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The interplay between technocratic and socio-ideological control in the post-acquisition cultural integration process

The case of a Swedish manufacturing company

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Abstract

This paper aims to examine the interplay between different types of management control in the post-acquisition cultural integration process. This was examined by conducting an in-depth single case study on a Swedish manufacturing company where we investigated the adoption of group wide cultural values. Using the concepts of technocratic and socio-ideological control suggested by Alvesson and Kärreman (2004), our findings indicate that technocratic control had clear cultural spillover effects. Furthermore, technocratic control appeared to be more effective than the socio-ideological control in place when creating a shared group culture. We further derived three potential explanations for this observation. Drawing upon the concepts of Mundy (2010), we suggest that an internally inconsistent MCS and a historical tendency to rely on technocratic control contributed to increasing the effectiveness of technocratic control mechanisms as carriers of cultural messages. Lastly, the cultural message conveyed by the technocratic control was more closely linked to the everyday activities at the local level of the organization, further explaining its superior dispersion.

Key words: MCS, cultural integration, interplay, socio-ideological control, technocratic control

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1. INTRODUCTION

In today's increasingly global and competitive business climate, mergers and acquisitions (M&As) are often viewed as an attractive opportunity to quickly improve a firm's competitive position and thereby boost value creation. Through the realization of synergies, two firms combined ought to have a stronger competitive position compared to on a stand-alone basis (De Noble, Gustafson and Hergert, 1988; Haspeslagh and Jemison, 1991; Birkinshaw, Bresman and Håkansson, 2000; Björkman, Stahl and Vaara, 2007). However, the value creation hoped for is often not achieved and what might look like an ideal strategic combination could instead have undesired consequences (King, Dalton, Daily and Corvin, 2004). The natural question is then why this is the case. What important aspects are often overlooked or underestimated in an M&A process? Is it possible to foresee and prevent such situations from occurring?

An extensive body of research within the management organization literature has tried to identify the pitfalls of M&As and how to avoid them (e.g. Buono and Bowditch, 1989; Haspeslagh and Jemison, 1991; DiGeorgio, 2002; Galpin and Herndon, 2007). There seem to be a general consensus that one of the most crucial aspects to ensure M&A success is the management of the post-acquisition integration process (e.g. Haspeslagh and Jemison, 1991; Birkinshaw et al., 2000). Then again, the integration process is multifaceted and there are many aspects that ought to be considered. Numerous studies have highlighted the importance of successful cultural integration in a post-acquisition setting (Buono and Bowditch, 1989; Haspeslagh and Jemison, 1991; Birkinshaw et al., 2000). For example, Birkinshaw et al. (2000) and Haspeslagh and Jemison (1991) argued that cultural integration lays the foundation for successful post-acquisition synergy realization. However, the cultural integration process still tends to be overlooked, one potential explanation being that managers find cultural factors intangible and difficult to handle (Galpin and Herndon, 2007). Nevertheless, the management organization literature reveals little about how to practically deal with cultural integration issues, why this issue could benefit from being studied through the lenses of management control.

Turning to the management control literature, culture was not included in the early definitions of management control systems (MCS) (i.e. Anthony, 1965). However, the role of culture as an important aspect when managing for organizational goal attainment has been increasingly acknowledged, highlighting the importance of controlling for culture (Ouchi, 1979; Otley and Berry, 1980; Abernethy and Chua, 1996; Alvesson and Kärreman, 2004; Merchant and Van der Stede, 2007). Nevertheless, prominent frameworks within management control tend to take a rather unilateral view on how to control for a desired culture. Commonly, controlling for culture is associated with trying to indirectly affect employee behavior through the implementation of shared values and beliefs (Simons, 1995; Merchant and Van der Stede, 2007). This type of control was labeled by Alvesson and Kärreman (2004) as socio-ideological control. However, based on their study, Alvesson and Kärreman (2004) argued that control tools with the main purpose to directly control actions, labeled technocratic control, might also affect the corporate culture.

The possibility that a corporate culture is affected by the entire MCS, as suggested by Alvesson and Kärreman (2004) rather than only by the tools specifically designed for this purpose, indicates that control in relation to culture needs to be studied by examining the interplay within the entire MCS. However, literature has rather been dominated by an either-or perspective where attention is only paid to one specific element of the MCS at a time. Thus, researchers tend to either investigate socio-ideological control (e.g. Schein, 1985; Czarniawska-Joerges, 1988; Alvesson, 1995) or technocratic control (e.g. Jones, 1992; Granlund, 2003; Busco, Ricabboni and Scapens, 2006). Studies examining the interplay between different forces within a MCS are scarce in general and even more so when it comes to how different types of control interact when controlling for cultural integration in a post-acquisition setting. There are, however, some studies that have illustrated how technocratic control, in addition to its main purpose, might also convey a cultural message (e.g. Dent, 1991; Jones, 1992; Jazayeri and Hopper, 1999; Granlund, 2003; Busco et al., 2006). However, this relationship is often not the main focus of the studies why these findings are not elaborated on. Moreover, there are also studies that have illustrated how the cultural message conveyed by socio-ideological control impacts on the acceptance and implementation of technocratic control (Barker, 1993; Ferner, 2000; D'Cruz and Noronha, 2006; Busco, Giovannoni and Scapens, 2008). Yet, none of these studies examines the interplay between the cultural messages simultaneously conveyed by socio-ideological and technocratic control mechanisms in place. All in all, the existing body of literature reveals little about the cultural effects stemming from technocratic control, and even less about the relative effectiveness of socio-ideological and technocratic control as carriers of cultural messages.

The aim of this paper is to start filling this gap in the existing management control literature by exploring the interplay between different types of management control when controlling for cultural integration in a post-acquisition setting. This will be done by using the concepts of socio-ideological and technocratic control, as suggested by Alvesson and Kärreman (2004). Furthermore, we aim to study and deeper understand the relative effectiveness of socio-ideological and technocratic control as carriers of cultural messages. This will be done by drawing upon literature studying the balance between different types of control, more specifically by using the concepts of internal consistency and logical progression suggested by Mundy (2010). Through this study, we hope to shed some light on how to practically deal with one of the most challenging yet important issues in a post-acquisition setting. The purpose of the study is conceptualized through the following two research questions;

(1) *How does the interplay between technocratic and socio-ideological control affect the creation of a shared group culture in a post-acquisition setting?*

(2) *How can the effects observed in question one be explained?*

To answer our research questions, we have conducted an in-depth qualitative single case study of a Swedish private equity-owned manufacturing company, here labeled as Inducorp. The company completed around 30 acquisitions during the period 2001-2008 and has, during the last few years, started to work actively with integration in general and cultural integration in particular. In total, we conducted 19 semi-structured in-depth interviews at all hierarchical levels of the organization. In connection with the interviews, three of Inducorp's production sites, as well as the group's headquarter, were visited, enabling direct observations. As recent research has highlighted the importance of separating between national and corporate cultural issues (Vaara, Sarala, Stahl and Björkman, 2012), we have chosen to limit our study to only focus on differences in corporate culture, why only Inducorp's Swedish business area was studied.

In summary, our findings indicate that the usage of technocratic control had clear cultural spillover effects. Furthermore, the usage of technocratic control seemed to be more effective than the usage of socio-ideological control when managing for a shared corporate culture. We found three potential explanations for the observed phenomenon. To start with, as the MCS was not internally consistent, the employees tried to avoid confusion by translating the technocratic control into cultural values, creating an implicit internal consistency. The reverse process, i.e. translating socio-ideological values into technocratic control tools, did not occur. This would have required employee mandate to design controlling constructs as well as employees' collective attention to the matter, neither of which was present in Inducorp. Thus, we argue that if the MCS is not internally consistent, there is a greater likelihood of technocratic control having dominant cultural spillover effects. Furthermore, in terms of logical progression, we suggest that the strong cultural effects can partially be explained by Inducorp's historical tendency of relying on technocratic control, while socio-ideological control had historically been suppressed. We therefore argue that the historical tendency of relying on a certain type of control will affect this type of control's effectiveness as a carrier of cultural messages. Lastly, we suggest that another potential explanation for the dominant cultural effects of the technocratic control was that when compared to the socio-ideological control, the cultural message conveyed by the technocratic control was better linked to the everyday activities at the local level of the organization. Hence, our findings indicate that another aspect influencing the adoption of a certain cultural value, regardless if it is conveyed by socio-ideological or technocratic control, is its applicability to everyday situations.

The remainder of this paper is structured as follows. Section 2 presents and contrasts prominent research within our area of study. Firstly, management organization literature within the area of post-acquisition integration is briefly presented in order to provide a setting for our study. Thereafter, research on the role of culture in management control is presented and contrasted in more depth. Furthermore, section 3 presents our empirical research method and how the chosen method affects the quality of the study while section 4 presents the case findings. In section 5, the case findings are analyzed using the concepts of Alvesson and Kärreman (2004) and Mundy (2010). Lastly, section 6 summarizes our findings and concludes our study.

2. REVIEW OF PREVIOUS LITERATURE

In this section, we present previous research relating to our area of study. Firstly, to provide a setting for our study, management organization research within the area of post-acquisition integration is presented in section 2.1. Research studying the role of cultural integration in a post-acquisition setting is particularly highlighted. Secondly, in section 2.2, prominent studies within the area of MCS are presented and contrasted. Specifically, research studying how management control relates to and affects corporate culture is compared and contrasted as this represents our main area of study. Moreover, as the aim of this study is to examine how different forces within a MCS interplay, previous research that studies the balance and interrelations within MCS are presented.

2.1 The importance of cultural integration in a post-acquisition setting

This section presents studies within the area of post-acquisition integration. Section 2.1.1 discusses the concept of value creation in a post-acquisition setting. Further, section 2.1.2 presents studies that highlight the importance of cultural integration in a post-acquisition setting.

2.1.1 Achieving value creation through capability transfer

One important reason to why M&As occur is the belief that it will lead to value creation for the combined firm (De Noble et al., 1988; Haspeslagh and Jemison, 1991; Birkinshaw et al., 2000; Björkman et al., 2007). The question is then what is meant by value creation in relation to M&As and when this value creation takes place. To start with, value creation is commonly associated with post-acquisition synergy realization (Haspeslagh and Jemison, 1991; Chatterjee, 1992; Larsson and Finkelstein, 1999; Björkman et al., 2007). In 1991, Haspeslagh and Jemison, derived a frequently cited framework (e.g. Chatterjee, 1992; Larsson and Finkelstein, 1999; Birkinshaw et al., 2000; Ranft and Lord, 2002) where they conceptualized the process of post-acquisition value creation. They stated that through combining and transferring the merging firms' strategic capabilities, an enhanced competitive advantage can be achieved, which in turn produces improved operating results for the combined firm.

A majority of previous studies agree that virtually all value creation takes place after the initial transaction, and thereby highlight the management of the post-acquisition integration process as key for achieving value creation (Jemison and Sitkin, 1986; Shrivastava, 1986; Buono and Bowditch, 1989; Haspeslagh and Jemison, 1991; Greenwood, Hinings and Brown, 1994; Birkinshaw et al., 2000; Larsson and Lubatkin, 2001; Epstein, 2004). Nevertheless, according to Epstein (2004), researchers still spend most of their attention on the pre-combination phases of an M&A, while the crucial post-acquisition integration process is less understood.

2.1.2 Cultural integration - an important aspect in post-acquisition value creation

In the management of the post-acquisition integration process, cultural integration has been highlighted as an important factor contributing to integration success and post-acquisition synergy realization (Shrivastava, 1986; Buono and Bowditch, 1989; Haspeslagh and Jemison, 1991; Larsson and Finkelstein, 1999; Birkinshaw et al., 2000; Björkman et al., 2007; Galpin and Herndon, 2007).

Shrivastava (1986) defined sociocultural integration as the merging of different corporate cultures. Similarly, Larsson and Lubatkin (2001) defined cultural integration or acculturation as merging different sets of corporate beliefs and values to form a shared corporate culture. Drawing upon these definitions, we define cultural integration as the process of creating a common group culture in terms of shared values, beliefs, attitudes and understandings of the merged group's objectives.

In their framework earlier mentioned, Haspeslagh and Jemison (1991) also emphasized the importance of cultural integration as they argued that the first step necessary to achieve capability transfer is to create an atmosphere that encourages such transfers. In order to create such an atmosphere, there is need to develop a mutual understanding and convergence of the respective firms' culture as well as a willingness to collaborate among all employees.

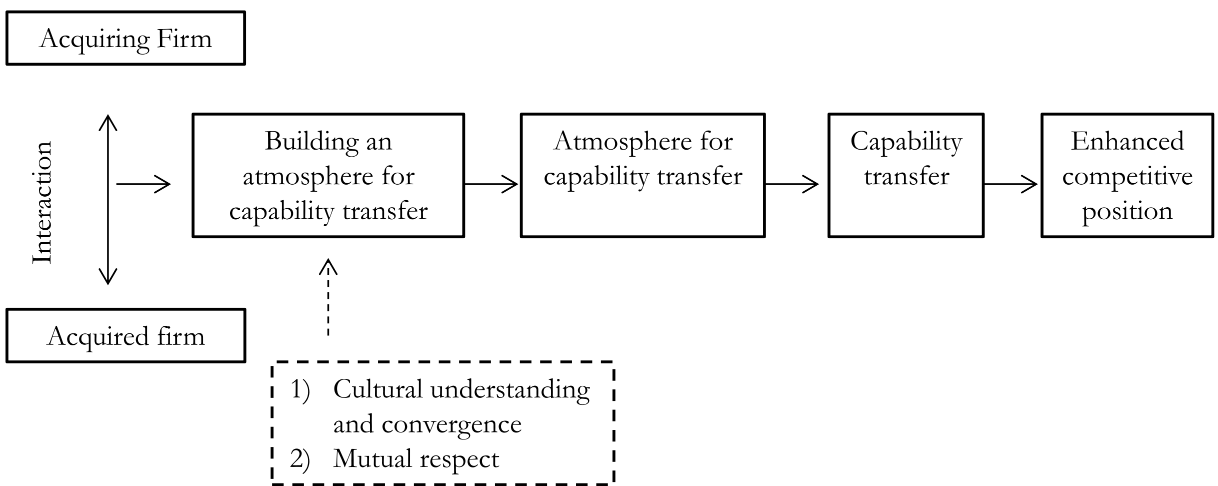

Figure 1: Framework suggested by Haspeslagh and Jemison (1991)

Birkinshaw et al. (2000) conducted a single case study, finding empirical support for the view of Haspeslagh and Jemison (1991). They conceptualized the post-acquisition integration process to consist of two sub-processes, task- and human integration. Human integration was defined as a process aiming to increase cultural integration and creating satisfaction among the employees, while task integration related to the realization of operational synergies. All in all, Birkinshaw et al. (2000) argued that in order to achieve full potential synergy realization, the human aspects of the integration process need to be successful, a finding further supported by Larsson and Finkelstein (1999).

Another paper that examined how cultural differences affect capability transfer in a post-acquisition setting was conducted by Björkman et al. (2007). Based on previous literature, they argued that cultural differences do have an impact on post-acquisition capability transfer but that cultural differences can be both an asset and liability, depending on how these differences are managed, a finding also supported by Larsson and Lubatkin (2001). Moreover, Björkman et al. (2007) confirmed the findings of Birkinshaw et al. (2000), arguing that the management of corporate cultural differences is closely related to successful post-acquisition synergy realization.

It should also be noted that most of the studies presented above include differences in both national and corporate culture. However, recent research indicates that there are clear differences in the effects that national and corporate cultural differences have on capability transfer. Vaara et al. (2012) found that differences in corporate culture tend to increase the likelihood of social conflict in a post-acquisition setting while the reverse applies for national culture. This implies that the two types of cultural differences benefit from being studied separately.

