

Freedom Within Boundaries

A Qualitative Study of how Decentralised Serial Acquirers Balance Control in their Governance of Subsidiaries

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Freedom Within Boundaries

Abstract:

Decentralisation is widely described as a central component to serial acquirers, yet the mechanisms through which control is balanced at the subsidiary level remain insufficiently understood. Existing research has largely focused on structural features, leaving limited insight into how control practices unfold in day-to-day governance. Through a qualitative study, this thesis investigates how decentralised Swedish serial acquirers enact and maintain control in their subsidiary relationships. The sample includes 12 respondents, comprising headquarters executives, subsidiary CEOs and external equity analysts. By analysing the collected data through the theoretical lens of management control theory, the study reveals that while formal controls such as KPIs, reporting routines and financial boundaries matter, they are effective once accompanied by cultural alignment, trust and CEO fit. These insights challenge static models of decentralisation and suggest that autonomy functions as a conditional state activated by performance and relational readiness. The study contributes to both theory and practice by offering a dynamic perspective on decentralised governance and actionable guidance for organisations seeking to sustain autonomy while maintaining effective control.

Keywords: Decentralisation, Serial Acquirers, Management Control Theory, Control Mechanisms, Subsidiary Governance

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Definitions

Capital allocation

Capital allocation is the process by which a company or organisation decides how to distribute and invest its financial resources (Investopedia, 2025).

Decentralisation

Decentralisation is the transfer of authority to make decisions to those who are closer to the action (Fayol, 1949).

Key Performance Indicators

A small set of financial metrics such as profitability, cash flow and capital efficiency, used to monitor subsidiary performance and ensure alignment with group expectations.

Serial acquirers

Serial acquirers are firms that conduct several acquisitions per year and view acquisitions as a crucial and long-term part of their overall business strategy (Grant et al., 2022).

Subsidiaries

A subsidiary is a separate legal company fully or partially owned and controlled by a larger parent company, forming a corporate group (Investopedia, 2025). This thesis will only examine fully owned subsidiaries.

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1. Introduction

1.1 Background

Swedish serial acquirers have recently become widely praised and highly visible in domestic and international business media. Commentators describe Sweden as “a Silicon Valley for serial acquirers”, reflecting the extent to which the model has gained attention and been framed as a distinctive organisational phenomenon (Dagens Industri, 2025). International analysts have also highlighted Swedish serial acquirers, noting that several of these firms are increasingly viewed as examples of “best practice”, with their organisational models being emulated in other European markets (ibid). The model has similarly been discussed in international media, highlighting the growing interest in Swedish serial acquirers (Bloomberg, 2021; Forbes, 2025).

Within academic research, serial acquirers are commonly referred to as firms that complete multiple acquisitions per year and regard acquisitions as a central, long-term component of their business strategy (Grant et al., 2022). The model is situated within the broader mergers and acquisitions (M&A) field. Prior M&A research has primarily examined motives, post-acquisition integration, acquisition performance and recently, the behaviour of firms engaging in repeated acquisitions over time (Cartwright & Cooper, 1990; Cartwright & Schoenberg, 2006; Meyer & Tran, 2006; King et al., 2004; Halebian et al., 2009). While this literature offers substantial insight into single-deal acquisitions, a growing body of work argues that serial acquirers differ meaningfully from occasional acquirers and should be analysed as a distinct organisational category (Laamanen & Keil, 2008).

Research on serial acquirers has evolved along three main streams. The first examines acquisition performance using market-based measures such as cumulative abnormal returns and finds mixed evidence, with serial acquirers on average earning lower returns than single acquirers (Fuller et al., 2002; Alexandridis et al., 2013). The second examines learning effects and success factors, showing how acquisition sequences shape learning outcomes and performance over time rather than automatically leading to improved profits (Barkema & Schivjen, 2008; Ellis et al., 2011). The third, most relevant to this study, focuses on integration and governance, highlighting recurring integration challenges as overlapping acquisitions create continuous demands for coordination, managerial adjustment and adaptation (Gates & Very, 2003; Brueller et al., 2018; Laamanen & Keil, 2008), as well as the human side of integration, examining how acquisitions are experienced within acquired firms (Chreim & Tafaghod, 2012; Spedale et al., 2007).

Within this stream, studies show that many serial acquirers adopt decentralised governance structures, granting subsidiaries substantial autonomy and allowing them to operate much like independent firms (Grant et al., 2022; Roll et al., 2013). At the same time, these organisations still seek alignment around shared objectives (Cäker & Siverbo, 2014). In the Swedish context, decentralisation is identified as a defining feature, with strategic and operational responsibilities delegated to managers closest to the acquired business (Grant et al., 2022).

Despite these contributions, an important gap remains. Although decentralisation is repeatedly highlighted as a characteristic feature of serial acquirers, only a small number of studies explicitly examine this attribute and those that do provide only high-level descriptions. Moreover, existing research offers little empirical insight into how decentralised governance is enacted in practice, particularly regarding how serial acquirers balance control within their governance of subsidiaries. This absence is surprising given that decentralisation is consistently presented as a core component of serial acquirers' governance model, and problematic because it leaves a central aspect of their organisational functioning largely unexplained.

Against this background, this study examines how decentralised Swedish serial acquirers balance control in their governance of subsidiaries, addressing a gap in current research and contributing to a more nuanced understanding of an increasingly prominent organisational model. To examine this balance, the study draws on management control theory, applying Merchant and Van der Stede's (2017) typology of control mechanisms, Simons' (1995) Levers of Control, and Tessier and Otley's (2012) refinements regarding the dual role of controls and the distinction between managerial intentions and employee perceptions.

1.2 Purpose and Research Question

Research on serial acquirers consistently highlights decentralisation as a defining feature of their organisational model (e.g., Grant et al., 2022; Golgeci et al., 2024), yet empirical insight into how control is balanced within this form of governance remains limited. Given the increased attention toward serial acquirers in Sweden and the limited empirical understanding of how decentralised governance is realised within these firms, a closer examination of how control is balanced is warranted. Building on this, the study seeks to contribute to the literature by shifting focus from describing decentralisation as an organisational characteristic to examining how control is balanced within the governance of subsidiaries. Drawing on in-depth interviews, this qualitative study addresses the following research question:

How do decentralised Swedish serial acquirers balance control in their governance of subsidiaries?

1.3 Focus and Delimitation

The study focuses on publicly listed Swedish serial acquirers, as they represent a distinct organisational model within the broader M&A landscape. To ensure contextual consistency, the geographical scope is limited to Sweden, allowing the analysis to avoid institutional and cultural variation that could arise in cross-country comparisons. Concentrating on a single national context enables a clearer examination of how control is designed and balanced in decentralised serial acquirers. Furthermore, the study focuses specifically on the relationship between headquarters (HQ) and fully owned subsidiaries, excluding integration-intensive acquisitions, minority holdings and non-Nordic operations. These delimitations allow the analysis to centre on the governance structures most characteristic of Swedish serial acquirers and most relevant to understanding how control is balanced in their subsidiary governance.

