matrix of where the acquired company in this study ends up in the cultural integration due to the acquisition.

5.3.2 Employee motivation

In our case, one of the respondents pointed out that s/he had noticed that the motivation among some employees has slightly decreased due to the removal of incentives. Empirical evidence shows that if a company has started to pay a reward, they cannot remove the reward in the future as the employees would now expect a reward, thus decreasing their motivation (Frey & Jegen, 2001). Although, some of the respondents did not even mention the reduced incentives, which indicates that the majority of the employees are intrinsically motivated. We noticed that all of the respondents appreciated the working environment and culture within the company. All respondents have somehow expressed that they enjoy their surroundings and colleagues, which motivates them to stay. Previous studies show that the association between salary and job satisfaction is often weak. Money does not buy engagement, and companies should instead urge their employees to be intrinsically motivated and appreciate the work itself since it has been recognized that intrinsically motivated employees that do not focus on salary and incentives often perform better (Chamorro-Premuzic, 2013).

The level of autonomy that the acquired firm retains is an important strategic decision in the integration process. If the acquired firm keeps a high degree of autonomy, it will usually create higher motivation among the employees (Datta and Grant 1990). To complete a knowledge-driven acquisition, it is essential with high motivation and autonomy, which generates independent employees (Graebner 2004; Puranam et al., 2009). To foster autonomy, the employee should perceive that they choose to do a task and are not being forced to do it (Fowler, 2014). In the first state, the respondents thought that their autonomy would decline. The acquirer is a big company, and the leadership in their country of origin is perceived as direct and controlling. In general, the respondents feel the same level of autonomy as they did before the acquisition. The most considerable change in autonomy is at the CEO- and CFO-level. They put a lot of time and effort into something that does not generate anything for the acquired company where they instead could focus on what is essential for the business. But, overall, the autonomy is retained, which is very important to the employees to encourage their intrinsic motivation. The acquired company is considered a small company where each role and tasks are more flexible than the stereotypical working tasks associated with the position. This makes it harder for them to adjust to a formal organizational structure. One apprehension was that the parent company would create new top management with individuals from their organization. This was perceived as a game-changer for their autonomy and motivation. Today, when it is considered business as usual without any interactions from the parent company, the autonomy is perceived as before.

In addition to autonomy, managers also need to satisfy the needs for competence and relatedness (Orsini & Rodrigues, 2020). The relatedness is connected to their identity and the relationship among the employees, which remains prominent. But this is only applicable in the office, not between the parent company and the acquired company. Due to the acquisition, one can argue that the identity has been transformed from a strong firm identity to being recognized as a team identity. The acquiring company's approach to continue with business as usual is the right way to go regarding the strong identity of the acquiring company. Despite that, some employees demand more interaction with the parent company. It could have some adverse effects on the perceived autonomy. Increased interaction from the parent company could be perceived as controlling or hostile and therefore decrease motivation. Regarding competence, the employees have the same opportunity to educate themselves through training according to their specific role. The perception of their personal development is also the same as it was before.

The most prominent perception that the employees had was that the acquisition affected their colleagues' motivation more than their own. The majority of the respondents perceived the acquisition either as a challenge they should overcome or that it had not negatively affected their motivation. Here, the perceptions play a significant role in how the acquisition influenced the employees. It seems like the acquisition per se has not affected the motivation among employees, but rather it is the perception that has affected their colleagues. We believe that the spillover effect on motivation is deeply rooted in their perception of the acquirer and the eventual change in identity. Two respondents did not have a preconceived opinion about the acquiring company because they had not previously worked with them or heard anything about them. Those two respondents were also the most favorable or least adverse about the acquisition and its effect on their- or their colleagues' motivation. The empirical result shows that the majority of the respondents were skeptical when the information got official about the acquisition. They all perceived some sense of uncertainty about how the acquisition would impact their role in the company and what the future within the company would look like. This strengthens the finding of Steigenberger (2017), who claims that due to uncertainty and loss of control, the employees are already skeptical at the beginning of the acquisition. It also does not matter what the acquiring company’s real intentions are if the employees perceive them as hostile (Fehr & Falk, 2002), which becomes natural when the acquirer is perceived as frightful, which has been the case in this study as well.

In our case, identity and motivation have an interdependent relationship where a change in identity or motivation will affect one another. When the deal was revealed at the beginning of the acquisition, the employees started to believe that the acquiring company would replace their culture and identity. This, together with the perception of the acquirer, led to uncertainty and skepticism. The employees become demotivated due to the expected change in identity, which spreads throughout the organization. Thus, we can argue that a shift in identity could change motivation. The employees’ motivation in the acquired company was improved during the post-M&A process because no implementation affected the employees’ perception of their identity to a large extent.