Despite the fact that several studies have found that corporate cultural integration is highly important for post-acquisition value creation, cultural integration is underrepresented in both theory and research (Björkman et al., 2007). One potential explanation to why cultural issues tend to be ignored to a large extent is that cultural integration is perceived as intangible and difficult to manage (Galpin and Herndon, 2007). There is hence a need to develop a better understanding of how to manage cultural integration process in a post-acquisition setting (Galpin and Herndon, 2007).

All in all, from previous literature we derive an apparent link between successful cultural integration and successful post-acquisition value creation, but as earlier stated this area of study is still underrepresented in both theory and research (Björkman et al., 2007). Moreover, the intangible nature of culture does call for a deeper understanding of how to manage such issues (Galpin and Herndon, 2007). As the management organization literature on how to practically handle cultural integration is scarce, we believe that this issue would benefit from being studied through the lenses of management control.

2.2 Previous literature on controlling for culture

This section presents studies within the area of management control in relation to culture. Section 2.2.1 starts off by discussing how the definition of MCS has evolved historically from only focusing on accounting-based control tools to acknowledging culture's effect on organizational goal achievement. Section 2.2.2 introduces the concepts of socio-ideological and technocratic control as defined by Alvesson and Kärreman (2004) and discusses the importance of studying the interplay between the two types of control. In turn, section 2.2.3 reviews previous literature that provides insights on such interplay in relation to culture. Finally, section 2.2.4 presents the concepts of internal consistency and logical progression as suggested by Mundy (2010) which will be used to investigate the interplay further.

2.2.1 Defining MCS – from accounting-based tools to the inclusion of culture

Historically, MCS has been defined in a variety of ways. One of the earliest definitions, provided by Anthony (1965), conceptualized MCS as a process to ensure that resources are obtained and used efficiently in the accomplishment of the organization's objective. Thus, Anthony (1965) limited MCS to solely include accounting-based control tools. A few years later, Ouchi (1979) defined MCS as a way to make individuals or groups collaborate despite not sharing fully congruent objectives. Thus, he broadened the definition of MCS to include not only accounting-based tools but any tool that might influence the employee to behave in a desired way. Since then, a variety of definitions have emerged, more and more aiming at capturing the complexity of the entire MCS (e.g. Otley and Berry, 1980; Abernethy and Chua, 1996; Chenhall, 2003; Alvesson and Kärreman, 2004; Malmi and Brown, 2008). In line with Alvesson and Kärreman (2004) we define MCS as a system that aims at guiding, monitoring and evaluating individual and group actions towards a set goal.

In 1979, Ouchi introduced one of the first frameworks for control that included a cultural dimension, labeled as clan controls. This type of control relies on traditions and shared values to guide organizational members' actions. In 1982, Merchant developed Ouchi's (1979) framework further by renaming his classifications and describing them from the object of control's perspective, resulting in action, result, and personnel control. Result and action controls are typically concerned with output measurements and rules and policies, while personnel control concerns tools that reinforces employee self- and peer control through training, recruitment and common norms and values (Merchant, 1982). In more recent work (i.e. Merchant and Van der Stede, 2007), the cultural dimension is given more attention as personnel control is often split into two; personnel and cultural control. Personnel control considers the self-controlling aspects of training and job design while cultural control focuses on encouraging mutual monitoring via a common culture. The various forms of Merchant's (1982) and Merchant and Van der Stede's (2007) framework are some of the most frequently used in literature today (e.g. Ditillo, 2004; Davila, 2005; Sandelin, 2008; Vélez, Sánchez and Álvarez-Dardet, 2008).

Another repeatedly used MCS framework is Simons' (1995) four levers of control (e.g. Tuomela 2005; Widener, 2007; Collier, 2005; Mundy, 2010). The framework consists of belief, boundary, diagnostic and interactive control and is based on the assumption that there are inherent tensions in the organization, these being summarized into freedom versus constraints and compliance versus creativity. The belief system aims at creating and communicating an organization's values which are supposed to encourage employees' opportunity-seeking. The boundary system often consists of explicit rules that limit and restrict employees' actions. In turn, the diagnostic system is used to monitor outputs and results in relation to pre-determined goals. Finally, the interactive lever is used throughout the others in order to stimulate organizational learning and innovation.

In summary, cultural control has become an increasingly acknowledged part of MCS (e.g. Simons, 1995; Collier 2005; Ahrens and Mollona, 2007; Merchant and Van der Stede, 2007). Merchant and Van der Stede (2007) suggested that the creation of common values and beliefs can be controlled for using cultural control. Similarly, Simons (1995) stated that shared values are achieved by using the belief system. However, neither of the two provides any deeper insights on how culture might not only be affected by the cultural control tools used, but also by the remaining control tools in place.

2.2.2 A holistic perspective necessary to study the interplay between controls

For the purpose of our study, we have chosen to adopt yet another conceptualization of the different forces within a MCS, proposed by Alvesson and Kärreman (2004). They categorized MCS as consisting of technocratic and socio-ideological control. Technocratic control relates to the managerial efforts that attempt to control employees' behavior directly while socio-ideological control represents efforts aiming to control their mindsets. Technocratic control mainly includes plans, arrangement and systems that focus on direct action control and/or measurable output but also organizational structures and systems (Alvesson and Kärreman 2004; Kärreman and Alvesson, 2004). In turn, socio-ideological control affects behavior indirectly through implementing certain values, norms and ideas about what is praiseworthy within a specific organization. Thus, Alvesson and Kärreman's (2004) technocratic control corresponds closely to the definitions of Simons' (1995) diagnostic and boundary lever and Merchant and Van der Stede's (2007) results and action control. Similarly, socio-ideological control can be said to incorporate the belief system (Simons, 1995) as well as personnel and cultural control (Merchant and Van der Stede, 2007). Hence, Alvesson and Kärreman (2004) agreed with both Simons (1995) and Merchant and Van der Stede (2007) that cultural values and beliefs are a part of the MCS as it may affect organizational goal achievement.

However, with regards to controlling for culture, Merchant and Van der Stede (2007) and Simons (1995) mainly discussed the implementation of shared values and beliefs. Alvesson and Kärreman (2004), on the other hand, opened up for the possibility that parts of the MCS not specifically designed to influence culture may still have cultural spillover effects. In their study on a Nordic subsidiary of a large international management consulting firm, Alvesson and Kärreman (2004) found that the heavy reliance on technocratic control also affected employees' mindsets and the culture in place. Based on this, they argued that the two types of control cannot be viewed as separate constructs. The technocratic control system was dominated by a focus on deadlines and individual monitoring in terms of constant evaluations. This was reflected in the culture as this was described as a 'delivery and feedback' culture. Thus, the authors argued that technocratic control is a way of sending out messages to the organization that will be interpreted and incorporated into the corporate culture. In their case, the technocratic control was found to be the sole basis for the corporate culture, as all cultural values mentioned could be deduced from the technocratic system. Thus, they concluded that technocratic control is a non-obvious source of socio-ideological control and thereby creates cultural spillover effects (Alvesson and Kärreman, 2004). In a closely related study, also on a management consulting firm, they confirmed these findings. More specifically, they found that the cultural change that had occurred in their case company was anchored in specific technocratic practices rather than in vision statements, specific references to values or workshops communicating values on an abstract level, too easily detached from everyday life (Kärreman and Alvesson, 2004).

The possibility that culture is affected by the entire MCS, as suggested by Alvesson and Kärreman (2004), and not only by the tools specifically designed for this purpose, indicates that control in relation to culture needs to be studied by examining the interplay within the entire MCS. However, literature has rather been dominated by an either-or perspective where attention has only been paid to one specific element of the MCS at a time. In order to get a better focus, researchers have tended to either investigate socio-ideological control (e.g. Schein, 1985; Czarniawska-Joerges, 1988; Alvesson 1995) or technocratic control (e.g. Jones, 1992; Granlund, 2003; Busco et al., 2006).

The tendency to investigate only one phenomenon at a time has received a lot of criticism, especially in relation to culture. For instance, Alvesson and Willmott (2002) argued that an either-or perspective will not provide a comprehensive view of the entire MCS. They further argued that commonly used control practices such as incentive systems and management accounting cannot be viewed as operating 'outside' the group's identity. Instead, technocratic control interacts and is interlinked with the prevailing corporate identity. This notion was further reinforced by Ranson et al. (1980) as they argued that structural forms of control also have a cultural dimension. Chenhall (2003) also called for a more holistic approach as he argued that studying specific MCS elements in isolation increases the risk of drawing faulty conclusions.

The choice of adopting Alvesson and Kärreman's (2004) terminology for the purpose of this study is mainly motivated by the fact that their conceptualization pragmatically divides management control into control tools that are commonly associated with managing for culture (socio-ideological), and tools that are typically not used for this purpose (technocratic). Further, we aim to investigate and explain the interplay between different types of control when controlling for culture, a phenomenon discussed by Alvesson and Kärreman (2004).

2.2.3 Previous research highlighting the importance of investigating the interplay in MCS

Studies investigating the interplay between different forces in MCS when controlling for cultural integration in a post-acquisition setting are scarce. Thus, in our review of previous literature we have also included studies from other settings that, in addition to Alvesson and Kärreman (2004), provide insights on the interplay between technocratic and socio-ideological control in relation to culture.

Previous literature highlighting the importance of supportive socio-ideological control for technocratic functionality

Barker (1993) investigated how a shift from bureaucratic control to self-managing teams changed and developed an organization's control system. Instead of having a strict hierarchy with managers monitoring employees' actions, the organization was now to rely on self-regulating teams that were to control and co-ordinate themselves. The evolution was categorized into three phases. Firstly, consensus regarding values was created through the introduction of a vision statement and core values, which aimed to guide employees' everyday work. Secondly, these values started to fill the void left by former supervisors as the self-managing teams began to form normative rules regarding how to behave. Ultimately, these normative, value-based rules were transformed into objective and specific policies. The employees willingly accepted the occurrence of new written rules as the rules had been their own initiatives and formalizing their work life seemed natural to them. As the process unfolded, what previously had been loose values and guidelines (i.e. everyone needs to be at work on time) became strict rules (i.e. if you are more than five minutes late, you are docked a day's pay). In conclusion, Barker (1993) found that socio-ideological control was transformed into technocratic constructs as this transformation ensured greater compliance and efficiency. Further, this process was considered positive and awaited by the employees, as formalizing their work life seemed natural to them.

Ferner (2000) examined how bureaucratic control systems, defined as formal procedures like budgeting and investment appraisal, interact with and are affected by social control mechanisms, defined as relating to common values and understandings of corporate rules, in multinational companies. Using case studies on German and U.K multinational companies, he concluded that the effectiveness of bureaucratic control mechanisms relied on the usage of social control mechanisms. More specifically, he argued that the social mechanisms in place embodied power relations that in turn affected the effectiveness of bureaucratic control mechanisms. In summary, he argued that socio-ideological control is needed to activate the technocratic control and make sure that it is actually implemented in practice.

D'Cruz and Noronha (2006) aimed to explain the high degree of technocratic control present in their case company by examining the socio-ideological control in place. They operationalized their purpose by examining why employees in Indian call centers accepted their work conditions, described as closely monitored and very tightly controlled. The authors found that the fact that all employees identified themselves as being professional paved the way for acceptance of strict technocratic control. Socio-ideological control tools such as induction, training, promotions and exhortations all emphasized the importance of being professional, which made the notion of professionalism the most prominent feature in the corporate culture. This shared value made employees behave objectively and rationally at all times. Thus, they found that socio-ideological control set the stage for the acceptance and effectiveness of technocratic control.

Busco et al. (2008) conducted a case study on a multinational organization with the aim to examine the role of performance management systems (PMS) in the process of integrating the company. Particularly, they looked at how PMS can be used to manage three tensions faced when integrating multinational companies; vertical versus lateral relations, convergence versus differentiation and centralization versus decentralization. One of their findings regarding the interaction between PMS and other types of control concerned how PMS rely on informal control mechanisms like knowledge sharing and interaction, and that those informal mechanisms can both underpin and undermine formal control mechanisms such as PMS. Thus, the authors found that the usage of socio-ideological may either reinforce or hinder the usage of technocratic control and thereby stressed the importance of the two types of control being coherent.

Previous literature supporting that technocratic control might result in cultural spillover effects

Dent (1991) argued that accounting features are likely to be a part of an organization's culture. From performing a longitudinal single case study on a U.K railway company, he found that accounting systems had the possibility to embody specific assumptions regarding rationality, prioritization and authority. These assumptions could then be converted into underlying values, clearly indicating a cultural effect of technocratic control tools.

Jones (1992) studied how and why the accounting control systems were changed following a management buyout. The study was based on interviews conducted in 17 companies that had recently undergone a management buyout. He concluded that managers used alterations to the accounting system to facilitate changes in organizational structure, to improve efficiency and profitability and finally, to alter attitudes of employees. Thus, changes in managerial philosophy were reflected in, and supported by, accounting based control tools such as the budget.

Jazayeri and Hopper (1999) conducted a single case study of a U.K chemical company aiming to improve its manufacturing process through the implementation of World Class Manufacturing (WCM), a manufacturing quality program. Their findings indicated that the program was effective in improving the manufacturing quality but had little effect on the MAS in place. Nevertheless, the program appeared to affect other aspects such as employee attitudes and involvement. As the main purpose of the study was to investigate the impact of WCM on management accounting, the authors did not elaborate further on the potential cultural effects caused by the WCM program. However, this aspect of their study does indicate that the implementation of a technocratic tool (WCM) may have cultural spillover effects.

Granlund (2003) focused his study on understanding the integration of management accounting systems (MAS) in a post-acquisition setting. More specifically, the study attempted to understand how power relations affected the MAS integration process. Emerged cultural issues were only analyzed to the extent necessary for understanding the context in which the MAS integration took place. Despite not being his main contribution, he found that the accounting system provided the organization with valuable tools to communicate new cultural values such as cost consciousness and explicit customer-orientation. Furthermore, he argued that a common MAS would have facilitated reciprocal learning by providing a common interpretative scheme for the entire group, through which new values could have been produced and communicated. Thus, although not having the intention to investigate how technocratic and socio-ideological control interrelate or how this might affect the corporate culture, Granlund's (2003) findings illustrate the limitations of viewing one type of control separate to the other.

Busco et al. (2006) conducted one of the few studies that investigate how MCS affect cultural change in a post-acquisition setting. Their main objective was to investigate how a MAS could facilitate the creation of trust in organizational crises, but they also explored how a common MAS can be implicated in processes of learning and cultural change. The authors argued that cultural change cannot only be viewed as processes residing in employees' heads. Rather one must also pay attention to how this culture is embodied through a variety of different organizational constructs, of which MAS is one. Thus, culture is developed through participation in and reflection of practices and routines present in everyday work. The authors further argued that systems of measurement and accountability may help in promoting employees' identification with and commitment to specific values. The research was conducted through a single case study, investigating the post-acquisition integration process between an Italian company (NP) and General Electric in the mid 1990s. The authors found that although communication and employee training were central mechanisms to communicate the new cultural values, the cultural change was also dependent on a new measurement-based language provided by the common MAS system. Despite not being the subject of their main analysis, the authors concluded that the implementation of a common MAS facilitated the organizational changes necessary in NP, as the MAS supported the rationales that were underpinning the cultural change. Thus, according to their findings, technocratic control is, together with other organizational systems, involved in the creation of organizational culture.

Summarizing previous literature

In total, we extract two patterns identified by previous literature regarding how socio-ideological and technocratic control interrelate. Firstly, several studies illustrate how socio-ideological control plays an important role in underpinning technocratic systems. More specifically, socio-ideological control is found to impact both acceptance and implementation of technocratic control (Barker, 1993; Ferner, 2000; D'Cruz and Noronha, 2006; Busco et al., 2008). Furthermore, the studies indicate that the socio-ideological control in place might either facilitate or hinder effective usage of technocratic control. However, neither of the studies presented incorporated the viewpoint that cultural messages might also be communicated through technocratic control.