2. Literature Review

This part discusses previous research on serial acquirers. Findings in the general M&A field are summarised, followed by a more developed presentation on the research on serial acquirers. Accordingly, the review is structured around three subsections: (1) mergers and acquisitions; (2) substreams of previous research on serial acquisitions; and (3) integration and governance.

2.1 Serial Acquisitions in the Broader Field of Mergers & Acquisitions

Serial acquisitions constitute a particular strategy within the broader field of mergers and acquisitions (M&A). The former refers to the merging of two firms, and the latter to the transaction of one firm, which is later integrated into the buying firm. Extensive research has examined M&A across multiple disciplines (Haleblian, 2009). Within the M&A field, four main streams of research can be identified: (1) motives behind M&A; (2) post-acquisition integration; (3) acquisition performance; and (4) serial acquirers.

The first stream of research investigates why firms pursue M&A, emphasising motives such as efficiency gains, resource access and market expansion (Cartwright & Cooper, 1990). While a majority of M&A are made in shareholders' interest, managerial self-interest is also found to be a common driver (Cartwright & Schoenberg, 2006). Within this stream investigating M&A integration, the strategic and cultural fit between the firms has been found to affect the acquisition outcome (Cartwright & Cooper, 1990; Meyer & Tran, 2006). Similarly, firms' cultural differences, communication processes and organisational practices play a crucial role in determining whether synergies are achieved (Björkman & Soderberg, 2006; Weber & Tarba, 2012). Furthermore, research on acquisition performance has produced mixed results, some finding improved profitability and market value, other little or no effect, indicating that outcomes largely depend on contextual factors such as integration quality and strategic fit (King et al., 2003; Haleblian et al., 2009). While these studies largely address single acquisitions, a fourth stream of research has emerged that focuses on firms undertaking multiple acquisitions over time, often referred to as serial acquirers.

Serial acquirers differ from occasional acquirers by engaging in a continuous series of acquisitions aimed at achieving long-term strategic objectives (Laamanen & Keil, 2008). While M&A research has mainly focused on single deals, Laamanen and Keil (2008) argue that serial acquirers represent an emerging substream within the broader M&A literature. Several studies have sought to define what constitutes a serial acquirer. The concept has been interpreted in multiple ways, and no single definition has been universally adopted. Some scholars define serial acquirers as firms performing a predetermined number of acquisitions within a certain time frame (e.g. Kengelback et al., 2012; Fuller et al., 2002; Weber et al., 2019). Other scholars emphasise the continuous and strategic use of acquisitions as a core part of the business model (e.g. Hansell et al., 2014; Laamanen & Keil, 2008). Building on this understanding, this study adopts the definition proposed by Grant et al. (2022), that serial acquirers are firms that conduct

several acquisitions per year and view acquisitions as a crucial and long-term part of their overall business strategy.

2.2 Substreams of Previous Serial Acquisitions Research

Within the area of serial acquirers, three major research streams have emerged: (1) serial acquirer performance; (2) acquisition learning and success factors; and (3) integration and governance.

Serial acquirer performance

A topic generating scholarly attention is whether serial acquisitions impact financial performance. Quantitative research on serial acquirers commonly measures financial performance using cumulative abnormal returns (CARs), which indicate the market's assessment of value creation (Alexandridis et al., 2013; Moeller et al., 2004; Fuller et al., 2002). Previous studies have compared the performance and riskiness of acquisitions undertaken by serial acquirers compared to those by single acquirers. Studies from the US and Australia have found that, on average, deals by serial acquirers generate lower returns than those by single acquirers (Ismail, 2008; Hossain et al., 2021). However, research has found that the value creation associated with serial acquisitions varies depending on the type of target acquired, acquisition patterns and selective target choices (Fuller et al., 2002). Moreover, serial acquirers have been found to engage in riskier deals, and the riskiness typically increases with additional acquisitions (Hossain et al., 2021).

Acquisition learning and success factors

A second research stream focuses on learning effects associated with multiple acquisitions. One part of this stream investigates and hypothesises about the learning among the serial acquirers' top management (Ismail, 2008; Hossain et al., 2021). Researchers have argued that leaders with successful first deals show signs of hubris behaviour, whereas acquirers with unsuccessful first acquisitions learn from their mistakes (ibid). Learning effects associated with acquisitions have also been studied from a more holistic organisational lens (Barkema & Schivjen, 2008). Drawing on behavioural theory, researchers have suggested that cognitive constraints and context-specific learning can lead to suboptimal integration and diminishing performance across acquisition sequences (ibid). Similarly, research has indicated that acquisition experience enhances organisational learning when current and prior deals share similarities in size, industry and cultural setting (Ellis et al., 2011).

Integration and governance

Finally, a third stream of research examines the integration and governance of serial acquirers. Our research aims to examine how control is balanced within decentralised serial acquirers, which means the study falls within this substream.

2.3 Integration and Governance

Prior research within this stream has focused on the challenges that arise after a completed deal. Gates and Very (2003) emphasise that the true test for an acquirer is not the purchase itself, but the subsequent integration process, where the anticipated value of the deal is realised through the unification of the two organisations. Other scholars have highlighted the post-merger stage as a decisive phase in realising the intended value of an acquisition (Durand et al., 2023). Research on serial acquirers has pointed to the integration phase as particularly challenging, since firms must navigate complex managerial adjustments and synergy estimation following acquisitions (Brueller et al., 2018). In serial acquirers, overlapping acquisitions create constant organisational challenges but also offer opportunities to strengthen integration capabilities through accumulated experience and learning (Barkema & Schivjen, 2008; Laamanen & Keil, 2008; Mitchell & Shaver, 2003).

Focusing on the human side of integration, Chreim and Tafaghod (2012) illustrate how managers in acquired firms undergo notable shifts in role and identity once the acquisition is completed. Their study finds that tensions arise when established ways of working must be managed within a new organisational context, as changing responsibilities and redefined identities reshape managerial roles. Importantly, the relationships between the acquiring and acquired managers emerge as central in shaping how the merger is understood and experienced, either mitigating or amplifying its challenges through the exchange of informational, political and social resources (ibid).

Furthermore, in the post-acquisition phase, previously embedded relationships within the acquired firm are often unsettled or replaced, giving rise to new relational dynamics as the integration unfolds (Spedale et al., 2007). Tacit and socially embedded forms of knowledge are difficult to replicate or move between organisations. A high level of integration after the acquisition is often essential to realise its anticipated advantages (Gomes et al., 2013). Continuing, Paruchuri, Nerkar & Hambrick (2006) show that poorly managed structural integration following a merger can disrupt intra-firm inventor networks, thereby limiting preservation of tacit knowledge embedded in organisational relationships.