6. Conclusion

This section presents this study's main findings and conclusions by analyzing the collected data compared to previous research in the field. We begin by stating the purpose of the study, and then the two research questions will be answered. We further reflect upon possible limitations of the presented results, leading to recommendations for future research.

This study examined changes in the acquired company's MCS post-M&A and how the employees perceive this change. Further, the purpose was to investigate how employees' perceptions affect the employees' motivation and identity.

6.1 Answering the research questions

- *How are new implemented controls post-M&A perceived by the acquired company's employees?*

The acquirer often tends to implement their MCS into the acquired company, particularly if the deal is between a small and large company. Our empirical findings show that many of the respondents have not noticed any significant changes in MCS due to the acquisition. Even though there have been some changes in the control system, primarily due to cultural differences between the companies. The two different cultures are integrated so that there are limited numbers of controls implemented in the acquired company.

This study shows that it is essential to consider how the controls are perceived by the employees and not only the initial intentions of the controls. The increased reporting and statistical data requested from the parent company is perceived as controlling. Some respondents perceive that the parent is monitoring their performance due to the increased accessibility of data, which could further affect their motivation. Generally, the new business system was perceived as a concern, and they perceived this as challenging and inadequate. As earlier theories have found, it is crucial to consider the culture and way of working in the acquired company when implementing a new

MCS into the organization. The MCS should be designed in a way that suits the organization. Even though the general perception of the new system was negative, there was a need for a change. The old system was not future-oriented and needed to be exchanged soon enough. Therefore, we can see that the majority of the respondents are optimistic that the new system will be successful in the future.

- *How do the perception of new controls and the acquirer's intentions impact the employees' motivation and identity?*

In the beginning, the perception of the acquirer was negative, and it started to spread among the employees. The changes in MCS were not drastically changed. It was more about the uncertainty and the perception of the acquirer's intentions and the acquirer itself that affected employees' motivation and identity. The employees started to grasp information in line with their predetermined perceptions. But along the way, when the employees began to feel that it was almost business as usual, they felt no limitations, they still felt like they could develop in their role. They had the same level of autonomy that was a big part of the company culture before.

Following previous literature, this study confirms that the employees in an acquired company feel uncertainty and skepticism when they found out about the acquisition. It was evident in this case that the employees' motivation was suffering at the beginning of the acquisition process. The acquirer, in this case, implemented a small number of controls in the acquired company, which had some impact on the identity and motivation of the employees. Initially, we thought that the perceptions of the change in MCS would have a more significant effect on employee motivation than what the result showed. It turned out that it was the perceptions of intentions of the acquisition and the perceptions of the acquirer which had the most significant impact on how employee motivation, the identity of the firm, and culture were affected. The acquired company's employees are now forced to represent a company they dislike, which has harmed their motivation. So, when the employees were invited to the initial disclosure, they perceived their intentions as hostile because of their earlier relationship. The perceptions about the implementation of controls were of secondary importance because the acquiring company already had a disadvantage where they had to prove that it should be business as usual. The acquirer has not interfered with how the acquired company should conduct its business, making the acquisition a trigger for change in motivation and identity weaker than if the acquirer would interact and set stricter rules on how to perform.

The company's identity is still very much alive despite that there have been some changes in the organization. They are more rule-based and part of a big corporate group, and no longer the nimble challenger with a local connection. The atmosphere has always been and continues to be familiar because the acquiring firm did not drastically change the organizational structure and placed an "outsider" into the organization. They retain the same employees as before, and the people within the organization create values and a culture that is the same or even more substantial due to the acquisition. Internally, the identity is quite the same as before and is critical in why employees still feel motivated. We believe that if the acquirer interfered with the culture and identity of the company, the motivation would instead decline. Although the main factor of why the culture and identity remains is the existing employees, we believe that the identity is quite vulnerable. Existing employees will not stay in the company forever, and new people who enter the company will influence the existing culture. Therefore, the current identity could slowly diminish as new employees create a new identity and culture within the company.

6.2 Contribution

Previous research has emphasized that M&As are often a subject of failure due to cultural differences and implemented controls that do not take the acquired companies into account (Van Knippenberg et al., 2002). Our theoretical model shows that the perception of cultural differences, intentions behind the acquisition, and MCS changes are essential factors in creating synergy effects where motivation could thrive among the employees. Our theoretical model could be helpful in future research when studying how employees' perceptions influence employee motivation and identity during a strategic change like an M&A. Perceptions are not isolated, and one employee's perception will influence other employees. It could be that they mimic each other's perceptions or get frustrated when someone has an opposite perception.