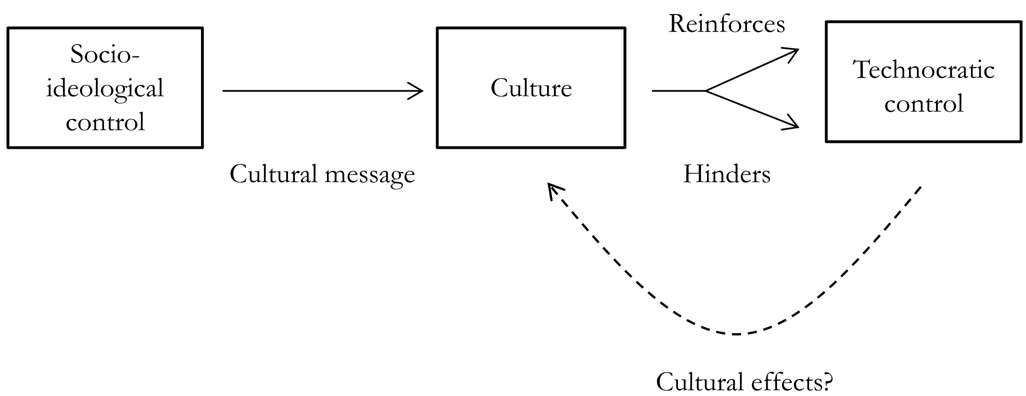

Figure 2: First pattern of interrelation found in previous literature

However, turning to the second stream of literature, there are clear indications of cultural messages being produced by technocratic control. The studies of Dent (1991), Jones (1992), Jazayeri and Hopper (1999), Granlund (2003) and Busco et al. (2006) all illustrate how technocratic control tools, in addition to their main purpose, may also convey cultural messages. This raises the question of how the cultural message conveyed by potential socio-ideological tools in place might be affected, especially if the two messages perceived are incoherent. However, as none of the studies, apart from Dent (1991), had the core purpose of studying MCS in relation to culture, cultural spillover effects were rather additional findings that were not further elaborated on. Furthermore, although Dent (1991) explicitly examined and confirmed the existence of cultural spillover effects from technocratic control tools, he did not touch upon how this affected the socio-ideological control.

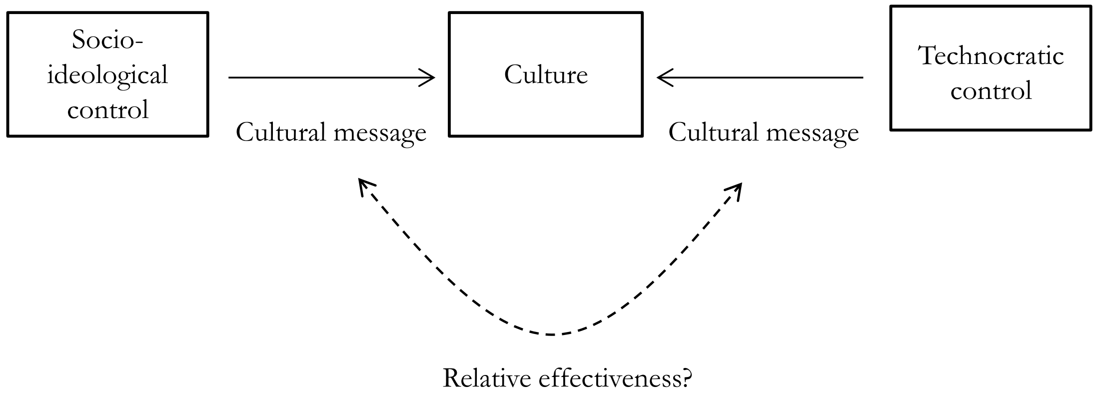

Figure 3: Second pattern of interrelation found in previous literature

Thus, previous literature has derived some knowledge regarding the supportive or potentially harmful effects that socio-ideological control may have on the usage of technocratic constructs. However, when reversing the relationship, there are empirical indications that technocratic control has a clear cultural dimension, although this has commonly been an additional finding that has not been further elaborated on. Moreover, very little is known about how this type of control may support or undermine the socio-ideological control in place. Hence, there are indications that socio-ideological and technocratic control are a reciprocally related, where each type of control affects the usage, acceptance and implementation of the other. However, none of the studies presented above investigated the interplay between the cultural messages simultaneously conveyed by socio-ideological and technocratic control tools in place. Thus, little can be said regarding the relative effectiveness of using socio-ideological or technocratic control as carriers of cultural values. Therefore a deeper understanding of the interplay between the two types of control in relation to culture is needed. All in all, little is known about the cultural effects of technocratic control and even less is known about the relative effectiveness of socio-ideological and technocratic control as carriers of cultural values.

2.2.4 The concept of balance as an explanatory factor

In order to investigate and explain the interplay between socio-ideological and technocratic control, we have chosen to draw upon the emerging literature examining the balance between different types of control. The studies investigating the different forces within a MCS and how to balance these are closely related to examining how different types of control affect and interact with each other. Mundy (2010) labeled the two opposing uses within a MCS as being enabling or controlling, where the former aims at encouraging innovation by empowering employees and the latter concerns the need for control and direction. We argue that these two dimensions can be viewed as closely correlated to the terminology presented by Alvesson and Kärreman (2004) of socio-ideological and technocratic control, where socio-ideological control generally can be viewed as enabling while technocratic control is viewed as more controlling. Thus, by drawing upon Mundy's (2010) concept of balance within a MCS, we hope to be able to better explain the interplay between socio-ideological and technocratic control when managing for culture.

In 2010, Mundy developed Simons (1995) framework and argued that balance between the four levers is an important but mainly unattended element in Simons' (1995) framework, and that an imbalance between the different levers leads to unintended consequences. For instance, heavy reliance on diagnostic control may inhibit innovation and creativity while poor use of the same may lead to lack of direction. Thus, managers need to balance the need for control and direction (controlling) with the need for innovation and learning (enabling) through their use of the four levers.

Through a single case study on a multinational financial services organization Mundy (2010) investigated how senior management balanced the controlling and enabling use of MCS in goal optimization of the IT and customer service division. She identified three main factors that affect an organization's ability to balance the different uses of the MCS; (1) internal consistency, (2) logical progression and (3) relations between interactive processes and the remaining levers of control. Logical progression is further influenced by dominance/historical tendency and suppression. As the third factor relates closely to Simons' (1995) framework, which is not adopted throughout this study, we have chosen to exclude this factor from our analysis.

To start with, internal consistency aims at ensuring that employees receive a clear and coherent message about the goals and priorities of the organization. According to Mundy (2010) this is most easily identified by examining whether the belief system is reflected in the other levers of control. Without internal consistency, each individual will have little sense of common purpose and will try to align values and controls by themselves (Flamholtz, 1983). The concept of internal consistency is further discussed by Abernethy and Chua (1996) and Sandelin (2008) who found empirical support for the importance of internal consistency for MCS functionality.

Secondly, logical progression relates to the order of which the different levers are used as this may affect MCS functionality. Mundy (2010) suggested an approach where strategic change is firstly debated interactively to derive consensus. The results are then formulated as values or missions and communicated to the organization and finally, all technocratic systems are configured to fit with the newly designed values. According to Mundy (2010), logical progression should be adjusted depending on the context and the situation at hand. The logical progression is further influenced by dominance/historical tendency and suppression. Dominance occurs when one lever determines the use of the remaining levers, which often is dependent on a historical tendency towards using a certain type of control. Historical tendency was also discussed by Marginson (1999) as he found that a historical heritage of insouciance towards accounting controls hindered the adoption of a more accounting-based control system. The opposite of dominance is suppression and ties back to the fact that although many studies focus on identifying the presence of certain levers, the absence of levers may be equally important in the balancing act.

2.3 Derivation of framework and contribution to research

In this section we summarize our review of previous research. In section 2.3.1 we derive our framework for analysis and section 2.3.2 specifies the contribution that this study hopes to make to existing literature.

2.3.1 Deriving our framework for analysis

From the research presented above, we derive a framework for analyzing the process of creating a shared group culture in a post-acquisition setting. The focus of our analysis will be on understanding and explaining the interplay between different types of management control that affect the creation of a shared group culture. Thus, we will not analyze or discuss the relationship between cultural integration and successful post-acquisition value creation. Rather, the studies presented within that area are used to set the stage for our study as it highlights the importance of understanding cultural issues in this particular setting.

To start with, we use the concepts of socio-ideological and technocratic control as defined by Alvesson and Kärreman (2004) to identify and classify the management control mechanisms found to affect the creation of a shared group culture. The concepts of socio-ideological and technocratic control will further be used to analyze the usage of the control identified and its impact on the creation of a shared group culture. In order to better explain and understand the interplay between socio-ideological and technocratic control when controlling for cultural integration, we apply two out of the three factors that Mundy (2010) suggested affect MCS functionality. The two factors that will serve as a basis for analysis are internal consistency and logical progression, where dominance/historical tendency and suppression will be discussed.

2.3.2 Contribution to existing research

As earlier presented, cultural integration has been found to be imperative for M&A success, but this area of research is still clearly underrepresented in the existing body of management organization research. More specifically, there are limited studies on how to practically deal with cultural integration issues in a post-acquisition setting. Although not aiming at contributing to this field of research, we hope that studying the usage of MCS in relation to cultural integration could be used as a starting point for further research within this body of literature.

This study's main contribution will be found within the area of management control literature. Through applying the concepts of Alvesson and Kärreman (2004), and Mundy (2010), we hope to contribute to existing research by creating a deeper understanding of how different types of control interplay in the creation of a shared group culture. As earlier presented, the existing literature provides limited insights on how technocratic control might affect culture. In particular, there is very little knowledge regarding the relative effectiveness of using socio-ideological and/or technocratic control as carriers of cultural values. Thus, we aim at contributing to the management control research by starting to fill this gap.

Importantly, we do not aim to elaborate on and contribute to the understanding of the concept of balance within MCS. Instead, we apply Mundy's (2010) framework to better understand and explain the interplay between different forces within a MCS.

3. METHOD

In this section, we present and motivate the method applied throughout this study. To start with, section 3.1 discusses and explains the reasoning behind adopting a qualitative single case study. Subsequently, section 3.2 describes the research approach of systematic combining, while section 3.3 presents how our case company, Inducorp, was selected. In turn, section 3.4 describes how the data has been collected, which was mainly done through semi-structured interviews, and why this approach was chosen. Further, section 3.5 presents the coding process and analysis of the data. Finally, section 3.6 discusses the overall quality of our research in terms of reliability and validity.

3.1 Empirical method

In order to answer our research questions, we have chosen to adopt an in-depth, qualitative single case study as our empirical method, which is a common choice of research method for our area of study (Granlund, 2003; Alvesson and Kärreman, 2004; Busco et al., 2006; D'Cruz and Noronha, 2006; Busco et al., 2008). This method was chosen despite the fact that a quantitative method would enable greater generalization of findings (Otley and Berry, 1994; Yin, 2009). The reason for this choice is three-folded.

Firstly, an explorative study is more suitable in a situation where there is a lack of previous research (Merriam, 1988; Eisenhardt, 1989). As earlier stated, a wide range of management organization literature points out the importance of controlling the cultural aspect in a post-acquisition integration setting (e.g. Buono and Bowditch, 1989; Haspeslagh and Jemison, 1991; Larsson and Finkelstein, 1999; Birkinshaw et al., 2000), but the literature linking this challenge to how different forces within a MCS interplay when managing for cultural integration is scarce. Furthermore, as pointed out by Berry, Coad, Harris, Otley and Stringer (2009), the research within the area of control and culture is rather limited in general. Thus by adopting a qualitative method, this study may help to generate better understanding of theories within this field, as suggested by Otley and Berry (1994).

Secondly, according to Otley and Berry (1994), a qualitative approach is preferred when the study is aiming for explanation rather than description of a phenomenon, which is the case of this study. Similarly, Yin (2009) stated that a qualitative approach is the most appropriate when (1) the research question could be formulated as *how* or *what*, (2) there is no need of control of behavioral events and (3) the study focuses on contemporary events. These conditions are all applicable to our study. Keeping in mind that we aim to examine the impact of the entire MCS when creating a shared group culture in a post-acquisition setting, the selected approach is further supported by Dubois and Gadde (2002) who stated that interaction between a phenomenon and its context is best studied qualitatively. Furthermore, qualitative research may provide better insights on human and social behavior (Merriam, 1988; Guba and Lincoln, 1994), which very much relates to culture. In addition, Andersen (1998) and Yin (2009) both argued that a qualitative approach provides a foundation for deeper understanding as it enables the researcher to get a more holistic view.

Finally, a single rather than a multiple case method has been chosen as Dubois and Gadde (2002) argued that research would benefit from digging deeper into one case, rather than increasing the number of cases when the study concerns interdependent variables in complex structures.

In conclusion, we chose a single case method approach despite its consequences on the generalization of our findings. This choice was made based on three factors; firstly the research within our field of study is limited why the chosen approach may help to generate a better understanding of theories within this field. Secondly, a qualitative approach enables us to get a more holistic view and a deeper understanding of the phenomena we study. Finally, a single rather than a multiple case study was chosen as this will enable us to dig deeper into this case and explain our findings more in-depth.

3.2 Research approach

When conducting our study, we have chosen to apply the abductive and iterative process labeled as systematic combining (Dubois and Gadde, 2002). By adopting this approach we allow for theory and empirics to be developed simultaneously throughout the entire research process. Eisenhardt (1989) suggested a similar approach by stating that building theory from case studies is a 'frequent overlap of data analysis with data collection' (p. 538). Further, Dubois and Gadde (2002) claimed that the case study method is a nonlinear process which entails that there is a possibility that empirical findings might yield unexpected but related results that ought to be investigated further. These unexpected results might also entail a need to change or add to the initial theoretical framework (Eisenhardt, 1989), causing the framework to be of evolving nature (Dubois and Gadde, 2002).

Thus, the method can be said to be a combination of a deductive approach, where theories guide what kind of empirical data that should be collected, and an inductive approach, where the collected data guide the search for theory (Alvesson and Sköldberg, 1994) In our case, we have revised theory in advance of data collection in order to derive hypothetical findings that then guided our questionnaire used in the initial interviews. However, as the data collection process evolved, findings from previous interviews were used in order to guide our continued search for theory and to develop new questionnaires to be used in the forthcoming interviews.

3.3 Selection of case company

In order to accomplish our aim to study the interplay between technocratic and socio-ideological control in the post-acquisition cultural integration process, we needed to find a case company where this setting was clearly visible (Eisenhardt, 1989).

When selecting our case company we paid specific attention to the rationale behind recent acquisitions. This was important as we wanted to be sure that the acquisitions had been made out of a strategic objective with a clear potential for synergies, as this was assumed to entail a focus on integration. Finally, we wanted the acquisitions studied to have occurred a few years back to ensure that the organization would have had the proper time frame to design and execute the post-acquisition cultural integration process.

Based on those prerequisites, we chose to study Inducorp, a private-equity owned Swedish manufacturing company that has completed over 30 acquisitions between 2001 and 2008. The acquired companies have all operated in the same or closely-related industries providing a foundation for synergy realization. Inducorp operates in an international setting with focus on the northern parts of Europe. As we only aim to investigate how to manage the cultural integration without having to take different national cultures into account, we have chosen to focus our study on the integration processes in Sweden.