In addition, previous research highlights decentralisation as a governance strategy for serial acquisition integrations. Roll et al. (2013) state that a central attribute in serial acquirers is the high degree of decentralisation, where subsidiaries are allowed to continue operating with a high degree of independence, like independent firms. Instead of dismissing subsidiaries' judgements, serial acquirers delegate decision-making to them (ibid). Although decentralised organisations aim to minimise strict control, a shared direction is still required (Cäker & Siverbo, 2014). Confirming, Grant et al. (2022) found that decentralisation is a critical success factor for Swedish serial acquirers. In their case study of Swedish serial acquirers, acquisition activities were deliberately delegated to divisional levels, where the managers closest to operations identified and assessed targets. This approach strengthened local strategic and operational expertise while maintaining accountability for acquisition outcomes, which the authors argued were central to the firms' sustained performance.

In summary, existing research on serial acquirers remains limited, with most studies concentrating on performance, acquisition learning, success factors and post-acquisition integration and governance.

Scholarly attention has been directed towards integration, with studies highlighting decentralisation as a central attribute of serial acquirers. Yet, limited research explains how such decentralised structures operate in practice. This reveals an important research gap that this study will address by examining how decentralised Swedish serial acquirers balance control in their governance of subsidiaries.

3. Theoretical Framework

With the support of management control theory (MCT), this study answers how decentralised Swedish serial acquirers balance control in their governance of subsidiaries. MCT offers an overarching logic for how organisations steer behaviour to align with their goals. Within this domain, management control systems represent the concrete tools, routines and processes through which organisations can achieve such alignment (Merchant & Van der Stede, 2017). Recent scholars have applied MCT to examine how parent companies govern subsidiaries in decentralised settings (Rodrigues et al., 2023) and how HQ combined different control mechanisms to coordinate units across countries (Sageder et al., 2019). Building on this body of work, this study uses MCT to interpret how Swedish serial acquirers design and use control systems in governing autonomous subsidiaries.

Three complementary strands within MCT are applied. First, Merchant and Van der Stede's (2017) typology outlines the core forms of control available to organisations. Secondly, Simons' (1995) Levers of Control framework explains how these controls are mobilised to both enable and constrain managerial behaviour. Lastly, Tessier and Otley's (2012) refinement clarifies the distinctions between diagnostic and interactive uses, as well as coercive and enabling control practices. Together, they form the theoretical framework (see Figure 3.1) and structure the analysis of how control is exercised and balanced within subsidiaries of decentralised Swedish serial acquirers.

3.1 Designing Control Systems: Merchant and Van der Stede (2017)

Control systems constitute a central mechanism through which organisations direct behaviour and ensure alignment, and Merchant and Van der Stede's (2017) framework offers a foundational account of their forms. Their typology distinguishes how managers influence how work is carried out – *action*, *results*, *personnel* and *cultural controls* – each shaping behaviour through different underlying logics. *Action controls* restrict certain behaviours by setting non-negotiable limits – such as compliance requirements or approval thresholds – while leaving decisions outside these boundaries to local decision-making (Merchant & Van der Stede, 2017). Research shows that in strongly decentralised organisations, management relies less on action controls to operate with a smaller set of rules and procedures (O'Grady, 2019). *Results control* steer behaviour by specifying desired financial and non-financial performance targets and linking rewards to their achievement, thereby providing a basis for monitoring and evaluating performance (Goebel et al., 2017). They provide alignment without prescribing how work should be performed. Results and action controls are formal mechanisms, while personnel and cultural are informal (O'Grady, 2019). *Personnel controls* influence behaviour by ensuring that the right individuals are selected, developed and equipped to act appropriately on their own. Through recruitment, training and job design, personnel control strengthens employees' ability and intrinsic motivation to make appropriate

decisions without direct supervision (Merchant & Van der Stede, 2017). *Cultural controls* shape behaviour through shared norms and values that create mutual social pressure to act appropriately (ibid). These norms are reinforced through the organisation's traditions, unwritten rules and tone at the top, where leaders model the values and behaviours expected. Together, personnel and cultural controls strengthen commitment and informal coordination, which is particularly important in decentralised settings where common beliefs help maintain cohesion (Haustein et al., 2014). Taken together, the distinction between action, results, personnel and cultural controls help clarify ways organisations can influence how subsidiaries conduct decision-making. Hence, these control forms provide the analytical foundation for the study.

3.2 Using Control Systems: Simons' Levers of Control (1995)

While Merchant and Van der Stede (2017) focus on how control is exercised through concrete mechanisms that shape employee behaviour, Simons (1995) directs attention to how management use control systems (Al-Dhubaibi, 2025). Central to Simons' argument is the idea that control systems can be applied in different ways. Either diagnostically, to monitor performance against established targets, or interactively, to stimulate learning, discussion and strategic attention (ibid). How controls are used affect the level of autonomy subsidiaries experience, while their formal design captures only one dimension of governance. This makes Simons' (1995) Lever of Control (LoC) particularly relevant, as the framework examines how managers use control systems to balance autonomy with accountability. LoC outlines four types of levers that managers can employ to direct behaviour towards organisational objectives: *belief-, boundary-, diagnostic-* and *interactive systems*.

First, *belief systems* communicate the organisation's core values and purpose, guiding and inspiring employees by clarifying what the organisation stands for (Al-Dhubaibi, 2025; Simons 1995). *Boundary systems* define clear limits on acceptable behaviour by specifying risks and actions that must be avoided (Müller et al., 2025; Simons, 1995). *Diagnostic control* systems monitor key performance indicators against preset targets, enabling managers to evaluate progress and correct deviations (Simons, 1995). Lastly, *interactive* controls involve frequent, face-to-face dialogue about strategic uncertainties, encouraging learning, adaptation and shared understanding across managerial levels (Müller et al., 2025; Simons, 1995). The four levers are divided into two categories. Belief and interactive systems are referred to as *positive*, because they stimulate employee creativity. Boundary and diagnostic systems are referred to as *negative*, because they ensure predictability. The terminology positive/negative is not related to the quality of the control systems; positive and negative systems are both needed and equally favourable. Simons' LoC thereby extends our theoretical framework by offering a behavioural perspective on how the same systems constrain or enable depending on management's use.

3.3 Theory Discussion and Modifications

While Simons' LoC framework presents a suitable lens to explore how control systems are used in serial acquirers, two ambiguities discussed by Tessier & Otley (2012) are particularly relevant to the study. The

first concerns the notion of positive and negative controls, and the second relates to the distinction between managerial intentions and employee perceptions.

The first ambiguity concerns the notion of positive/negative controls and is generally known as the *dual role of controls*, a notion that has gained relevance in the literature (Ahrens & Chapman, 2004; Mundy, 2010; Wouters & Wilderom, 2008). The specific notion of positive/negative as outlined by Simons has sometimes been confused as describing the quality of controls as “good” or “bad” (Tessier & Otley, 2012). Using terms such as “bad” and “good” to describe the dual role of controls is informally associated with quality (Adler & Borys, 1996). Recognising that the terminology in the literature is not consistent, this thesis will use the terms ‘*enabling*’ and ‘*constraining*’ to denote the dual role of controls and to avoid potential misinterpretations.