The findings of this study show that identity should be considered in the effect on employee motivation. As in our case, the employees fear that the culture and identity of the company may change due to an acquisition, creating uncertainty and skepticism already at the beginning of the process. One way to hinder an M&A from failing could be to develop cultural plurality, where the acquirer consciously lets the acquired firm have its own identity. This is essential when the acquired firm has negative perceptions about the acquirer and a strong current identity. It could be that the most significant way to integrate and create synergy effects is to keep distance. There are strategic and financial reasons why the acquirer bought the company, and interfering with their environment could diminish the intended outcomes. Thus, this study will be helpful for theoretical contribution as it shows that a change in identity could lead to a shift in motivation and, therefore, should be included when studying employee motivation during an acquisition in the future.

This study will be helpful for both acquiring and acquired companies to consider different aspects during an acquisition. It is essential to include elements other than purely financial and strategic factors in acquisition to create the most beneficial outcome. This study strengthens the argument that the employees' perspectives and perceptions need to be considered to evaluate whether the acquisition was a success or failure. In this case, the acquirer saw a strategic opportunity to acquire a company that was a premium alternative compared to other carriers. It is essential to consider how the different cultures may impact the employees' motivation in the acquired company. If employee motivation declines due to the acquisition, this may lead to lower willingness to contribute to their work, not reaching the desired results. Therefore, it is crucial to consider the strategic benefits of the acquisition, the impact of employee motivation in the acquired company, how they perceive the acquisition, and possible changes in their daily working routines.

6.3 Limitations

Since this research is a case study, one can argue that the generalizability of the study can be questioned. Although, we argue that the acquisition process and the impact on motivation and perceptions among the acquired company's employees can be the same in most acquisition cases where the acquired company has a strong and unique culture and where a more prominent company acquires a small, nimble challenger in the industry. But, in this study, the main focus is on the employees' perceptions. It is hard to generalize a study when analyzing how people think due to different individuals' characteristics and experiences. There could be limitations because this is not a before and after research, and the perception may diminish over time. This implies that all the respondents were requested to explain how they felt before the acquisition, which required that the respondent remember how they felt one and a half years ago. This could lead to biases in how they perceive the acquisition today.

Another limitation in this study is that we are not observing how the motivation among the employees in the acquired company affects firm performance as an aspect of the acquisition. It may be that the performance of the acquired company has slightly been affected due to the acquisition, but this is not the intended focus of this study but something that we consider to be an exciting approach to study in future research. We also believe it would be interesting to interview the former employees who left due to the acquisition to get their perspectives on how the acquisition impacted their perceptions. Since all the respondents that have been interviewed in this study have chosen to stay at the company regardless of the acquisition, they may have a more positive perception of the acquisition than their former colleagues.

6.4 Future research

For future research, it would be interesting to do the same kind of study on several companies so the results could be compared and consolidated. In this case study, we use acquisition when a large company acquires a small company. It could be interesting to study acquisitions or mergers between companies of similar size and if the acquisition process will affect the company differently.

It would also be interesting to be a part of the acquisition process already in the beginning and follow it for a longer time. At the beginning of the process, the employees face times of uncertainty, and it seems like negative perceptions are prominent. It could therefore be advantageous to capture the perceptions of the employees when the deal is announced to get recent perceptions. The perceptions and the relationship between the acquiring and the acquired company will change during the process. Thus, it should be studied in a longer time frame to understand employees' perceptions better. When examining an acquisition during a more extended period, it could also be relevant and interesting to include how it affects firm performance concerning motivation and identity.

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Appendixes

Appendix 1 - Operationalization schedule

Author	Theory	Questions	Purpose
		Describe your role in the company and what the role implies? Has your role changed due to the acquisition?	Initiate the conversation with background facts about the respondent's role and experiences.
		For how long have you worked in this company?	Employees that have worked in the company for a long time have better knowledge of the culture within the company. There could be different answers depending on their experience.
Jordào et al., 2014	*"The lack of integration of the companies' cultures, processes and systems in an M&A is often seen as the major cause of why most M&As are unsuccessful."*	How would you describe the company culture within the company before the acquisition?	The perceptions of how the company culture was before the acquisition could be used to evaluate the perceptions after the acquisition.
Steigenberger, 2017	*"Thus, the employees will resist and be skeptical already in the beginning of the integration process."*	How did you perceive the acquirer?	Employees could be skeptical already in the beginning of the acquisition process due to their perception of the acquirer
Newman & Krzystofiak, 1993	*"It has therefore been shown that M&A can cause a perception of cultural conflicts, uncertainty, loss of control, and job insecurity by the employees"*	What was your perception of how the acquisition could affect your everyday work life?	Did just the knowledge of the acquisition change the way of working and did the employees ever feel insecure and worried about the future?