Furthermore, we have chosen to focus our study on two subunits within Inducorp, Alpha and Beta. Both subunits are still operating in their original facilities, with a lot of employees having experience of the organizational life pre Inducorp's takeover. This was important as it enabled us to get a better view of the entire integration process up to this date. The reason for studying two subunits within Inducorp, as opposed to one, is firstly to be able develop a deeper understanding for the organization as a whole and its cultural integration process, and thereby decrease the risk of drawing idiosyncratic conclusions. Furthermore, although Alpha and Beta can be said to have a rather similar cultural background in some aspects, they also displayed several differences. This made them especially interesting for the purpose of our study, as it opened up for the possibility of observing and analyzing differences in their respective adoption of the shared corporate culture.

3.4 Collection of data

In line with the suggestion of Merriam (1988) and Yin (2009) our primary data source has been in-depth interviews. In total we have conducted 19 interviews, each lasting for 45-60 minutes and all taking place within the time-frame of February to April 2013. Those interviews were enough to ensure that saturation was achieved as little new information was received during the last few interviews (Eisenhardt, 1989). In the selection of interviewees, we received input from our main contact on Inducorp regarding which employees that would be able to contribute the most to our area of study. We also chose to focus on employees that had worked within Inducorp for quite some time in order to get good insights on the cultural development within the organization (Alvesson and Kärreman, 2004). The interviews were spread evenly between different functions as well as different hierarchical levels, ranging from Inducorp's global headquarter to the employees at Inducorp's local subunits.[1] As the purpose of this study is to examine the creation of a shared group culture throughout an organization, it was especially important to receive insights from different hierarchical levels of the organization. In total, we interviewed seven group level managers of which three were part of Inducorp's top management including the group's CEO. The remaining four were also categorized as group level managers as they were situated at the headquarter and had group wide responsibilities for their respective function. Furthermore, four managers for the Swedish business area and eight local level employees were interviewed. The interviews were all held face-to-face in the interviewees' normal setting, i.e. at the different offices located throughout Sweden. In total, three production sites were visited in addition to Inducorp's headquarter.

[1] For a full list of the interviewees and their respective functions, see Appendix 1

All interviews were conducted in a semi-structured way, with pre-determined questions but with no set order of the questions and openness to new questions arising during the interviews (Merriam, 1988). As empirical findings were gathered, emergent themes were identified and the questionnaire used was continuously altered to better reflect the empirical focus (Alvesson and Sköldberg, 1994).[2] All interviews were conducted in a conversational manner and interviewees were repeatedly asked to exemplify and elaborate on their answers in order for us to develop a deeper understanding. Both authors were present at all interviews, although one adopted a more observant role while the other directed the conversation and asked the questions. The fact that all interviews were conducted in person also made it possible to observe reactions to questions and general body language and facial expressions, which facilitated the interpretation and understanding of the answers.

After each interview, both authors first summarized the main findings separately after which the respective reactions, interpretations and thoughts were discussed. In line with the suggestion of Merriam (1988), all interviews were recorded and later transcribed in order to facilitate our analysis. When needed, the interviewees were contacted again to clarify certain aspects and avoid misunderstandings.

Although this study is written in English, all interviews were conducted in Swedish as it is both the authors as well as the interviewees' mother tongue. This decision may compromise the quality of the use of certain quotes and will expose us to the risk of translating some sayings in a misrepresenting way. However, this decision was still made, as we believed it to be vital in order to create a comfortable atmosphere (Yin, 2009). In addition, it allowed our interviewees to talk more freely and with greater detail than would have had been the case if conducting the interviews in English. We believe that this, together with the semi-structured format of the interviews, allowed our interviewees to feel relaxed and benevolent (Yin, 2009; Qu and Dumay, 2011).

Yin (2009) argued that the research quality of a case study is enhanced by the usage of multiple data sources as this enables methodological triangulation. Apart from the interviews, we took part of internal presentation material and internal survey material. Furthermore, we were given guided tours at Inducorp's production sites, which enabled us to make direct observations. We also took part of external publications such as annual reports and press releases. All the extra information gathered was then discussed in relation to the findings from the interviews.

3.5 Data analysis

As suggested by Alvesson and Kärreman (2004), coding the empirical data will make it harder to go beyond the surface and see the different parts of the material in its context. They therefore suggested that the material should be looked at as a whole text rather than as coded parts. In line with their reasoning, we therefore started our analysis of the data by looking at the transcribed material from each interview in its entirety in order to be sure to capture any implicit aspects of the interviews.

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[2] For a more detailed overview of interview questions, please see Appendix 2

Thereafter, we coded the data based on main themes identified to be of specific importance for the study (Miles and Huberman, 1994). Those themes were mainly based on our theoretical framework for analysis, primarily the concepts of socio-ideological and technocratic control provided by Alvesson and Kärreman (2004). The classification of the different types of control used as either socio-ideological or technocratic was based on management's main aim with using the control type in question. Thus, control types that were used with the main objective to control actions or measure output were classified as technocratic, while control types used with the main aim to affect the employees' mindset were classified as socio-ideological.

Throughout the process of sorting and interpreting the data, we aimed at taking cultural and psychological factors such as position within the organization and the social context of the interview into account (Alvesson, 2003). As earlier stated, we summarized and discussed our impressions after each interview, which allowed us to continuously identify and review discrepancies and emerging patterns and alter our questionnaire accordingly. The patterns found were then discussed and analyzed using our theoretical framework (Miles and Huberman, 1994). Importantly, as earlier stated, we chose two case subunits within Inducorp in order to be able to analyze potential differences in the adoption of the shared culture. Although those subunits were chosen based on their differences in historical cultures and identities, virtually no differences in the adoption of the new culture were found. Therefore, the analysis does not separate or contrast the two subunits but rather treats them as one. Furthermore, as the largest cultural discrepancies were observed when comparing the local level of the organization with the business area and group levels, our analysis focuses on the cultural integration at the local level of the organization.

3.6 The quality of the study

This section discusses the reliability and validity of our study in order to enable the reader to assess the quality of our findings (Merriam, 1988; Yin, 2009). In general, one of the main weaknesses of conducting a single case study is that the generalizability of the findings can be questioned (Yin, 2009). There is an apparent risk that findings and theories derived are only applicable for the case at hand (Eisenhardt, 1989). This issue along with several others relating to the reliability and validity of our study are discussed in more detail below. Section 3.6.1 discusses the reliability of the study while section 3.6.2 discusses the validity.

3.6.1 The reliability of case studies

To start with, the reliability of a study refers to the extent to which another researcher employing the same research method under constant conditions would reach the same conclusions (Fidel, 1984; Yin, 2009). However, as the events observed in a case study will not occur again under the exact same conditions, reliability can be said to be a weak spot for case studies when compared to other research methods (Fidel, 1984). According to Yin (2009), the reliability of a study can be improved through systematic and elaborate documentation of the study. Thus, to ensure high reliability, our research process has been documented thoroughly and all documentation has been saved. The documentation includes audio files and corresponding transcriptions as well as notes from both the interviews and the visits at the production sites. Moreover, all versions of the interview questionnaire, the template for the questionnaire and the internal documentation received have been saved.

Another important issue is that human behavior is constantly changing which may impact on the reliability of the study. Firstly, using interviews as the main data source may imply that the findings are based on subjective interpretations by the researchers (Fidel, 1984). Also, in terms of the interview material collected, there is a risk that an interviewee might answer the same question differently at different points in time (Merriam, 1988). Additionally, there is a possibility that the answers would be altered by choosing other interviewees within the organization (Alvesson, 2003). Overall, there is an apparent risk that the exact same material could not be gathered and also that the material would not be interpreted in the exact same way.

3.6.2 The internal, external and construct validity of case studies

Moving on to the validity of our study, validity refers to the extent to which the findings of our study can be said to correspond to reality (Merriam, 1988). According to Yin (2009), validity can be conceptualized as consisting of three main types; internal, external and construct validity. To start with, internal validity refers to how well the findings of a study relate to the purpose of the study and how well those findings are warranted (Merriam, 1988). As earlier mentioned, the usage of interviews as the main data source does imply that there is a risk of subjectivity, both in terms of the interviewees' answers and the researchers' interpretation of the data (Fidel, 1984; Merriam, 1988; Yin, 2009). In order to enhance the objectivity of the interpretation of data, we first summarized the findings from each interview individually after which the respective viewpoints were discussed and contrasted. In turn, enhanced objectivity in terms of the gathering of interview material was mainly achieved through the triangulation of the data. Furthermore, the objectivity of the interview material was also improved as several employees were interviewed at each hierarchical level, using the same questionnaire for all interviews at the same level.

In turn, external validity concerns the generalizability of the findings or in other words, to what extent the results of the study are applicable to other situations (Merriam, 1988; Yin, 2009). As earlier mentioned, the lack of generalizability of findings generated by a single case study is often mentioned as a major weakness of this research method, as there is a risk of developing idiosyncratic theories that can only be used for the case at hand (Eisenhardt, 1989). However, according to Yin (2009), the aim of an in-depth case study is not to achieve statistically generalizable results, but rather to achieve results that are analytically generalizable. This means that in-depth case studies are used to gain deeper understanding of a broader underlying theory (Yin, 2009). In that way, case studies can be said to provide a deeper understanding of what is already more or less known in theory, why statistical generalizability is not needed to the same extent (Merriam, 1988). Thus, by using our theoretical framework to guide the analysis, the external validity is improved to some extent.

Lastly, construct validity concerns the identification and usage of appropriate measurements for the phenomenon that is to be studied (Yin, 2009). Yin (2009), further recommended three ways to improve the construct validity of a study. To start with, he suggested that numerous data sources should be used as that enables data triangulation. As previously mentioned, our data consists of interviews conducted on different hierarchical levels of the organization, internal and external documentation and on-site observations, which enabled us to triangulate the data. Secondly, Yin (2009) suggested that a chain of evidence needs to be established, which aims to enable the reader to understand and follow how the findings of the study have been derived. This has been dealt with through the compilation and structuring of all the data gathered. Thirdly, Yin (2009) recommended that drafts of the case study should be reviewed by key informants on a continuous basis in order to discuss the logic and basis for analysis of the study. This has been done through continuous contact with key employees at the case company where our interpretations of the data were discussed and corrected, decreasing the risk of misinterpretations.

4. CASE FINDINGS

In this section, we present our findings from our case company, Inducorp. Section 4.1 starts by briefly introducing Inducorp, its two subunits Alpha and Beta and the main challenges that Inducorp faces going forward. In turn, section 4.2 describes Inducorp's historical and desired future culture. Section 4.3 discusses the socio-ideological control used in the organization and finally, section 4.4 presents the technocratic control present.

4.1 Inducorp; the company and its challenges

This section introduces Inducorp and its challenges going forward. Section 4.1.1 presents Inducorp and its acquisition history, strategy and current organizational structure. Section 4.1.2 presents Alpha and Beta and ultimately, section 4.1.3 presents the main challenges that Inducorp faces according to its group level management.

4.1.1 Inducorp; a Swedish manufacturing company growing through acquisitions

Inducorp is a Swedish private equity-owned manufacturing company with operations in Sweden and northern Europe, with the Swedish market accounting for roughly 40% of total sales. During the past decade, Inducorp has grown extensively through completing over 30 acquisitions, both in Sweden and other European countries. The acquired companies have all been of different size, geography and historical heritage (some brands being as old as 200 years).

In their formal vision and mission, Inducorp highlights two things. Firstly, the company intends to expand its presence in Europe and eventually become the leading player within its industry. Secondly, the company aims to lead the development within its industry through always having the customers' best interest in mind and being innovative. Another important part of the strategy going forward, which was highlighted by all the group level managers but not included in the formal vision and mission, was an increased focus on efficiency in Inducorp's operations.

Today, Inducorp operates within six business areas, based on the different geographic markets. In addition to this, the company adopted a matrix structure in 2010. This structure covers four central functions; (1) Finance and Administration, (2) HR, Organization and Sustainability, (3) Sales and Marketing and (4) Operations and Development. Each function is headed by a group level manager and has constant members from all business areas that meet between five to eight times per year. Parallel to the development of the matrix structure, several new group level positions were created. Firstly, a central HR manager was appointed, a position that had not existed before on neither group nor local level. Secondly, a group level manager of procurement of indirect material and a group level manager of R&D were appointed, both also completely new.

4.1.2 Subunits Alpha and Beta

Alpha – the most successful investment so far

Alpha has a history as an entrepreneurial company that was family-owned in the fourth generation when it was bought by Inducorp in 2006. At that point in time, the company struggled with both catastrophic profitability and delivery performance. However, Alpha did have an extremely strong premium brand and according to a business area manager, its big mistake was that it was not tough enough in its pricing strategy;

> "When it comes to Alpha, we saw that the company had an amazing potential in terms of the brand, but it had an incompetent management that did not have the drive to make money/… /The family was not tough enough when it came to setting prices/…./They never charged their customers enough for something that was bloody brilliant. So what we did was just to add some business drive and profitability focus." – Business area manager one

Since Inducorp took over Alpha, the profitability and delivery performance has improved significantly, and Alpha is one of the most profitable investments that Inducorp has done to this date.

Beta – the group's black sheep

For Beta, the situation was even more critical as the company had already declared bankruptcy and was under corporate reconstruction when Inducorp acquired it in 2006. Similar to Alpha, Beta has a history of being family-owned and entrepreneurial with a strong premium brand. However, while Alpha still had a very strong reputation at the point of acquisition, Beta had lost ground and was not as well-known as they had been ten years earlier. Since Inducorp took over, the strategy for Beta has changed multiple times. For instance, the company's name was initially changed only to be changed back to the original name shortly after, creating confusion among customers and suppliers. Also, part of the products that were sold under Beta's brand were for some time produced by another subunit within Inducorp, which led to that the products produced did not live up to the standard normally associated with Beta. This was illustrated by one of the local level interviewees;

> "Beta is still a pretty strong brand but in the 90s, it was gigantic. Everyone knew what Beta was. When Inducorp bought Beta, they aimed to take advantage of that. But after a while, they decided that our products were going to be produced by another subunit within Inducorp that historically had produced simpler and less branded products. That led to that the customers who bought Beta's products thought that they got a premium product, when they in fact only got crap." – Beta employee one

Today, Beta is operating under its initial company name, producing and selling its own products again. However, the subunit is still struggling with profitability and is showing poor financial results;

> "We got the possibility to buy Beta because it simply could not finance its own business anymore. But to be honest, it has cost us quite a lot of money since then." – Business area manager two

4.1.3 The big challenge going forward: creating a shared group culture

On the journey to become Europe's leading company within its industry, Inducorp's group level managers all expressed one particular challenge that they consider imperative for Inducorp's future success; creating one group thinking. This challenge was also highlighted by several interviewees at lower levels of the organization. For example, when asked about the main challenges facing Inducorp going forward, three of the interviewees at different levels of the organization stated the following;

> "We should move from being a group of companies that act very independently to become more 'one group', where one tries to extract as much as possible from coordination and knowledge between companies and countries." – Group CEO

> "Well… it is to make everyone put on the Inducorp-hat, that is a challenge and it is a way of thinking that needs to be changed/…/When we achieve that, we will have a great advantage compared to today." – Group level manager one

> "We need to make everyone understand that we are a big company and stop thinking in terms of the little/… /If we want to succeed, we need to become one group to a much larger extent."
> – Business area manager three

As highlighted by all group level managers, the foundation to become one group is to create a common ground with shared values and a shared understanding of the group's objectives, or in other words, create a common culture. For example, three of the group level managers said the following when asked about the challenges with creating one group;

> "There is more and more pressure from the lower levels in the organization to take advantage of and share each other's competencies, knowledge, products and resources/…/It is starting to emerge, but it is very much about creating a culture that incorporates and encourages that". – Group CEO

> "To become one Inducorp we need to have shared values/…/ We need to have our core values in place and we need to have a homogenous leadership culture." – Group level manager two

> "I think it is the company culture, or in other words, something that permeates all our activities. It is not possible to just go out there and say that we should for example become more willing to change and quicker/…/ Instead it is important that we have common values and something that permeates the business and that you can refer to when you run the business." – Group level manager three

However, historically, one group thinking has been far from prioritized on the agenda. Instead, there was initially very little focus on integration in general and cultural integration in particular for the newly acquired subunits. When asked about how much integration that was planned between the acquired subunits to start with, a business area manager answered as follows;

> "Nothing, zero, an entrepreneur meets an entrepreneur, and you cannot tell them that tomorrow we will change how you operate. So, 'as is' was the plan. You have to accept that you will report to us in a specific way, that you will have the same bank, the same insurance company, but apart from that, it is business as usual. " – Business area manager one

Although the plan was to not interfere with the subunits' businesses, some integrative actions were still made. Prior to Inducorp's takeover, both Alpha and Beta had limited processes for reporting and monitoring of performance in place. Therefore, the first initiative put in place was the group wide reporting platform, in which all reporting to Inducorp was to be made. Initially, the reporting platform was added 'on top' of the subunits' own Enterprise Resource Planning (ERP) and finance systems. Eventually, the Swedish business area developed a common ERP system as well, to be implemented throughout the Swedish organization.