The second ambiguity is the difference between *managerial intentions* and *employee perceptions*, which is not included in the framework (Tessier & Otley, 2012). *Managerial intentions* are a design attribute of the control systems and refer to what managers are striving to achieve (ibid). *Employee perceptions*, however, are not a design attribute and refer to how the control is interpreted by the employees (ibid). The academic literature has investigated employee perception of controls and managers’ intentions as separate (Wouters & Wilderom, 2008; Ahrens & Chapman, 2004). There is also evidence that controls can be interpreted differently depending on the individual employee and parts of an organisation (Scott, 2001). An important aspect is the presentation of the control, which can be described as the link between intentions and perceptions. Similarly types of control programmes can be perceived as either enabling or constraining, depending on how they are presented (Adler & Borys, 1996). In the specific context of Swedish serial acquirers, the intentions of the parent company may differ from the perception of the subsidiaries. The control systems are designed by the parent company, but are realised when perceived by the subsidiaries, and to understand the balance between decentralisation and control, both perspectives are needed. It is for this reason that the methodology of this thesis covers interviews with parent companies and subsidiaries.

To summarise, this study uses a combined lens of Merchant and Van der Stede’s (2017) control mechanisms and Simons (1995) LoC framework on managers’ use of control systems, including Tessier and Otley’s (2012) refinements concerning subsidiary responses, to examine how decentralised Swedish serial acquirers balance control in their governance of subsidiaries.

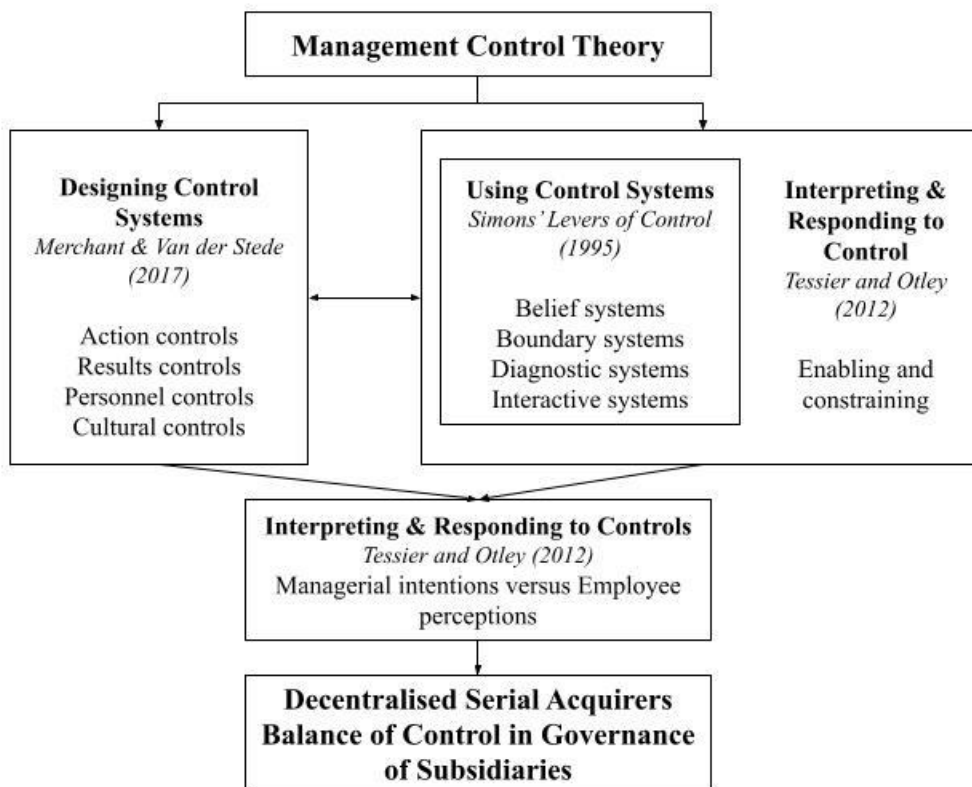


Figure 3.1. Theoretical framework of the studied phenomenon (Rudberg & Stenberg, 2025).

4. Method

4.1 Research Paradigm

This study adopts a social constructionist ontological stance, recognising that social phenomena are created through interaction and shared meaning. Accordingly, Swedish serial acquirers are understood not as fixed or purely objective entities, but as shaped by the interpretations and practices of the actors involved (Bell et al., 2019). In alignment with this ontological position, the research is guided by an interpretivist epistemology which emphasises an understanding of the social world derived from examining how participants interpret it (ibid).

4.2 Research Approach

To navigate between existing theory and new empirical insights, the study follows an abductive approach (Saunders et al., 2023). Prior literature on serial acquirers and post-acquisition management served as an initial analytical lens, shaping the identification of preliminary themes during data collection. The study remained open to extending or modifying the theoretical framework in response to themes that emerged during data collection. This flexibility balanced theoretical grounding with responsiveness to unanticipated empirical insights.

4.3 Research Design

As the study adopts the perspective that conceives social reality as fluid and continually emerging from individual actions or interpretations, a qualitative research design was considered most appropriate (Bell et al., 2019). Therefore, data collection relied on semi-structured interviews that balanced prepared open-ended questions with flexibility to pursue themes raised by participants (Saunders et al., 2023). Furthermore, semi-structured interviews allow concepts and theoretical insights to emerge from participants' accounts (Bell et al., 2019). Therefore, follow-up questions were used throughout to develop participants' initial responses, enabling the researchers to probe underlying reasoning and elicit richer insights. This qualitative approach captures the nuance and contextual depth of participants' perspectives – insights that would likely be lost through more rigid quantitative methods such as surveys or statistical analyses (Saunders et al., 2023). This study adopts an interpretivist orientation, emphasising the understanding of socially constructed meanings and contextual dynamics (ibid).

4.4 Data Collection

4.4.1 Sampling Strategy

Given the study's non-probabilistic design and the exploratory nature of the research question, we adopted a snowball sampling based on chain referrals (Bell et al., 2019). This sampling method capitalises on the connectedness of individuals within professional networks, which facilitated access to relevant participants (ibid). One initial contact in the Swedish serial acquirer community provided referrals to suitable participants. These initial participants, primarily CEOs or board members of serial acquirers recommended subsidiary CEOs within their respective groups, resulting in a chain-referral process that enabled access to both HQ and subsidiary perspectives. In addition to the core sample, two interviews were conducted with equity analysts specialising in Swedish serial acquirers. These analyst interviews provided an external viewpoint on how serial acquirers' governance is perceived by capital markets. These insights complemented those of the core participants, whose accounts reflected governance practices within the organisations themselves.