Tessier & Otley, 2012	*"In order to implement successful controls it is important to consider the employees' perception of the implemented controls and not only the managerial actual intentions with the control"*	What is important for you, as a member of the acquired company, during an acquisition?	To find out what the employees need during the acquisition to keep their motivation as it was before or even better.
Clayton, 2015	*"At an individual level, a shared vision and a cultural fit creates an emotional bond between an employee and the organization, providing a common identity and sense of belonging which can be threatened if the acquirer comes in and changes the identity of the firm."*	What was your perception regarding the cultural fit between the acquirer and your company?	Were the two cultures similar and could be integrated easily or was there a misfit in the integration process.
Jones, 1986	*"...shows that in the majority of the M&As the management controls of the acquirer were integrated to the targeted company, particularly when a bigger firm acquired a small firm."*	Did the management of the acquiring company apply their rules, limitations and ways of working? In what ways?	In this case, the acquired company is a small company, the purpose is to see if the theory is applicable here. If the management applies all their rules it could have an impact on the acquired company. To see if they tried to set up their boundary controls in the acquired company.
Ahrens & Chapman, 2004	*"In contrast, coercive controls are more constraining and restrictive, only allowing employees to comply which increases the efficiency and clarifies the expectations although it decreases the need of autonomy and the sense to think, understand and question."*	According to what you said in the previous question, how did this change affect you?	To see if the presence of boundaries and coercive controls affected the employees' behavior and motivation.

Simons, 1994	*"Belief systems are used by top managers to define and communicate the basic values, purposes and direction for the organization. In order to transfer the core values of the organization to its employees, the belief system is created through formal documents and statements provided from the management."*	Did the management of the acquiring company intend to apply their values to your organization? If they did, how?	If the acquiring company tried to imply their belief systems to the acquired company. If there is a misfit in values the integration could be challenging and perceived as a threat.
Datta & Grant, 1990	*"The level of autonomy that the acquired firm retains is an important strategic decision in the integration process. If the acquired firm keeps a high degree of autonomy it will usually create higher motivation among the employees."*	Do you feel the same level of autonomy or more controlled/monitored after the acquisition as you did before? If not, how?	As the autonomy for the employees creates intrinsic motivation and is a strategic important decision it is important to capture.
Fowler, 2014	*"Lastly, competence is related to people's need to feel effective in their every-day challenges and opportunities by continuously developing skills to feel a sense of growth. To develop the employees' competence, the company should put resources to enable learning through internal training. The manager should also let the employees set individual goals to feel that they are developing."*	Has the level of education and training changed during the process? Has your perception of your own development changed?	Education and learning are important for employees to do a better job but it creates motivation and a feeling of development and competence.

Groen et al., 2017	*"The sense of relatedness is satisfied through the social interaction and attachment to the other employees. In order to deepen the sense of relatedness, the company should take time to facilitate the development of people's values at work and help them align those values with their personal goals."*	Has your perception of the relationship between the employees changed during the process?	A way of measuring motivation is to look for relatedness. To create relatedness it is important to have good relations between the employees.
Frey & Jegen, 2001	*"Empirical evidence reveals that if the company starts paying a reward for a certain task, they cant remove the rewards for that task in the future. Since the employee would now expect a reward for doing the intended task, thus decreasing their motivation."*	Has there been any change in incentives due to the acquisition? How has this impacted you?	To see if the monetary rewards have increased after the acquisition and how it affects the employee's motivation.
Jordào et al., 2014	*"The lack of integration of the companies' cultures, processes and systems in an M&A is often seen as the major cause of why most M&As are unsuccessful."*	How would you describe the company culture within the company after the acquisition? Do you feel that the culture/identity of the firm has changed? How?	To see if the perception of the outcome after the acquisition is related to the perception before the acquisition.
Newman & Krzystofiak, 1993	*"It has therefore been shown that M&A can cause a perception of cultural conflicts, uncertainty, loss of control, and job insecurity by the employees"*	How did the acquisition change your everyday work life?	To see if the perception of the outcome after the acquisition is related to the perception before the acquisition.
Van Knippenberg et al., 2002	*"Different ways of working, style of leadership or interpersonal interaction in beliefs and values may create a threat to the employees as they now have to*	Do you feel that it was difficult to adjust to the acquiring company's practices?	To see if the employees perceive the acquisition as a threat to their former social identity.

	adjust to the other group's practices".		
Tessier & Otley, 2012	*"In order to implement successful controls it is important to consider the employees' perception of the implemented controls and not only the managerial actual intentions with the control"*	Earlier we talked about your perceptions of the most important factors during an acquisition. Were these needs fulfilled?	To see if the perception of the outcome after the acquisition is related to the perception before the acquisition.

Appendix 1: Operationalization schedule, including previously examined theories to develop the interview questions and the purpose of each question.

Appendix 2 - Categories of operationalization schedule

Introduction
Perceptions before the acquisition
Applied controls
Perceptions after the acquistion

Appendix 2: The interview questions were divided into four themes, introduction, perceptions before the acquisition, applied controls and perceptions after the acquisition.