The prioritization of integration and one group thinking was to a large extent initiated by the financial crisis, which put a lot of pressure on Inducorp to streamline operations and cut costs. Also, the appointment of Inducorp's current CEO a few years ago, entailed that integration quickly emerged as one of the top priorities on the agenda. When asked about the vision of the integration process the CEO answered as follows;

> "The goal is to become a more unified company with a shared vision and mission/…/That competencies, products and resources flow freely within Inducorp-country." – Group CEO

In summary, all group level interviewees stated that the focus on integration had increased significantly during the past few years. Further, they all agreed on the importance of having a common culture within the group in place when continuing their European expansion.

4.2 Inducorp's culture

This section introduces Inducorp's historical and desired future culture. Section 4.2.1 starts off by discussing the historical features present in the various subunits. In turn, section 4.2.2 continues by presenting the desired future culture as formulated by group level management.

4.2.1 Inducorp's historical culture - many dispersed entrepreneurial units

After having conducted numerous acquisitions, Inducorp consisted of many subunits that all had a corporate culture of their own. Commonly, these cultures were based on a long history of being family-owned and entrepreneurial why the different cultures were deeply rooted. As expressed by a group level manager and the CEO;

> "All the companies that we have bought were started by a man or a man and his brother many, many years ago." – Group level manager four

> "Many of the companies that we have bought are very old, our oldest company is 202 years old, and of course, they identify themselves a lot with that particular factory and brand, and for them Inducorp is very distant." – Group CEO

Historically, there have thus existed a lot of sub-groups within Inducorp that have identified themselves strongly with the factory or brand that they originally belonged to. In many cases, the acquired subunits have been located at very distant and isolated places deep in the forest, where whole villages have been built around that particular factory. The historical lack of focus on integration and the highly decentralized organization entailed that those subunit cultures were preserved.

As earlier mentioned, Alpha and Beta both have a background as being family-owned, and they are both situated at rather isolated locations. However, there are clear differences in their historical company cultures. Alpha was perceived as a hierarchical organization characterized by a very autocratic leadership from the owners. Beta on the other hand, was described by a majority of the interviewees as more informal with a strong feeling of familiarity;

> “Historically, Alpha has had a culture, that I really hope has disappeared, characterized by autocratic leadership where the boss just decides everything.” – Alpha employee one

> “Originally, I think that the local culture in Alpha was rather different. I think that the climate was tough on the production floor as well as higher up in the hierarchy – it was simply a rather rough climate overall. At Beta, the climate was more good-natured…” – Business area manager four

Moreover, Alpha has all along had a very strong premium brand and a reputation of being market leading within its segment, while Beta was described as a premium brand that had already passed its expiration date. Within Inducorp, Alpha is considered as a flagship brand that the interviewees talked about with a lot of pride, while Beta was rather described as a problem child.

Nevertheless, there were also some common denominators and interfaces for the cultures of Alpha and Beta as well as for the cultures of Inducorp’s subunits in general. When asked about what common characteristics that could be found for the culture of Inducorp historically, a clear majority of the interviewees answered that basically all the acquired subunits were very entrepreneurial. Furthermore, many of the interviewees stated that there had always been a very strong camaraderie among the employees from the respective subunits, and that there had been a culture of always cooperating and helping each other out when needed. The camaraderie and informality also affected the recruitment of new employees. Historically, there has been a tendency to hire a relative or friend of someone in the company rather than someone that had the specific competencies needed;

> “A couple of years ago, there was no group level HR-manager that took responsibility for such processes, but there was none locally either. There was simply no HR, and competency issues were not even discussed. The boss decided everything and had all the competence.” – Group CEO

Moreover, the employees at Alpha and Beta have always taken a lot of pride in the actual construction and quality of the products, and this was also mentioned as one of the denominators shared by virtually all subunits within Inducorp. Many of the interviewees referred to this as being traditional and production-oriented.

In summary, the largest historical cultural difference between Alpha and Beta was the degree of hierarchy present in the organization. However, there were some common denominators as well, most prominently the entrepreneurial spirit and the pride of their products.

4.2.2 Inducorp’s desired culture

In the work of formulating the desired future culture, the aim was to keep and refine certain aspects of the previous identities but also to add to those aspects. Thus, the desired future culture represents both the past and the future of Inducorp. To start with, the ambition was to refine the entrepreneurial spirit into an innovative mindset. More specifically, the desired culture includes a strive to be courageous, and to lead the development of the market by launching new concepts and products;

> "We want to have innovative people among us/…/We need to have courage to challenge, to be one step ahead, to dare to see a whole different type of solutions and everything that entails/…/Dare to challenge." – Group level manager two

Furthermore, the pride of producing high quality-products had, as earlier stated, been a protruding and also to a large extent shared aspect of Inducorp's culture. The group level management expressed this as being production-oriented and not focusing enough on what actually creates value for the end-consumer. The desired future culture entails a more pronounced focus on the consumer and thus prioritizes the consumer over the product;

> "Historically, we have been focusing on the production and the market has had second priority. Now we have turned things around and start from the market and the consumer instead, and talk about well-being and smart products instead of the production." – Group level manager four

Last but not least, there was also a wish to increase the focus on competencies significantly. Instead of hiring a relative or a friend, Inducorp aimed to create a culture where a person is recruited because of his or her competence within the relevant area;

> "I think it is very important that you have a defined recruitment process that ensures qualitative recruitment. Historically, it has been done locally in the subunits and very much ad-hoc, someone knows someone and then it gets as it gets..." – Business area manager three

In summary, the desired culture of Inducorp, as described by the group level management, included three distinct dimensions. Firstly, there was a wish to refine the entrepreneurial spirit into an innovative mindset. Secondly, the group level management wanted to shift the organization from being production-oriented to become consumer-oriented. Finally, there was a need to increase the focus on competencies.

4.3 The usage of socio-ideological control within Inducorp

This section explores the socio-ideological control put in place by Inducorp's managers and thus includes the control targeting employees' mindsets and beliefs. In the case of Inducorp, the only socio-ideological control tool discussed was the launch and implementation of the organization's core values. Section 4.3.1 presents the process of deriving the core values while section 4.3.2 describes how the values were launched throughout the organization. Sections 4.3.3 – 4.3.5 presents the adoption and interpretation of each core value in more detail.

4.3.1 Expressing Inducorp's desired culture through three core values

To kick-start the journey of creating a shared group culture, the top management derived and formulated three core values for Inducorp, something that had not previously existed within the organization. This initiative was highlighted by top management as imperative to the cultural integration process. The starting point was the annual employee survey, where employees were able to contribute with what they perceived to be the core values of their respective brands and of Inducorp as a group. Subsequently, input was received from around 30 of Inducorp's top 60 managers from different brands, countries and positions. The process resulted in the identification of three core values; *consumer in mind*, *courage to improve* and *competent people at hand*.

One issue in the process of formulating the core values was whether they were to be expressed in English, which is the official corporate language, or if they were to be translated into each of the national languages spoken within Inducorp. Since far from all of Inducorp's employees speak English, there was a concern that the core values would not be properly understood or worse, just ignored if they were not translated. However, the group level management decided to launch the core values in English in all countries, the main reason being that they wanted to ensure that they delivered a consistent message throughout the company.

4.3.2 Launching the core values through letting the subunits own the change themselves

The core values were launched throughout Inducorp during the fall of 2011. Communication was considered key in the launching process; a video was recorded where the CEO talked about what the core values mean to him, small cards with the core values were printed and distributed to all employees, and Power Point-packages for both leaders and other employees were distributed. With this material at hand, the local managers held workshops with their respective groups where the employees got to discuss what the core values meant to them, and how they could be used in everyday work. When asked about the goal of the launch of the core values, one group level manager said;

> "I want to feel it, I want to see it, I want to breathe it and I want to smell it. The day that I can do that, then we have core values, but it takes so much more than a couple of nice-looking posters, and that is why we have not done it that way/…/Otherwise people will repeat it like parrots, but they will not feel it". – Group level manager two

To achieve such deep dispersion, the group level managers all agreed that it was important to be patient and allow the process to take time. Furthermore, they highlighted the importance of not forcing the subunits to do anything, but instead try to make them feel involved and proud of the core values. In other words, the aim was to make the subunits feel like they owned the change themselves, and the material provided was more aimed to serve as tools that could be used on a voluntary basis. Therefore, it was very much up to each subunit how they chose to work with and interpret the material. Furthermore, several group level managers highlighted the importance of being able to use the core values for direction in everyday life in order for them to become deeply rooted.

The general consensus among the interviewees was that the core values were a good initiative and that they reflected Inducorp and its future ambitions very well. Although group level management thought that the core values represented something new and a somewhat changed culture, many of the local level interviewees felt that the core values did not express anything that they did not already know;

> "I think the general reception has been 'Another initiative from headquarters – what's the point in this? We have always worked like this!'" – Group level manager one

"To be honest, I do not need the core values to guide my work. I know that if I work as I have always done and keep relying on my common sense – well then I automatically incorporate the values in my work, but it is nothing I think of." – Beta employee one

Additionally, some of the lower level employees expressed their discontent regarding the fact that the core values were launched in English;

"I think it is downright idiotic to have the core values in English. I think they should be translated at least for the people working in production." – Beta employee one

"Well, there was a workshop on those words, so I have heard of them, but they were on English and I do not know that language very well." – Beta employee three

After the initial launch, the core values have continued to occur in publications and presentations, such as the CEO's monthly letters and on the group wide Intranet.

Finally, interestingly, when asked general questions regarding the way of work and culture, the core values were something that was spontaneously mentioned in 10 out of 11 interviews with group level and business area managers. The same result among local level employees was 0 out of 8.

4.3.3 Courage to improve considered important but not reflected in everyday work

According to the group level management, *courage to improve* is about leading the development of the industry through having an innovative mindset. It is simply about daring to sometimes leave well-known and safe paths to break new ground;

"*Courage to improve* is about having the courage to change, to develop, to be one step ahead."
– Group level manager two

In many interviews, *courage to improve* was mostly discussed in relation to the development of new products and concepts. The importance of this process was highlighted in a clear majority of the interviews at all levels of the organization;

"We have a very strong focus on product development." – Group CEO

"*Courage to improve* – that is just brilliant. If you are entrepreneurial that is what really motivates you/…/And since we are such a large player in our industry we need to drive the development of the market and that ought to be through constantly launching new concepts."
– Business area manager two

"Our biggest challenge is to maintain our high brand reputation and then you cannot sit still and hope for the best, because then we will all of a sudden have an old product. We have competitors. If they are developing their products, we need to develop ours." – Alpha employee two

"One of our biggest challenges is to remain at the forefront. Keeping updated about everything new/…/Keeping our minds open for what can be done." – Beta employee four

However, although the local level employees also highlighted the importance of being innovative, the core value *courage to improve* was never spontaneously mentioned and they rather described the essence using other and general terminology. Yet, when explicitly asked about the core value's meaning, *courage to improve* was interpreted in line with group level management's description throughout Inducorp's organization. Thus, although not being the first characteristic mentioned when asked to describe the local level culture, it was still clear that the local level employees identified themselves with being innovative. However, despite the consensus regarding the importance of product development and innovation, there seemed to be little focus on actually implementing an innovative and courageous way of thinking at the lower level of the organization;

> "We need new products in order to survive. But there are no real incentives at the lower levels in order to promote new ideas." – Group level manager five

> "If I'm to be completely honest, I cannot remember the last time when [the central] R&D developed a completely new product. They mainly focus on incremental development. And when we develop something new…well, that is mainly incremental as well." – Alpha employee one

Further, at the local subunits there was a general feeling that due to lack of time and resources, product development was an area that was constantly lagging behind;

> "We have no one that solely works with product development, that is something that is done only when time permits but of course, if we get repetitive complaints we need to fix it…"
> – Alpha employee three

> "We have no one that works full-time with product development here. To be harsh, product development is something we attend to when it really needs to be done, but by then it is already too late. When we really need to think of something new, we have to put other things aside. We have no time. We do not have a R&D unit, it exists centrally in Inducorp but they do not have time for us either." – Beta employee one

In summary, *courage to improve* seemed to be coherently interpreted across the organization and something that all levels clearly identified themselves with. In both Alpha and Beta, the need for continuous development was thought of as essential to future success, yet neither of the two had any separate function or employee working with this issue alone, rather this area was thought of as lagging.

4.3.4 Consumer in mind interpreted differently than intended by management

According to the group level management, *consumer in mind* reflects Inducorp's ambition to move from being production-oriented to instead become consumer-oriented and always have the consumers' needs as the first priority. It is about firstly understanding the consumers' needs and then act accordingly;

> "*Consumer in mind* is a bit different from how the logic has been before. Before we were thinking a lot in terms of volume and what products that we could offer to the consumer, instead of thinking about how the consumer actually perceive what we offer." – Business area manager four

As with *courage to improve,* the core value was rarely stated in its exact wording when conducting interviews at the lower level of the organization. Further, it was not the trait first mentioned with regards to what characterized the culture in the different subunits. However, it was still clear that both Alpha and Beta employees identified themselves with this dimension as they claimed to be consumer-oriented and always 'put the customer first';

> "I'm going to be a bit bold here and say that Alpha is the most consumer-oriented company in the entire group" – Alpha employee one

However, both Alpha and Beta considered consumer-orientation to mainly entail offering high-quality products and always being quick to respond to customers' special demands, requests or complaints. When asked to reflect further on the issue during the launch of the core values, *consumer in mind* was interpreted somewhat differently at the lower level of the organization;

> "*Consumer in mind*, well who is the actual consumer? Well of course it is the end-consumer, but we thought that it could also be that you have to think about how you deliver the product to the next link in the production chain, because that can also be the consumer…I think that was basically what we concluded." – Beta employee two

All in all, both Alpha and Beta identified themselves with being consumer-oriented. However, none of the employees at the local level of the organization seemed to have interpreted *consumer in mind* exactly as intended by the group level management. In both Alpha and Beta, the interviewees thought that it was rather obvious that they were consumer-oriented since they offered solid, high-quality products and always responded to customers' special demands and complaints, why they did not reflect much further on this issue. As illustrated by the quote above, they instead started to reflect on how to behave against each other.

4.3.5 Competent people at hand consistently overlooked

In turn, *competent people at hand* refers to mapping what internal competencies the company already has and what competencies that are missing, but it also includes external competencies such as suppliers and customers. As with *consumer in mind*, the interpretations varied somewhat throughout the organization, and for example, the external aspect of this core value was not discussed at the local level;

> "*Competent people at hand*…well, that's me and my colleagues. How can we use each other? What can you teach me that I cannot do? Stuff like that." – Beta employee two

Further, as highlighted by many interviewees this area represented a new way of thinking to Inducorp;

> "I think *competent people at hand* might be the hardest one to grasp – what does it really mean? /…/ If I rally a bit it is like 'we know our stuff, no one knows it better than we!'" – Business area manager two

> "You try to get in new competencies but at the same time you have a boss who sits out there and has done the same thing since…well, he might have been born in the factory. And then you come and say; 'You need some marketing people' and the boss responds; 'Marketing people? What do I need them for? I already have all the contacts with clients that I need.'" – Group level manager six

The work with increasing the focus on competencies has entailed a larger focus on standardizing recruitment processes, developing leaders through group wide training packages, and investigating where competencies are lacking. However, this work has mainly been focused to the group level and business area headquarters. The local subunits do not have a HR responsible on-site, instead they are supposed to address such issues with the HR-manager at the business area level.