4.4.2 Interview Process

Candidates were approached with a brief introductory message, outlining the purpose and scope of the study. Interviews were conducted online although an in-person meeting was offered when geographically feasible. The interview guides were shared with participants in advance. They were adapted to each group: executives received a version tailored to their leadership and strategic role; subsidiary managers were provided guides aligned with their local responsibilities and external specialists received questions reflecting their outside perspective and expertise. All interview participants chose to respond in Swedish. For online interviews, the video platform Teams was used to help maintain consistency in data quality. All interviews were audio-recorded and transcribed with participant consent.

4.5 Data Analysis

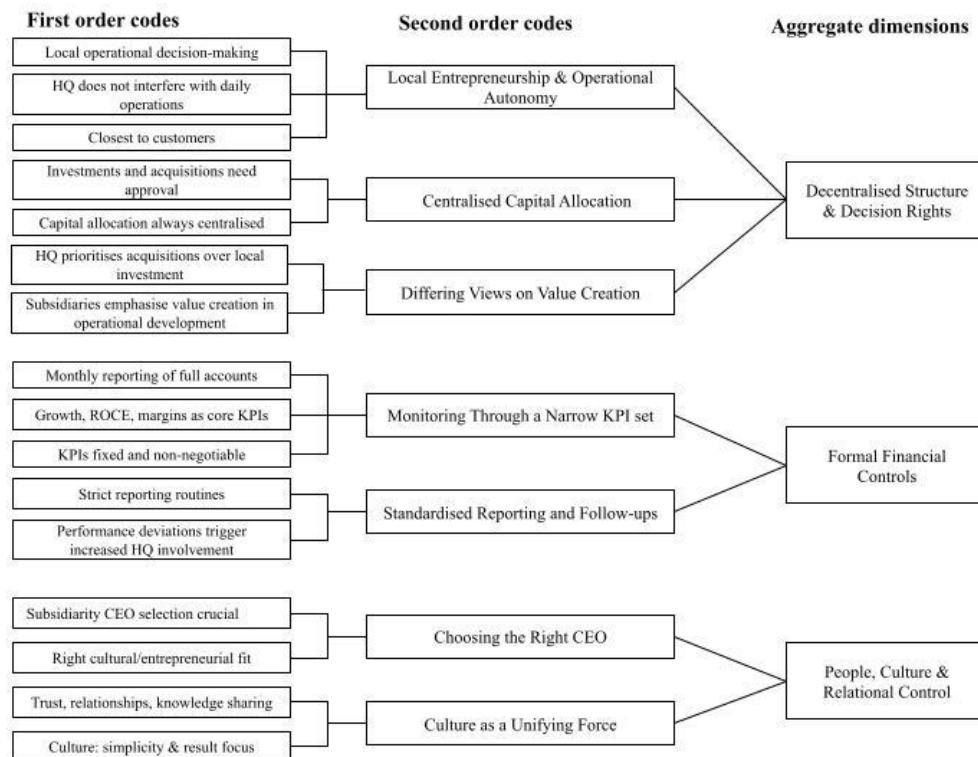


Figure 4.2: Overview of first, second-order themes and aggregate dimensions of empirical findings (Rudberg & Stenberg, 2025).

Each interview was transcribed in Swedish using Clipto.ai and carefully reviewed against the original audio to ensure accuracy and correct any errors. Only identified themes and quotes included in the study were translated to English. Coding was done manually. First-order codes were developed directly from the interview transcripts to capture detailed descriptions of how governance is practiced within serial acquirers. These were then organised into second-order themes. The second-order themes were synthesised into three aggregate dimensions: Decentralised Structure and Decision Rights, Formal

Financial Controls, and People, Culture and Relational Control. These were interpreted using concepts from management control theory, drawing specifically on Merchant & Van der Stede's (2017) control mechanisms, Simons' (1995) levers of control and Tessier and Otley's (2012) refinements of Simons', clarifying how control mechanisms jointly shape governance in Swedish serial acquirers.

4.6 Research Quality

Given the use of snowball sampling, participants were likely connected within the same professional networks, which can introduce homogeneity in perspectives (Bell et al., 2019). To mitigate this, the sample intentionally combined headquarters (HQ) executives, subsidiary managers and external equity analysts, allowing variation in organisational viewpoints and reducing the likelihood that findings reflect a single group's narrative.

A further limitation concerns self-reflection. Those who chose to participate may differ from those who declined. For instance, participating interviewees may have had a stronger desire to participate, stronger opinions, greater confidence in discussing governance, or even a more favourable relationship with HQ (Saunders et al., 2019). Such patterns can influence which experiences are represented in the data. Although the study included voices from HQs, subsidiaries and external analysts, a narrow perspective range may remain.

Although the study aimed to include a subsidiary representative from each serial acquirer, due to access limitation, interviews were conducted with only four subsidiaries. To address this constraint, insights from external analysts were used to mitigate the reduced subsidiary perspective. Lastly, to reduce interpretation bias, the researchers continuously returned to the recorded audio to check how comments were expressed and to avoid relying on memory-based interpretations. This reduced the risk of mishearing, over-emphasising certain points or unintentionally reshaping participants' meanings.

4.7 Ethical Considerations

Each participant confirmed their willingness to take part by providing written and verbal consent in accordance with the GDPR procedures of the Stockholm School of Economics. Before each interview, participants were informed that their involvement was voluntary and that they could decline to answer specific questions or withdraw at any stage without consequence. To maintain confidentiality, any information that could reveal a participant's identity was removed and replaced with anonymised markers. The audio files, interview notes and transcripts are stored securely and can only be accessed by the researchers and will be permanently deleted once the project has been completed.

4.8 Use of Artificial Intelligence

Artificial intelligence tools have been used throughout the process to ensure efficiency. Interview recordings were transcribed using Clipto.ai and ChatGPT was employed to refine grammar and enhance

the academic tone. It helped present the ideas more coherently and clearly, without altering the content of the research. The study therefore upholds integrity and remains the researchers' own work.

5. Empirical Findings

This section presents the empirical findings that underpin the analysis of how Swedish serial acquirers balance decentralisation and control. The coding resulted in three overarching themes as seen in Figure 4.2, aiming to answer the question of *how Swedish serial acquirers balance control in their governance of subsidiaries*: (1) decentralised structure and decision-making; (2) formal control through key performance indicators (KPIs), reporting and processes; and (3) culture, relationships and people as control mechanisms.

5.1 Decentralised Structure and Decision-Making

Participants consistently described three main features of the decentralised structure: (1) local entrepreneurship and operational autonomy; (2) centralised capital allocation; and (3) differing views on value creation.