In comparison with the other two core values, *competent people at hand* seemed to be the core value most often overlooked. When asked about core values, the majority of interviewees at the local level spontaneously referred to either *consumer in mind* or *courage to improve* while *competent people at hand* was virtually not discussed.

4.4 The usage of technocratic control within Inducorp

This section presents the technocratic control put in place by Inducorp's managers and thus includes the control tools directly targeting employees' actions. Section 4.4.1 describes the usage of certain KPIs adopted within Inducorp. In turn, section 4.4.2 presents the increased use of standardized rules and finally, section 4.4.3 presents how managers viewed the technocratic control in relation to the cultural integration process.

4.4.1 KPIs - Focus on delivery performance and costs at the local level

According to the group level management, the most important objectives for Inducorp were the *EBITA-margin* and the *organic growth*, which both had explicit targets attached to them. Furthermore, there were several other KPIs such as *working capital in relation to sales* and *customer satisfaction* that were occasionally mentioned at the group level of the organization.

When conducting interviews at the business area level, the explicit goals of growth and EBITA were not spontaneously mentioned. When asked about formal control mechanisms many KPIs were mentioned but not the targets relating to them. Moreover, there seemed to be divided opinions regarding which KPIs that were the most prominent ones;

> "We have these KPIs that we follow, and they are established by the group…so these are the ones we follow. So we have five KPIs we follow, and we follow… hmmm… we follow… it is an efficiency measurement and that is *total costs in relation to gross profit one* (1) and then it is *working capital in relation to sales* (2) and then *the share of sales to the consumer segment* (3) and then it is *growth* (4) and… what is the fifth one? It is a total blank…[picks up a file to look it up]… oh yes, it is the *gross profit two* (5)."
> – Business area manager one

> "We have an efficiency measure that we use in all units and that is *total costs in relation to gross profit one* (1). That is the most important one. And then we measure *EBITA* (2) and *EBITA-margin* (3), we measure our productivity through *OTIF,* [on time in full delivery] (4), we measure something that is really hard to do, and usually wrong, but we do it anyway; the *share of new products of sales* (5). And then we measure everything else you need to measure, sales per sales representative, sales per region, sales per customer etc. In this kind of industry you need to be good at measuring quite a lot of figures."
> – Business area manager two

> "We have many KPIs, and they become more and more for each week. It is very much about what you are emphasizing at the moment, currently we are emphasizing delivery performances which we measure through *OTIF*." – Business area manager three

In the quotes above, ten different KPIs were mentioned but only two metrics were mentioned twice, namely *OTIF* and *total costs in relation to gross profit one*. In Alpha and Beta, a clear majority of the interviewees replied *OTIF* when asked about the most important metric, but they showed significantly less awareness or interest regarding other types of metrics;

> "The one thing that is most emphasized at the moment is *OTIF*. And then it is… hmm… well, we measure *turnover* and *profit margin*. But we are performing so well that they [business area HQ] do not really meddle in our stuff." – Alpha employee one

An explanation for the current emphasis on *OTIF* can be found in the historically poor delivery performances, illustrated by an Alpha employee below;

> "When I started here, we had up to 17 weeks delivery delay, not 17 weeks delivery time but the promised delivery time plus 17 weeks, and that was the first thing I started to address. However, we then got huge problems because when we started to deliver on time, the customer was not ready to receive the product, they were like; but Alpha always have a four months delivery delay!"
> – Alpha employee one

OTIF is measured in all of Inducorp's Swedish subunits and is reported to the business area headquarter each week. The data is then compiled into a report that is distributed to all subunits where it is possible to compare results between subunits. Further, *OTIF* appeared to be top of mind when discussing way of work;

> "We measure *OTIF* and then we have a lot of balance scorecards that are reported each week, new orders, backlogs etc." – Business area manager one

> "I am responsible for the weekly reporting to Inducorp, *OTIF,* absence, overtime and all of that. And then I report sustainability measurements in terms of energy consumption, waste of glass, wood and aluminum and these are common for the entire group. Everyone measures how much they purchased and how much they ended up throwing away. Even the diesel for the truck is included…"
> – Beta employee two

> "*OTIF* is the most important metric/…/We have deliveries every Friday at noon. So the guy at loading needs to work his ass off every Friday morning/…/Once I get the weekly report, the *OTIF* figure is the first one I look at." – Beta employee two

Apart from *OTIF*, many of the interviewees either explicitly or implicitly talked about Inducorp's cost focus. The KPI most highlighted in this sense, at the local level, was the one already touched upon in the quote above, *waste in relation to procurement expenditures*. But the focus on cost was also mentioned in terms of budgets for new investments or efficiency in general;

> "It is always trouble when something costs money, that's just the way it is. It is a large focus on costs in the group today." – Alpha employee two

> "Firstly, we try to be as efficient as possible and we constantly try to find shortcuts to save money."
> – Beta employee two

Further, very few people emphasized any goals or targets in relation to the different KPIs they discussed, with the exception of *OTIF* where 100% was the common goal.

In summary, the KPIs that were emphasized the most at the local level were the ones relating to efficiency in terms of delivery performance and cost-consciousness. Further, there seemed to be some confusion at the business area level regarding which KPIs that actually were the most important ones.

4.4.2 Increased standardization and usage of rules

Following the increased emphasis on integration, the implementation of the matrix structure described in section 4.1.1 and the subsequent appointments of new central positions (HR, R&D and procurement of indirect material), there seemed to have been an increased usage of rules and standardized processes within Inducorp. All interviewees at the local level agreed that there had been a significant increase in rules and standardizations in recent years. Moreover, three areas that were highlighted in terms of standardized rules or processes were R&D, procurement and production.

Standardized processes within R&D

R&D had historically been an ad-hoc process performed at the local level of the organization. By appointing a central R&D manager, Inducorp aimed at standardizing these processes further;

> "We need a common R&D process in order to be able to communicate with each other, we need to use the same terminology/…/ It is important that everyone knows how this is done, how to initiate a R&D project, how to seek funding, what paper works that needs to be filled out etc."
> – Group level manager five

However, the central R&D unit is not supposed to be the one mainly responsible for driving development initiatives. Rather, the group level headquarter should only point out direction from which local initiatives are supposed to emerge. These kinds of directions are mainly established in the Group Product Council, where several members of the group level management meet on a regular basis to discuss new potential directions for Inducorp. The central R&D function's main responsibility is to coordinate local and regional initiatives in order to ensure that duplicate processes do not occur.

Thus, every business area is responsible for the R&D initiatives within its own area. At the Swedish business area level, product development is dealt with by the usage of three different networking groups; Market, Product and IT, that all meet on a regular basis. Market is responsible for the actual launch of new products and the conceptual development, while Product is concerned with the practical development process. Finally, IT is included to ensure that the current systems in place will be able to support the launch.

However, at the local level of the organization there seemed to be some frustration regarding the lack of initiatives from central and business area R&D. Employees at both Beta and Alpha suggested that as they do not have time to work with product development, the business area management should appoint someone to do it for them.

Standardized processes within procurement

Within procurement, all subunits are expected to follow business area wide or sometimes even group wide agreements with centrally selected suppliers. Further, a standardized process has been put in place in order to ensure that all subunits work with procurement in a similar fashion. However, as illustrated below, it did not seem like the policies were highly emphasized;

> "Within procurement, there has been a history of shooting from the hip and basing deals on relational attributes rather than facts/…/We have developed a policy regarding procurement. It is a process of how we are supposed to work. It exists on a paper, I think everybody has read it, most people work somewhat like it… but it is not super structured." – Group level manager one

Thus, some problems regarding getting the subunits to only use the group's preferred suppliers seemed to exist;

> "The things we can decide by ourselves, those we take the liberty to decide – and a bit more than that maybe. But it mainly concerns the stuff nobody cares about anyway. For instance, I am supposed to buy my components from a particular wholesaler at all times. But I know I can get a better price from another player, so I buy from him although I should not. But if you see a good deal, an opportunity to save a couple of thousands for the firm - then you take it." – Beta employee two

Standardized processes within production - Implementation of 5S

In the work of improving Inducorp's efficiency, the group implemented a standardized way of production. This was done by introducing lean-thinking into the production chain through the implementation of the *5Ss* in the entire group. The *5Ss* is a popular framework within the lean school of thought and is commonly used to organize a work space to become more efficient and effective. The *5Ss* consists of *Sorting* (eliminating all unnecessary tools and items), *Setting in Order* (making sure that the most frequently used items are the easiest and quickest to locate), *Sweeping* (keep the workspace clean, tidy and organized), *Standardizing* (all work stations for a particular job should look identical and all employees performing the same task should be able to work at any station) and *Sustaining the Practice* (maintaining and reviewing the standards, not allowing a return to old habits). In Inducorp, the *5Ss* were translated into the local language of the business areas and used as directions and rules in the factories. Although the *5Ss* were perceived as having increased the amount of rules, the general reception at the local level seemed to be very good;

> "We have these *5Ss* that have been implemented from the top level. It has actually been very good. Now we have a nice and tidy workspace and a more efficient production line." – Alpha employee three

> "The *5Ss* have been really good in getting everybody to think along these terms [efficiency and order in factory]" – Beta employee three

4.4.3 Technocratic initiatives supporting the desired culture

When asked about how to manage for the desired shared group culture, all interviewees at group and business area levels referred to Inducorp's core values. This was virtually the only control mechanism that was explicitly mentioned in relation to cultural integration. Further, aligning the technocratic control with the desired culture did not appear to be prioritized by the managers;

> "To be honest, we decided on the KPIs first, and the core values were something that was developed later." – Business area manager two

Rather than being aligned with the core values, the KPIs appeared to reflect a large focus on efficiency in Inducorp's operations, which was continuously mentioned by the group level management as an important strategic aspect going forward.

Interestingly enough, when asking about culture on the higher levels of the organization, the core values were spontaneously discussed. However, at the local level it was the *5Ss* that were consistently dropped as values or guidelines that influenced the work. When talking about the effects of the *5Ss*, the local level employees seemed very proud of how this initiative had resulted in a 'nice and tidy' working environment as well as improved efficiency. Further, the importance of being as efficient as possible was among the first things mentioned when discussing challenges ahead. Additionally, employees at both subunits seemed to take pride in describing themselves as being efficient, and this was often the first thing mentioned when asked about what characterized their culture;

> "Culture… hmm? One thing that has been highlighted is *OTIF* and efficiency. So that is quite visible in the culture today, I would say." – Alpha employee one

> "We used to be this small, family-owned company. Now we are a part of a larger group, and of course that has brought some changes to the culture/…/We are much less of a family-owned company today. And we have a much larger focus on costs and efficiency today than before." – Beta employee two

5. ANALYSIS

In this section, the findings from our case study are analyzed with the aim to answer our two research questions. Section 5.1 aims to answer research question one, whereas section 5.2 aims to answer research question two.

When examining Inducorp's cultural integration process, we found the largest discrepancies between the local level, i.e. Alpha and Beta, and the group and business area level. While the group and business area managements seemed to have a rather similar view of what characterized Inducorp and the organization's values, the situation was somewhat different at the local level of the organization. Further, as the aim with the cultural integration process is to create a shared group culture among all units, it is important to study the process at the local level in order to understand the cultural dispersion. For these reasons, our analysis will mainly focuses on the cultural integration of Alpha and Beta. However, as there were not many discrepancies observed between the two subunits, the analysis of our findings will not separate between Alpha and Beta but rather discuss the local level in its entirety.

5.1 The usage of socio-ideological and technocratic control when controlling for cultural integration

In this section, we aim to answer research question one, which relates to the interplay between socio-ideological and technocratic control when controlling for cultural integration. Section 5.1.1 summarizes the case findings through categorizing different aspects of Inducorp's culture and identifying the types of control related to the respective cultural aspect. In turn, sections 5.1.2 and 5.1.3 discuss what effects the different control types used have had on the dispersion of the identified cultural aspects on a local level. Lastly, section 5.1.4 analyzes the interplay between different types of control when managing for cultural integration, after which research question one is answered in section 5.1.5.

5.1.1 Summary and categorization of case findings

In Table 1, we have summarized the three key aspects of Inducorp's desired future culture; innovative mindset, consumer-orientation and increased focus on competencies, and the technocratic and socio-ideological control tools that have been used to manage for each aspect. However, we have also identified a fourth cultural aspect that appeared to have emerged parallel to the implementation of the three key cultural aspects desired by the group level management. This aspect was never mentioned as a part of the desired culture by the group level management, but it became apparent that it was something that the local level employees had started to identify themselves with after the takeover. Nevertheless, it should be mentioned that although the group level management did not talk about this aspect in relation to culture, it was frequently mentioned as an important part of Inducorp's future strategy. We have chosen to label this cultural aspect as improved efficiency.

	Cultural dimensions	Socio-ideological control	Technocratic control
Desired	Consumer-orientation	(1) Launch and communication of core value, *consumer in mind*	(1) KPI - *Customer satisfaction*
Desired	Innovative mindset	(1) Launch and communication of core value, *courage to improve*	(1) KPI - *share of new products of sales* (2) Standardization - following appointment of central R&D manager
Desired	Increased focus on competencies	(1) Launch and communication of core value, *competent people at hand*	(1) Standardization - following appointment of central HR manager
Emerging	Improved efficiency		(1) Group wide launch and implementation of *5S* (2) KPI - *OTIF* (3) KPI - *waste in relation to procurement* expenditures (4) KPI - *total costs in relation to gross profit one*

Table 1: Desired and emerged cultural aspects and the control used to manage for each aspect

5.1.2 Focus on socio-ideological control when controlling for the desired culture

Controlling for an innovative mindset

The main tool used to implement a more innovative and courageous mindset was the development and communication of the core value *courage to improve*. In terms of technocratic control, the only KPI that could be related to encouraging innovation was the recently implemented *share of new products of sales*. However, the group level managers seemed to put very little emphasis on this KPI since they thought that it was hard to measure and therefore usually incorrect anyway. This was also reflected at the local level as this measurement was not mentioned at all. Furthermore, the implementation of a central R&D function was another initiative used to increase the innovative focus within Inducorp. This led to further technocratic control through establishing standardized norms and guidelines for how R&D processes should proceed.

At Alpha and Beta, although innovation was not top of mind when asked about what characterized their respective cultures, it was still a reoccurring theme in both subunits. However, even though it appeared as if the local level employees did identify themselves with this cultural aspect, being innovative and courageous did not seem to correspond with the prioritization of their daily activities. Instead, they stated that product development was done only if time permitted, but as that was usually not the case, it did not really occur at all. At higher levels of the organization, the product development process was addressed in a more structured and regular way, illustrated by the business area level's three forum set-up and the group level's product development council.

In summary, employees at the local level of Inducorp did appear to identify themselves with this part of the desired culture, although it was not top of mind. Furthermore, there was little variation in how the core value *courage to improve* was interpreted throughout the organization. We suggest that one reason for the high dispersion and the consistent interpretation of this cultural aspect is the fact that it corresponded very well to the entrepreneurial spirit that was a prominent part of both Alpha's and Beta's historical cultures. Thus, at the local level the core value *courage to improve* had not led to any major cultural changes.

Controlling for consumer-orientation

Another desired part of Inducorp's future culture was to change from production- to consumer-orientation, which was defined by the group level management as always starting by understanding the consumers' needs and behaviors before deciding what to produce. This was also managed for socio-ideologically through the implementation and communication of the core value *consumer in mind*. The only technocratic tool identified to support this aspect of the desired culture was the measurement of *customer satisfaction*. As for *share of new products of sales,* this KPI seemed to receive scarce attention as it was only mentioned by one interviewee at the group level. Further, it can be discussed whether this KPI really captures the essence of the core value, since it rather focuses on after sales service than proactively understanding consumers' needs.

At Alpha and Beta, the general consensus was that they were very consumer-oriented, and that this had always been a part of their respective cultures. In their view, being consumer-oriented was synonymous with providing high-quality products and respond to specialized requests. However, this view corresponded closely to what the group level management referred to as being production-oriented, as both Alpha and Beta still took the production rather than the market as a starting point. Thus, the subunits' interpretation of this core value did not correspond very well with the definition provided by the group level management, and there seemed to exist some confusion regarding what being consumer-oriented actually meant.

In summary, we found that the employees at both Alpha and Beta considered themselves to be consumer-oriented, although not being top of mind when asked about their culture. However, their interpretation of *consumer in mind* did not correspond very well with the definition provided by the group level management. We suggest that one reason for this is that the local level employees seemed to have interpreted the core value *consumer in mind* in terms of their prevailing culture, with a tradition of being production-oriented, and thus missed out on what the group level management actually meant. When asked to reflect further on the issue, they rather started interpreting the core value as how to treat each other internally, which led to interpretations fairly distant from the original one intended by group level management.

Controlling for increased focus on competencies

Furthermore, the group level management expressed a wish to create a culture that incorporated a better focus on both internal and external competencies. This was also managed for socio-ideologically through the launch and communication of the core value *competent people at hand*. On the technocratic side, the increased focus on competencies was managed for through the implementation of a central HR-function which entailed standardized recruitment processes. At the local level, this core value seemed to have gotten much less attention compared to the other two as this was the one most frequently forgotten. Similar to *consumer in mind,* there seemed to be some confusion regarding how *competent people at hand* was supposed to be interpreted. This was mostly illustrated by how *competent people at hand* tended to be interpreted more narrowly than intended by the group level management, as the local level employees only associated it with internal competencies.

In summary, Alpha's and Beta's cultures did not appear to include an increased focus on competencies. We suggest that one reason could be that this part of the desired culture did not correspond to anything that can be said to have been part of Alpha's and Beta's historical cultures, and that working with structured HR-processes was completely new to them. Furthermore, structure wise, the HR-processes were more emphasized higher up in the organization and then often in relation to the recruitment and training of leaders, rather than in the training of local level employees.

5.1.3 Focus on technocratic control when controlling for efficiency

The group level management never mentioned efficiency as a desired part of the future culture, but becoming more efficient was mentioned as an important part of Inducorp's future strategy. The focus on efficiency was conceptualized through an increased focus on delivery performance and cost-consciousness throughout the organization, two areas that had not previously been highlighted within Inducorp. For this cultural aspect, we did not identify any usage of socio-ideological control, nevertheless there were several types of technocratic control in place. At the business area level, the two KPIs emphasized the most were *OTIF,* which illustrated the increased focus on delivery performance, and *total costs in relation to gross profit one,* which illustrated the increased focus on cost-consciousness. At the local level of the organization, *OTIF* was the KPI highlighted the most, while *total costs in relation to gross profit one* was never mentioned. Instead, in terms of cost-consciousness, the KPI *waste in relation to procurement expenditures* was frequently mentioned. Both *waste in relation to procurement expenditures* and *OTIF* were followed up on a weekly basis at the local level. Furthermore, as part of managing for improved efficiency, Inducorp introduced the *5Ss* throughout the organization. Through the *5Ss,* all subunits got rules and guidelines for how they were supposed to act in terms of order in both factories and processes.

Interestingly, increased efficiency was top of mind at the local level when asked about what characterized their culture. This was for example illustrated by the fact that several local level employees mentioned the *5Ss* as their spontaneous reply when asked about cultural values. Further, the apparent focus on efficiency was not supported by Alpha's and Beta's historical cultures, which were rather characterized by the opposite as illustrated by the example of having 17 weeks delivery delay.

In summary, the increased focus on efficiency communicated through technocratic control mechanisms did seem to have influenced the culture at the local level of the organization. This was demonstrated by the fact that efficiency was top of mind at the local level when asked about culture.

5.1.4 The relative effectiveness of socio-ideological and technocratic control

	Cultural dimensions	Socio-ideological control	Technocratic control	Present in existing culture at local level?
Desired	Consumer-orientation	(1) Launch and communication of core value, *consumer in mind*	(1) KPI - *Customer satisfaction*	Present but misinterpreted to some extent
	Innovative mindset	(1) Launch and communication of core value, *courage to improve*	(1) KPI - *share of new products of sales* (2) Standardization - following appointment of central R&D manager	Present
	Increased focus on competencies	(1) Launch and communication of core value, *competent people at hand*	(1) Standardization - following appointment of central HR manager	Not present and misinterpreted to some extent
Emerging	Improved efficiency		(1) Group wide launch and implementation of *5S* (2) KPI - *OTIF* (3) KPI - *waste in relation to procurement* expenditures (4) KPI - *total costs in relation to gross profit one*	Clearly present

Table 2: Presence of desired and emerging cultural aspects at the local level of Inducorp

In line with the findings of Dent (1991), Jones (1992), Jazayeri and Hopper (1999), Granlund (2003), Alvesson and Kärreman (2004), and Busco et al. (2006), our findings indicate that technocratic control mechanisms do appear to have clear cultural spillover effects, as improved efficiency was top of mind at the local level when asked about culture. Nevertheless, when asked about how they work to create a common culture, the group level and business area managers only talked about the implementation of the core values while the usage of technocratic tools was never mentioned. Thus, the technocratic initiatives pursued were never intended to create a shared culture, although that appears to have been a side-effect.

Furthermore, comparing our findings to the ones of Alvesson and Kärreman (2004), we find similar cultural spillover effects stemming from technocratic constructs in an entirely different case setting. Alvesson and Kärreman (2004) studied a knowledge intense company, with large employee turnover and high career focus. In their case, there was no use of socio-ideological control and all cultural values were communicated by the strong technocratic system. Inducorp is a manufacturing company with relatively low personnel turnover with significantly less focus on career progress. However, despite these differences in case settings we still found the employees of Inducorp to have incorporated the technocratic system into their culture. Further, in contrast to the case setting of Alvesson and Kärreman (2004), Inducorp also uses socio-ideological control to communicate cultural values, why our case better illustrates the two different types of control's relative effectiveness in the cultural integration process.

Turning to the effectiveness of the socio-ideological control mechanisms in place, local level employees did appear to identify themselves with being consumer-oriented and having an innovative mindset, although the pattern was not as clear as for efficiency. However, the implementation of the core values appeared to have added little new to the corporate culture at the local level, as both *consumer in mind* and *courage to improve* resembled and were interpreted in terms of the subunits' historical cultures. Furthermore, the core value *competent people at hand* did not fit with the subunits' historical cultures, which we believe to be one reason to why this value was more or less ignored. These findings raise the question whether the implementation of the core values actually had any effect at all in achieving the desired culture. It is hard to say what would have happened if the core values had not been implemented, why we cannot say with certainty that the core values had no cultural impact. However, the fact that *competent people at hand,* the only core value that did not have a counterpart in the historical culture, was virtually ignored speaks in favor of the socio-ideological control efforts having a limited effect.

Further, as the local units were encouraged to 'own the change' and implement the core values themselves, this entailed that different interpretations were made at the local level. This raises the question whether the core values really did create a shared culture, which was the aim of the cultural integration process. As the core values were more or less interpreted to fit the already prevailing local culture, they could rather be argued to preserve the subunit cultures. Thus, this process entailed an increased risk of not succeeding in creating a shared culture. Contrarily, in terms of efficiency, there was little room for interpretation, why the cultural dimension conveyed by this type of control may be assumed to be more coherently interpreted across the organization.

Relating back to previous literature, section 2.2.3, we derived two streams of research that touched upon the interplay between technocratic and socio-ideological control in relation to culture. Although there were some indications that technocratic control could have cultural spillover effects, this was not elaborated on. Moreover, even less was said about the relative effectiveness of these types of control as carriers of cultural messages. Unlike the case of Busco et al. (2006), where the technocratic and socio-ideological control in place were mutually reinforcing, the Inducorp case illustrates a setting where socio-ideological and technocratic control conveyed different (although not entirely mutually exclusive) cultural messages. Our findings suggest that the cultural messages portrayed by the socio-ideological control were suppressed by the ones conveyed by the technocratic control in place, as these were the values with the highest dispersion at the local level. Relating this finding to Ferner (2000), who found that socio-ideological control was needed to truly implement the technocratic control system in place, our findings indicate that the relationship can be reversed, i.e. that technocratic control is needed to implement socio-ideological control. This can further be related to the findings of Busco et al. (2008), who found that socio-ideological control could either underpin or undermine the usage of technocratic control, and D'Cruz and Noronha (2006) who concluded that socio-ideological control sets the stage for the acceptance of technocratic control. Again, it thus appears as if the reverse relationship exists, i.e. that technocratic control mechanisms can undermine the usage of socio-ideological control.

In summary, as shown below in Figure 4, in a case where technocratic control acts as the dominant carrier of cultural values, our findings indicate that this type of control will affect the socio-ideological control in place. In the Inducorp case, due to incoherent cultural messages, technocratic control hindered the usage of socio-ideological control. Hypothetically, one could assume that in a setting with coherent messages technocratic control could have been found to reinforce socio-ideological control.

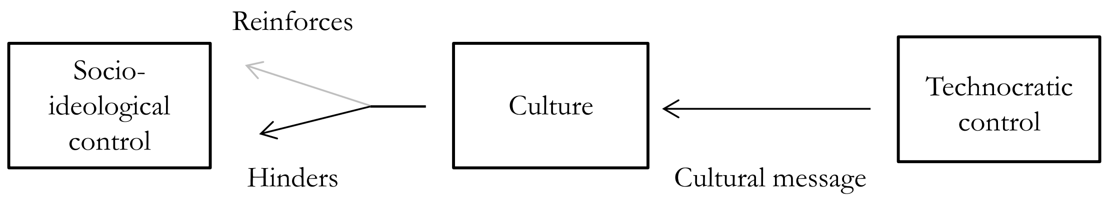

Figure 4: The impact of technocratic control on socio-ideological control in the case of Inducorp.

5.1.5 Conclusion research question one

Relating back to our first research question, our aim was to investigate the following:

> *(1) How does the interplay between technocratic and socio-ideological control affect the creation of a shared group culture in a post-acquisition setting?*

In summary, we conclude that the usage of technocratic control tools appear to have clear spillover effects on the corporate culture, which is in line with the findings of Dent (1991), Jones (1992), Jazayeri and Hopper (1999), Granlund (2003), Alvesson and Kärreman (2004) and Busco et al. (2006). For the usage of socio-ideological tools, it is not possible to conclude whether it did have an effect on the creation of a shared group culture or not. Considering that efficiency appeared to be top of mind, we further conclude that the usage of technocratic control had the strongest effect on the creation of a common culture within Inducorp. The limited effect of the socio-ideological control in place can potentially be explained by the lack of supporting technocratic control, and the fact that the technocratic control in place conveyed a different cultural message, which indicates that the findings of Ferner (2000), D'Cruz and Noronha (2006) and Busco et al. (2008) can be reversed. In addition, we found that Inducorp's management only reflected on socio-ideological control when controlling for cultural integration, not fully realizing the cultural effects of the usage of technocratic control.

5.2 Factors contributing to the dominant cultural effect of technocratic control

This section elaborates further on why the usage of socio-ideological control appeared to have had a limited effect while the usage of technocratic control appeared to have had a stronger effect in the cultural integration process of Inducorp. In order to explain this outcome we have derived three potential explanations that are applicable to our case setting. The first two relate to the concepts of internal consistency and logical progression, as suggested by Mundy (2010). Further, we derive a third potential explanation, namely the applicability to everyday life, which has also been discussed by Barker (1993), Kärreman and Alvesson (2004) and Busco et al. (2006).

The remainder of this part of the analysis is structured as follows; section 5.2.1 discusses internal consistency in Inducorp's MCS when controlling for cultural integration and section 5.2.2 examines how Inducorp's historical tendency towards technocratic control has affected the adoption of cultural values. Finally, section 5.2.3 investigates the importance of cultural messages being applicable to everyday life.

5.2.1 Lack of internal coherence resulting in implicit internal consistency

As already touched upon in section 5.1.4, the cultural messages portrayed by the socio-ideological control in place were not sufficiently supported in the technocratic system. In Inducorp, this was best illustrated by how both subunits identified themselves with being innovative and clearly understood the importance of continuous product development. But despite having this mindset, supported by the socio-ideological control, this was not translated into actions as there was no technocratic control in place that truly encouraged such behavior. Similarly, the technocratic control was not underpinned by socio-ideological values, which has been found to be important for MCS functionality (Ferner, 2000; D'Cruz and Noronha, 2006; Busco et al., 2008). This finding indicates that there was a lack of internal consistency when controlling for Inducorp's desired culture. Both Sandelin (2008) and Mundy (2010) elaborated on the concept of internal consistency as an essential factor affecting MCS functionality. Mundy (2010) argued that in order to balance enabling and controlling processes, the entire MCS needs to deliver a clear and coherent message to the employees. She further stated that the easiest way to investigate whether internal consistency prevails is by reviewing if the organization's values and beliefs are represented in the controlling aspects of the MCS, which was not found to be the case in Inducorp.

As predicted by Mundy (2010), the lack of internal consistency within Inducorp's MCS entailed a risk for employee confusion. Flamholtz (1983) argued that in a situation with an inconsistent MCS, employees will have little sense of common purpose and will start aligning values and controls in their own way. This behavior could be observed in Alpha and Beta, where we found that the employees had started to create informal values of their own that better related to the technocratic control in place. This could best be seen in how the employees seemed to cherish savings and how they spontaneously mentioned the efficiency guidelines promoted by the *5Ss* as cultural values.

As the focus on efficiency was subconsciously translated into informal values it started to work in an enabling way as well. This could for instance be seen in how one Beta employee stated that they were constantly investigating new ways of working in order to identify potential savings. Further, it was apparent in the example where another Beta employee sidestepped organizational guidelines within procurement in order to make further savings for the local unit. As he did not perceive the guidelines to be coherent with the value of saving money, he chose to ignore them and instead searched for a solution that better corresponded to this value. Thus, the process of subconsciously interpreting and translating technocratic control into values resulted in employees having 'new' core values that were more consistent with the technocratic system. We label this phenomenon as the creation of an *implicit* internal consistency, as this was not entirely created by the formal MCS in place but rather by each individual employee. The newly formulated unofficial values were then used to guide the search for new opportunities and thereby the focus on efficiency started to work in an enabling way parallel to its main controlling purpose.

In terms of the core values, there was a clear presence of socio-ideological control but less so of technocratic. In the case of Inducorp, the reliance on enabling control resulted in different interpretations of what the core values actually meant, and many employees started to reflect on different aspects than originally intended. This can be seen as a positive effect as such thoughts processes can be said to challenge organizational inertia and lead to new opportunities (Mundy, 2010). However, on the negative side, as there were no controlling mechanisms in place, the enabling process sometimes entailed that the intended interpretation, as stated by the group level management, was completely missing. Further, we could not derive a similar process of trying to establish implicit internal consistency by filling the gaps left by the formal MCS within this aspect. This may have a natural explanation as controlling initiatives generally cannot be implemented subconsciously by the individual employee, as such initiatives are typically done in a top-down manner.