5.1.1 Local Entrepreneurship and Operational Autonomy

All serial acquirers emphasised that their subsidiaries are expected to act independently. One HQ representative described the guiding principle as “local entrepreneurship”, highlighting the group’s efforts to avoid becoming a large, bureaucratic organisation:

“We do not interfere with which customer they work with, what products or offerings they have - they have a lot of freedom.” - HQ1

Subsidiary CEOs echoed this view, describing how strategies, pricing and operational decisions are shaped locally:

“We basically make all decisions ourselves. We set our own strategies, policies, pricing strategies and expansion strategies.” - S1

“I manage the day-to-day operations entirely on my own.” - S3

External analysts similarly described decentralisation as an ideological cornerstone among serial acquirers:

“It is about freedom, responsibility and entrepreneurship. The people closest to the customer are the ones who know how things should be done [...] HQ should not have all the answers.” - A2

Yet, one subsidiary noted that independence has its limits, particularly when HQ becomes involved in operational matters. Although described as rare, such instances were portrayed as intrusive:

“It happens very rarely, but when it does, it is damn irritating. They start getting involved in things they really should not be getting involved in.” - S1

Taken together, respondents describe a model built on strong local autonomy, where subsidiaries handle everyday operations and commercial decisions, but also acknowledge that occasional HQ involvement in operational issues can challenge this decentralised ideal.

5.1.2 Centralised Capital Allocation

In contrast to operational autonomy, all respondents described capital allocation as the most centralised aspect of governance within serial acquirers. Decisions involving major investments, acquisitions or capital structure are handled by HQ or the board regardless of how independently subsidiaries operate in their daily activities.

External analysts and HQ representatives consistently noted that capital allocation remains outside the local mandate:

“What is usually decentralised is primarily capital allocation [...] it is managed mainly at the central level.” - A2

“What [subsidiaries] are not allowed to do is capital allocation. We are very active there.” - HQ1

HQ representatives emphasise how this plays out in practice, noting that both acquisitions and larger investments always require central approval:

“They are not allowed to make acquisitions, and larger investments have to be approved centrally.” - HQ5

Subsidiaries confirmed this structure. While everyday operational investments are made locally, larger amounts must always be escalated:

“All investments above a certain size must be approved by the group’s board.” - S1

5.1.3 Differing Views on Value Creation

While operational autonomy and centralised capital allocation were described as clear structural features, several respondents highlighted that subsidiaries and HQ sometimes operate with different perspectives on what creates value. HQ representatives noted that the board often prioritises acquisitions over local investments, which can create friction when subsidiaries seek to reinvest in their own operations:

“When [subsidiary CEOs] want to invest in the operations, you may perceive us as a bit cumbersome or restrictive with the money. The board would rather use the money to acquire another company.” - HQ1

Others describe tensions arising from differing risk perspective, where HQ evaluates decisions at a portfolio level, while subsidiary CEOs focus on the operational implications within their own businesses:

“We think the company should continue raising prices [...] but the [subsidiary] CEO does not quite dare to. For the CEO, losing the largest customer would be catastrophic. For us, it is a portfolio perspective.” - HQ5

A subsidiary CEO also illustrated this divergence, noting that while HQ devotes substantial attention to acquisitions, subsidiaries remain primarily focused on running and developing the core businesses:

“99% of what we do is running the daily business. At HQ1, people spend 99% of their time on acquisitions [...] Sometimes that creates a conflict of interest.” - S1

Several subsidiary CEOs similarly noted that enthusiasm for acquisitions is not always shared at the operational level, where many managers prioritise stability and continuity. As one CEO described:

“People at HQ think acquiring companies is fantastic. [HQ] assumes everyone else feels the same [...] But not everyone does. 95% just want things to remain the way they have always been.” - S1

5.2 Formal Financial Controls

The empirical findings show that subsidiaries operate under a uniform system of KPIs and reporting. While these controls offer clarity and predictability, deviations from targets shift the dynamic: some subsidiaries experience increased HQ involvement as helpful, while others interpret it as pressure or intrusion.

5.2.1 Monitoring Through a Narrow Set of KPIs

HQ representatives describe how performance is monitored through a small set of clearly defined financial indicators, primarily centred on profitability, cash flow and capital efficiency:

“The overarching goals, if we simplify, are that our business unit should grow 15% per year. They should have a ROCE above 30% and similar key metrics. These goals are carved in stone and not up for discussion. It is simply: this is what you must deliver.” - HQ1

External analysts similarly emphasise that serial acquirers focus on a uniform and basic KPI set, reflecting topline development, profitability and cash generation:

“It comes down to a number of key metrics – quite basic things they want to see. How topline and profits develop, cash flows and so on.” - A1

Some subsidiary CEOs noted that the KPIs reflect the measures they themselves focus on:

“These are the kinds of key metrics we ourselves are interested in.” - S4

At the same time, several subsidiaries noted that while the KPI structure is simple, the associated reporting requirements can be experienced as time-consuming or burdensome, especially for smaller units:

“We report quite a lot. Privately owned companies are often shocked by our reporting. Sustainability [reporting] has exploded, and it is damn time-consuming.” - S1

“If you asked a smaller company, you might get another answer – that they find it a bit complicated or extra work.” - S2

Taken together, these accounts illustrate how a narrow and standardised KPI structure underpins performance monitoring across the groups, while subsidiaries also face reporting demands that can feel demanding alongside their operational responsibilities.

5.2.2 Standardised Reporting and Frequent Financial Follow-Ups

Participants described a uniform and highly structured reporting process, centred on monthly financial follow-ups across all subsidiaries. HQ representatives emphasised that full financial statements are reported every month, forming a strict and standardised governance routine:

“We have complete monthly accounts in all our companies – full income statements, balance sheet and cash flow reports. Every month [subsidiaries] report to the group.” - HQ1

“One thing is that we have extremely tight control over monthly reporting.” - HQ5

Interestingly, although the reporting structure is highly standardised, one subsidiary emphasised that the processes still feel purposeful rather than bureaucratic:

“I do not feel that processes are created for the sake of process – there is always a reason, in terms of control or our targets.” - S3

At the same time, the level of HQ involvement shifts with performance; when subsidiaries deliver, control remains limited, but deviations trigger rapid escalation:

“If you fall outside the targets, we act pretty quickly. We start asking: why are the margins too low? What is the plan? [...] You gradually move from giving a lot of space to steering more actively.” - HQ1

Subsidiaries described this escalation process in practical terms:

“We are followed up every month against the target and against last year...If we start slipping, we must explain why. When we fall behind both target and last year then the focus increases from the board and owners.” - S4

They also expressed how intensified HQ attention affects them emotionally. Several CEOs described how a rise in attention from HQ can create pressure and stress locally:

“Tension arises when results do not come. Then there is easily a bit of panic and the pressure on us increases, because their stress is pushed downwards.” - S2

“When it goes a bit less well, they are not as fun [...] If we do not act, HQ gets nervous. Then we get nervous.” - S1

At the same time, several HQ representatives emphasised that their intention during such situations is to act supportively:

“I experience that we are supportive [...] we understand the potential and say: we believe in you, keep going. We could have said it was a mistake and shut it down, but instead we support them.” - HQ2

Together, these accounts show that standardised monthly reporting creates a stable structure for formal control. When results are strong, subsidiaries retain their autonomy. When performance declines, HQ involvement increases, and subsidiaries may experience this either as pressure or as support depending on the situation.

5.3 Culture, Relationships and People as Control Mechanisms

The empirical findings show that people and culture are central to how control is exercised in decentralised groups. The model relies on selecting the “right” subsidiary CEO and cultivating shared principles that guide behaviour. When this alignment works, autonomy is sustained, and when it does not, subsidiaries may face friction.

5.3.1 Choosing the Right Subsidiary CEO

HQ representatives consistently described the choice of subsidiary CEO as critical for the decentralised model, noting that its functioning depends on having the “right person” in place:

“X is a major owner of ours, and they remind me every time that the [subsidiary] CEO is the single most important factor in creating value.” - HQ2

Similarly, several leaders described CEO selection as the most strategically significant decision at group level:

“Who should be the CEO? There is no other strategic question as important as that.” - HQ5

Interestingly, respondents highlighted that not just competence, but cultural alignment, determines whether a CEO can thrive under decentralisation. Leaders stressed that individuals must have an entrepreneurial instinct and be able to handle autonomy:

“We coach CEOs hard in the beginning [...], and if it does not work, then we have to replace them. You must have this in you. Otherwise, we cannot let you run freely and if we cannot let you run freely, the decentralised model simply does not work.” - HQ5

Subsidiary leaders and HQ representatives also emphasised internal recruitment as a deliberate strategy to preserve culture and ensure the right behavioural fit:

“When we recruit, especially for managerial roles, we look internally first. Being part of the culture for a long time is one of the most important parameters for preserving it.” - HQ4

External analysts also underscored that CEO fit is deeply tied to culture and entrepreneurial identity:

“A [subsidiary] CEO from one serial acquirer might not feel at home in another serial acquirer, even if the structures look similar [...] You gravitate toward like-minded entrepreneurs.” - A2

Some respondents described that replacing a CEO, while difficult, is sometimes necessary to protect the model.

“If you can’t change the man, then you change the man” - HQ2

Overall, the accounts illustrate a strong consensus that the effectiveness of decentralised governance depends fundamentally on selecting CEOs who embody trustworthiness, cultural alignment and entrepreneurial drive. Having the “right person” is seen as prerequisite for granting autonomy and maintaining the stability of the decentralised model.

5.3.2 Culture as a Unifying Force

Across all groups, culture was described as a central mechanism holding the decentralised model together. Rather than imposing a uniform way of working, serial acquirers rely on a shared set of principles that guide behaviour while allowing subsidiaries to maintain their own identities.

HQ representatives emphasised that cultural alignment is not standardisation. Instead, it reflects a few non-negotiable principles ensuring coherence across the group:

“Roughly 30% has to be ‘us’, and 70% they can do however they like [...] Those 30% are about simplicity and extreme focus on results. These principles must exist in every [subsidiary].” - HQ5

Several HQ respondents also stressed that cultural fit is a prerequisite for decentralisation to function:

“A CEO should feel that the difference between running their company independently and being part of us is very small.” - HQ4

Culture was further described as essential for enabling autonomy, supported through hands-on coaching during the first year to ensure alignment:

“In the first year, we are very hands-on. Once it works, everything should happen at subsidiary level. All expertise and knowledge should sit there.” - HQ5

At the same time, respondents consistently highlighted that HQ does not aim to change the cultures of acquired companies. Instead, they acquire firms whose existing cultures already resonate with the group’s philosophy:

“Our success is that we have bought very good companies [...]. When we buy such companies, we get the culture with the deal. It is more about preserving a good culture than creating a new one.” - HQ5

Some subsidiaries confirmed that they largely maintain their cultural identity within these shared principles:

“We have been able to keep our own culture and our way of working, but with a few shared principles at the bottom.” - S2

However, others described moments of friction when group-wide values were introduced, especially early in the integration:

“There was a debate in the beginning. Some felt: ‘Here they come and put their values on us’, and sometimes it felt as if HQ wanted to push down their own values. Many of our companies already had their own values.” - S4

Despite this nuance, many HQ respondents emphasised cohesion-building mechanisms such as regular dialogue and shared development activities:

“We work hard to create an open culture and constant dialogue. I talk to our CEO almost every day. We have management meetings, we visit companies regularly, and we build loyalty through a close, professional atmosphere.” - HQ1

“We have an internal business school. We meet [other subsidiary] CEOs, we talk about our way of running companies, and we use these forms to reinforce what we stand for.” - HQ4

Subsidiaries similarly described informal peer exchange as an additional cultural mechanism:

“We meet a few times a year, but we also call each other between meetings to ask for advice. We learn a lot from one another.” - S2

In summary, the material shows that culture functions as a unifying mechanism built on a small set of shared principles, while subsidiaries largely retain their own identities. Although some friction arises when group-level values become more pronounced, ongoing dialogue and shared practices help sustain cohesion across the groups.

6. Analysis

6.1 Designing Control in a Decentralised Setting

When comparing our findings to Merchant and Van der Stede’s (2017) framework, the governance model of Swedish serial acquirers emerges as one where operational freedom coexists with tight financial control. Across interviews with both HQ representatives and subsidiary CEOs, our study shows that HQ does not impose action controls related to offerings, customer selection or pricing, and respondents consistently emphasised the absence of group-level operational rules or standardised processes, indicating that formalised controls are minimal. This aligns with research showing that highly decentralised organisations rely less on action controls and operate with fewer rules and procedures (O’Grady, 2019).

However, this low reliance on operational action controls coexists with strong action controls in the financial domain, particularly in capital allocation. Mandatory approval for acquisitions and large investments constitutes a non-negotiable boundary enforced at HQ level. All respondent groups - HQ, subsidiaries and analysts - describe capital allocation as the most centralised element of governance. This indicates that while subsidiaries enjoy broad operational autonomy, financial decision rights remain tightly held at the centre, reflecting a selective but deliberate use of action controls.

The empirical material provides strong evidence of results controls as a core component of the governance design. Multiple HQ representatives and subsidiary CEOs describe the KPI structure as standardised and centred on a small set of financial indicators, primarily profitability, cash flow and capital efficiency. This aligns with Merchant and Van der Stede’s (2017) definition of results controls, where behaviour is influenced indirectly through what is measured and monitored (Goebel et al., 2017).

Several HQ respondents emphasise the importance of choosing a CEO who is actually culturally aligned, entrepreneurial and internally driven, highlighting how personnel control partly operates through recruiting the right individuals. Coaching of newly recruited CEOs and the possibility of replacement further strengthen the personnel control mechanism. HQ2 illustrated this by noting if a subsidiary CEO does not meet group expectations, they are ultimately replaced, underscoring the aim of shaping the CEO into the ideal fit. The finding that decentralisation only works with certain types of individuals demonstrates that the effectiveness of the control system is embedded in people rather than procedures. This reliance fosters stability in the governance model but simultaneously narrows the range of leadership profiles that can succeed within it.