This finding is somewhat contradictory to the one of Barker (1993) as he found employees being able to translate socio-ideological control into technocratic systems, thereby creating internal consistency. However, the main difference between Barker's (1993) case setting and the setting of Inducorp is that in his case the employees had the power and mandate to collectively fill this gap. The self-managing teams discussed their core values amongst themselves and formalized rules based on these discussions. In Inducorp, the process of formalizing rules, processes or other technocratic control tools was outside the local employees' mandate. Further, with regards to efficiency the process of creating implicit internal consistency took place on a subconscious individual level. Creating internal consistency with regards to core values would have required a collective distinct process, aimed at establishing technocratic constructs. Thus the lack of mandate and the need of direct and collective attention may explain why we could not observe any attempts of creating internal consistency with regards to the core values.

In summary, we suggest that the stronger cultural effects of the technocratic control in place can partially be explained using the concept of internal consistency. As the MCS in total was not internally consistent, there was a risk of confusion. In order to avoid such confusion, the local level employees subconsciously translated the technocratic control into cultural values, creating implicit internal consistency relating to efficiency. As the employees were unable to translate the cultural messages conveyed by the socio-ideological control into technocratic control, no internal consistency was observed in this case. Generally, being able to translate socio-ideological control into technocratic constructs, as in the case of Barker (1993), can be argued to be more unusual as this requires employee mandate to implement such tools, which is rarely the case. All in all, we argue that when the total MCS is not internally consistent, there is a greater likelihood of technocratic control having strong cultural spillover effects as the employees attempt to avoid confusion.

5.2.2 Historical dominance of technocratic control affecting MCS adoption

The second factor, logical progression, relates to the order in which different types of controls are used. Moreover, Mundy (2010) discussed how usage of different types of control is influenced by dominance/historical tendency and suppression.

Neither the subunits nor Inducorp in general had any historical experience of working with socio-ideological tools. There had been no occurrence of formal cultural values, rather values had existed implicitly throughout the organization in an informal way. The lack of previous experience explains a certain feeling of unfamiliarity or uncertainty regarding how to work with such tools on a continual basis. This was for instance apparent when discussing the formulation and implementation of the core values, where it emerged that this type of work was brand new to Inducorp.

One could argue that Inducorp's historical reliance on technocratic control was also rather weak as illustrated by the limited processes for performance measurements and reporting prior to the takeovers. However, following Inducorp's takeover, technocratic initiatives were the ones primarily adopted which increased both Alpha's and Beta's usage of this type of control. Further, if viewing the different features of the MCS in relation to each other, it appeared that although the technocratic control has historically been weak, the socio-ideological control was virtually non-existing. Hence, there was a historical tendency towards relying on technocratic control, explained by the fact that the usage of socio-ideological control was completely suppressed. Thus, in line with the findings of Marginson (1999), we found the employees to be more benevolent towards the control type that had been dominating in the past.

In terms of logical progression, Inducorp clearly acted in line with Mundy's (2010) suggestion, as they started their cultural integration process by interactively developing the core values which were then launched socio-ideologically. Still, Inducorp cannot be said to have completed the entire process as the technocratic system has not been 'rewired' to fit the new cultural values (Mundy, 2010). However, Mundy (2010) also discussed the importance to adapt the logical progression to each firm's context. Thus, considering Inducorp's historical tendency to rely on technocratic control, we suggest that a more suitable approach could have been to start with adjusting the technocratic system to support the desired culture and then launch the, in this case, more unfamiliar socio-ideological efforts.

All in all, the fact that technocratic control exerted larger impact over the creation of Inducorp's shared culture can partly be explained by the historical tendency to rely on such control. Thus, although management clearly emphasized socio-ideological control in relation to culture the inexperience to work with such control made the employees partially ignore and suppress it and rather embrace the cultural message projected by technocratic control mechanisms. Furthermore, given Inducorp's historical tendency, we suggest that a more logical approach, for this specific case, would have been to start with adjusting the technocratic system to support the desired culture.

5.2.3 Applicability to everyday activities is crucial

Finally, a third potential explanation to why technocratic control was the dominant carrier of cultural messages relates to the everyday applicability. Both Kärreman and Alvesson (2004) and Busco et al. (2006) highlighted how culture arises from everyday practices. Hence, if core values can be used in order to solve everyday problems there is a greater likelihood that these values will become deeply rooted in the organization, as found in Barker (1993). This was also stressed by the group level management, stating that once the core values can be used to guide direction, they will truly permeate the organization. However, when reviewing the case of Inducorp, we encountered that many of the local level employees had a hard time to apply the core values to their everyday work.

Looking at the implementation of the core values and the *5Ss* respectively, the core values can be said to have a strategic orientation, which might be easier to relate to at the higher levels of the organization as strategic issues are a more natural part of their everyday work. Thus, business area and group level managers are more likely to encounter a situation where the core values could provide guidance on how to act. At the local level, however, the core values were viewed as hard to understand and not easily applicable to everyday work, while the *5Ss* were easy to grasp and provided clear guidance in everyday situations. The ability to apply the values to everyday work may further explain why the local level employees in some cases interpreted the core values more narrowly or differently than intended by group level management. By doing so, they tried to better link the core values to their daily activities.

The adoption of the core values was further complicated by the fact that they were kept in English, despite limited language proficiencies at lower levels. This choice was made despite the concerns that this might hinder adoption at the local level. Using English terminology was very much a part of everyday business at both group and business area level, but not at all at the local level. Thus, business area and group level managers had no problems relating to the core values, as English was a natural element to their everyday work. However, by keeping the values in English they became rather distant concepts at the local level. Turning to the *5Ss,* these were translated into the local languages, facilitating adoption as this corresponded better to the daily business of Alpha and Beta. Thus, management's initial concern was realized as the choice of keeping the core values in English can be said to have hindered adoption at the local level.

Finally, although the structural changes, i.e. the appointment of central HR- and R&D-managers, demonstrated commitment to the core values, they can also be said to have shifted the core processes relating to both *competent people at hand* and *courage to improve* away from the local units. This was illustrated by how both Alpha and Beta felt that central or business area R&D had taken over the main responsibility of all development projects and that they no longer had neither the responsibility nor the resources to pursue such initiatives. This resulted in local level employees feeling that such projects became more detached from their daily activities. At the same time, these changes entailed that the core values were addressed in a more structured and frequent way at the higher levels of the organization, for instance illustrated by the forums for product development that existed on both business area and group level. Thus, at these levels the core values were better linked to their daily activities than previously. Although the group level management reflected upon how the choice of language would impact on the adoption rate of the core values, there seemed to have been no such reflections regarding how the matrix structure and increased centralization would influence the same.

The strategic orientation of the core values, the choice to keep them in English and the centralization of processes closely related to the core values, made the values easier to apply to everyday life and adopt at higher levels of the organization. This is supported by the fact that all but one of the interviewees at these levels spontaneously mentioned the core values when discussing culture. At the local level, however, the reverse relation holds as the characteristics of the core values hindered adoption, illustrated by how none of the interviewees at this level spontaneously mentioned the values.

Overall, the cultural message projected by technocratic control was more closely related to everyday work of the local level employees. Thus, the fact that the technocratic control had a larger influence on culture at this level can be explained by the same reasoning used by Kärreman and Alvesson (2004) and Busco et al. (2006), i.e. that culture is created through daily actions and practices. Looking at the higher levels of the organization, where the desired culture was more present, it is clear that the socio-ideological control was better linked to their daily activities, which could then explain the higher level of adoption at these levels. Thus, although the group level management understood and stressed the importance of using the core values in everyday situations, little had been done to ensure such usage at the local level.

5.2.4 Conclusion research question two

Relating back to our second research question, our aim was to investigate and explain the findings observed in research question one. In summary, we have derived three potential explanations to why technocratic control seemed to have the strongest effect in Inducorp's cultural integration process.

Firstly, as the MCS in place was not internally consistent, the employees tried to avoid confusion by translating the technocratic control into cultural values (Flamholtz, 1983), creating implicit internal consistency. In contrast to the case of Barker (1993), the reverse relationship, i.e. translating socio-ideological control into technocratic constructs, was not observed. This was explained by the fact that such process cannot be done subconsciously but rather requires employee mandate and collective attention, which was the case in Barker (1993) but not in Inducorp. However, as technocratic constructs are usually implemented in a top-down manner, Barker's (1993) case can be said to be rather unusual. Thus, we argue that when the total MCS is not internally consistent, there is a greater likelihood of technocratic control having strong cultural spillover effects as the employees attempt to avoid confusion.

Secondly, we argue that as Inducorp had a historical tendency to rely on the usage of technocratic control while socio-ideological control had historically been suppressed (Mundy, 2010), it was easier for the employees to adopt and embrace the messages projected by technocratic control mechanisms (Marginson, 1999). Thus, we suggest that the historical tendency of relying on a certain type of control will affect this type of control's effectiveness as a cultural carrier. Furthermore, in terms of logical progression, such historical tendencies should be considered when designing the cultural integration process.

Finally, we discussed the importance of cultural values' applicability to everyday work. As the core values were perceived as rather abstract at local level it was hard for them to use these values in everyday situations (Barker 1993; Kärreman and Alvesson, 2004; Busco et al., 2006). On the contrary, the *5Ss* and the concept of efficiency had a high applicability why these concepts became a more deeply rooted part of the local level culture. Hence, our findings suggest that another aspect influencing the adoption of a certain cultural value, regardless if it is conveyed by socio-ideological or technocratic control, is its applicability to everyday situations.

6. CONCLUSION

In this paper, we aimed to examine the interplay between socio-ideological and technocratic control when controlling for cultural integration in a post-acquisition setting. This was conceptualized through two research questions, where the first aimed to examine how the two types of control affected the cultural integration process and how they interrelated with each other, while the second question aimed to dig deeper into why certain phenomena were observed. Thereby, this paper contributes to the understanding of cultural effects from technocratic control as well as the relative effectiveness of different types of management control as carriers of cultural messages, an area that have so far received limited attention within research.

To answer our research questions, we used the concepts suggested by Alvesson and Kärreman (2004) of socio-ideological and technocratic control when analyzing the effects of different types of control on cultural integration. Furthermore, we drew upon the concepts of internal consistency and logical progression suggested by Mundy (2010) to gain a deeper understanding of the factors that contributed to the outcome observed in our case.

To start with, we found that technocratic control had a clear cultural spillover effect confirming the findings of Dent (1991), Jones (1992), Jazayeri and Hopper (1999), Granlund (2003), Alvesson and Kärreman (2004) and Busco et al. (2006). In the Inducorp case, the cultural messages conveyed by socio-ideological and technocratic control respectively was found to be incoherent. However, the cultural message portrayed by the technocratic control mechanisms in place had achieved higher and deeper dispersion compared to the cultural messages conveyed by the socio-ideological control mechanisms. We identified three factors that could potentially explain this outcome.

Firstly, the local level employees subconsciously translated the message conveyed by the technocratic control into cultural values, creating an implicit internal consistency. This implicit internal consistency helped to avoid confusion and to get a clear sense of the common organizational objective (Flamholtz, 1983). As the employees were unable to translate the cultural messages conveyed by the socio-ideological control mechanisms into technocratic control, no internal consistency was observed in this case. This was explained by the fact that such process cannot be done subconsciously but rather requires employee mandate and collective attention, like in the case of Barker (1993). As Barker's (1993) case setting can be said to be rather unusual, we argue that when the MCS is not internally consistent, there is a greater likelihood of technocratic control having strong cultural spillover effects.

Furthermore, our case company had a historical tendency to rely on technocratic control while being completely new to the usage of formal socio-ideological control, why it was easier for the local level employees to embrace the messages conveyed by the technocratic control in place (Marginson, 1999; Mundy, 2010). Thus, based on this finding, we suggest that the historical tendency of relying on a certain type of control will affect this type of control's effectiveness as a cultural carrier. Furthermore, in terms of logical progression, such historical tendencies should be considered when designing the cultural integration process.

Lastly, the cultural message conveyed by the technocratic control mechanisms was easy to relate to and apply in everyday activities at local level, facilitating the adoption of this cultural message (Barker, 1993; Kärreman and Alvesson, 2004; Busco et al., 2006). Meanwhile, the cultural messages portrayed by the socio-ideological control was perceived as more abstract and not as closely linked to everyday activities, slowing down the adoption at the local level. Hence, our findings suggest that another aspect influencing the adoption of a certain cultural value, regardless if it is conveyed by socio-ideological or technocratic control, is its applicability to everyday situations.

Overall, our findings illustrate the complexity of dealing with cultural integration in a post-acquisition setting. This is demonstrated by how management did not fully realize the cultural effects of the different parts of the MCS. As the cultural integration process is considered crucial for post-acquisition success, and this study has highlighted the difficulty in handling this process, it is clear that more research is needed within this area.

6.1 Limitations and suggestions for future research

We believe that the findings in this paper should be viewed in the light of the study's limitations, accounted for here. In order to be able to conduct a study with the aim to investigate the previously less understood interplay between technocratic and socio-ideological control with regards to culture, a single case study was performed. This method, as previously discussed, imply that all findings presented have been derived under specific circumstances which might impact the generalizability of the findings negatively. Further, as the data was mainly collected via interviews, this hinders exact replication as it is hard to replicate the exact interview setting and interviewees may change their viewpoints over time. Another limitation with this study is the fact that we only investigated two of Inducorp's Swedish subunits. This implies a risk that the findings presented in our case are specific to the studied objects and not generalizable to the entire organization.

For future research, we believe that the understanding of the interplay between different types of control in relation to cultural integration or change would benefit from a longitudinal perspective. It would be interesting to follow the cultural integration process over time to really be able to account for the interplay between different types of control. For instance, it would be interesting to study which cultural values, of the ones conveyed by socio-ideological and technocratic control respectively that would sustain over time. Further, this study does not incorporate the challenges connected to cross-border cultural integration, another setting where the interplay between socio-ideological and technocratic control would be interesting to study. Finally, it would be interesting to study the interplay in a setting characterized by larger conflicts than in the Inducorp case, for example following a hostile takeover.

7. REFERENCES

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8. APPENDIX

Appendix one: Conducted interviews

Group level management:

Group level CEO, Inducorp, 2013-03-12
Group level manager one, Inducorp, 2013-04-05
Group level manager two, Inducorp, 2013-03-08
Group level manager three, Inducorp, 2013-04-05
Group level manager four, Inducorp, 2013-03-08
Group level manager five, Inducorp, 2013-04-05
Group level manager six, Inducorp, 2013-02-11

Business area level:

Business area manager one, Inducorp SE, 2013-03-27
Business area manager two, Inducorp SE, 2013-03-27
Business area manager three, Inducorp SE, 2013-03-27
Business area manager four, Inducorp SE, 2013-03-27

Alpha

Employee one, Alpha, 2013-04-08
Employee two, Alpha, 2013-04-08
Employee three, Alpha, 2013-04-08
Employee four, Alpha, 2013-03-27

Beta

Employee one, Beta, 2013-04-09
Employee two, Beta, 2013-04-09
Employee three, Beta, 2013-04-09
Employee four, Beta, 2013-04-09

Appendix two: Interview guide

The questionnaire below served as a starting point for our semi-structured interviews.

General questions

- Main responsibilities
- Background and years in the company
- Description of unit's operations and general business
- Inducorp's acquisition history
- Rationale behind acquiring Alpha and Beta

Integration

- Historical integration process – initiatives taken, problems encountered
- Current integration focus

Perceived culture

- Description of historical culture of Inducorp, Alpha and Beta
- Description of present culture of Inducorp, Alpha and Beta
- Description of desired culture of Inducorp, Alpha and Beta

Socio-ideological control

- Attitude towards core values
- View of launch process of core values
- Interpretation of core values
- Adoption of core values in daily life

Technocratic control

- Goals, targets and KPIs
- Rules and standardized policies
- Incentive systems