Finally, cultural controls permeate the entire governance design. HQ representatives describe culture in terms of a few non-negotiable principles such as simplicity, accountability and result focus rather than standardised norms or behaviours. Subsidiary respondents confirm that while they maintain their own identities, these overarching principles form a shared value frame that guides behaviour. This reflects Merchant and Van der Stede's (2017) view of cultural controls as mechanisms that shape behaviour through shared norms and values, and aligns with Haustein et al. (2014), who emphasise the importance of informal controls in decentralised organisations.

Across these mechanisms emerges a central insight that decentralisation is not an absence of control, but a consequence of how control is deliberately designed. Autonomy is granted because results, personnel and cultural controls create safeguards that make extensive operational action controls unnecessary. Decentralisation therefore becomes conditional, since subsidiaries retain freedom only as long as they operate within financial boundaries, deliver expected results and align with the cultural principles defined by HQ.

6.2 Using Control to Govern Autonomy

Simons' (1995) framework enables analysis of how HQ uses different control systems to modulate oversight. Our findings suggest that belief systems are actively used to communicate the group's core values and ideological foundation. HQ representatives repeatedly refer to ideals such as local entrepreneurship, freedom under responsibility and simplicity, and external analysts confirm this as a defining feature of serial acquirers. These belief systems guide and inspire decentralised decision-making by clarifying the organisation's purpose and expectations, consistent with Simons' (1995) view and with research showing that belief systems mobilise engagement in decentralised settings (Marginson, 2002).

Boundary systems complement this rhetoric of freedom by defining explicit limits on what subsidiaries may do, particularly in financially sensitive areas. Multiple respondents state how acquisitions and major investments require central approval, which corresponds to Simons' (1995) conceptualisation of boundary systems as mechanisms that delineate risk and decision rights. The coexistence of strong financial boundaries and discourses of autonomy creates a productive tension in which independence is encouraged but clearly circumscribed.

In our study, diagnostic control systems are centred on monitoring KPIs against predefined targets, thereby governing behaviour through performance oversight (Simons, 1995). The KPI structure and monthly reporting are used consistently, but shifts in the control patterns are triggered when results diverge from targets. Our findings show that HQs respond to margin declines by demanding feedback and corrective action, as noted by HQ1 and S4, reflecting a diagnostic use of control where performance gaps direct managerial attention and stronger follow-up.

Moreover, our findings indicate that communication is used to influence behaviour through interactive control systems, fostering ongoing dialogue around strategic uncertainties. This interactive use is present on a continuous basis through regular meetings and informal exchanges, as described by HQ1, HQ4 and

S2, but it intensifies during periods of uncertainty or in the first year after acquisitions, as noted by HQ5 and S4. Research shows that interactive systems enhance learning, joint problem-solving and strategic focus (Müller et al., 2025), which aligns with how these communication practices operate as supportive rather than controlling mechanisms to help subsidiaries build capabilities.

Taken together, the use of Simons' four levers shows how HQ governs autonomy rather than replacing it. Belief systems articulate the expectation that CEOs act independently and entrepreneurially. Boundary systems set the financial and risk-related limits within which this autonomy can operate. Diagnostic systems monitor results and activate stronger oversight when performance declines. Interactive systems support learning and adaptation. The balance between autonomy and control is not static but continually reproduced as HQ shifts between these levers based on performance, uncertainty and context.

6.3 Perceived Autonomy and Conditional Control

Tessier and Otley's (2012) framework enables an examination of how HQ's intentions contrast with subsidiaries' perceptions, revealing how control operates in practice in decentralised groups. While HQ representatives describe their control systems as supportive, simple and enabling, subsidiaries at times interpret the same mechanisms differently. This divergence is evident in the context of results controls. Although HQ and external analysts emphasise the simplicity and relevance of the KPI structure, S1 and S2 perceive the reporting burden as bureaucratic or disproportionate, showing that identical formal controls may be experienced as constraining. This reflects Tessier and Otley's (2012) central argument that the effect of control depends not on its design but on how it is perceived by its users.

A similar gap between intention and perception emerges when performance declines. HQ respondents emphasise that intensified follow-up is intended to be supportive and to signal trust, reflecting an enabling managerial attention (Tessier & Otley, 2012). Yet subsidiaries such as S1 and S2 describe these escalations as stressful and intrusive, demonstrating that diagnostic controls can shift from enabling to constraining depending on local experience. Cultural controls show the same duality. For some subsidiaries, such as S2, shared principles align naturally with existing norms and are therefore perceived as supportive, whereas others, like S4, experience group-wide values as imposed or coercive. These differences illustrate Tessier and Otley's claim that controls can function as either enabling or constraining depending on presentation, context and interpretation.

Perceptions of autonomy further highlight its conditional nature. Subsidiaries describe extensive operational freedom, but this freedom is experienced as reversible. As S1 notes, even rare operational interventions from HQ are perceived as a breach of the decentralised model. According to Tessier and Otley's (2012) framework, this sensitivity arises because autonomy is not only a structural design feature but something employees experience through their interactions with HQ. CEO selection reinforces this dynamic. HQ5's claim that decentralisation works only with the "right" CEO shows that autonomy depends partly on individual characteristics, since leaders who do not fit the model may be replaced. This aligns with Scott's (2001) argument that individuals interpret control systems differently, meaning that personal attributes shape how control is enacted and experienced in practice.

Taken together, the analysis shows that control in Swedish serial acquirers is not a fixed structure, but a dynamic process shaped by how HQ intentions meet subsidiary perceptions. Autonomy appears stable in design yet is experienced as conditional in practice, shifting with performance, cultural alignment and trust. That the same systems are seen as enabling by some and constraining by others shows that governance emerges through interpretation and negotiation rather than through formal mechanisms alone. This provides a revised understanding of decentralisation as an ongoing accomplishment shaped by context, relationships and perception.

6.4 Additions to Theory

The authors propose a theoretical extension to Simons' (1995) LoC by introducing a deeper conceptualisation of diagnostic control systems as threshold mechanisms when examining decentralised serial acquirers. While Simons (1995) describes diagnostic systems primarily as tools for monitoring performance against predefined targets, the findings of this study show that, in decentralised serial acquirers, these systems additionally operate as activating mechanisms that shift the organisation from a lower to a higher level of control intensity. This dynamic function is not fully captured in Simons' original model, which treats diagnostic use as comparatively stable.

In Swedish serial acquirers, our study finds that operational autonomy constitutes the expected default if subsidiaries perform within the financial boundaries set by HQ. When performance deviates, particularly when margins decline, the diagnostic systems trigger an escalation of control. HQ increases its involvement, raises informational demands, and may intervene more operationally. This shift arguably involves not only intensified monitoring but also a reallocation of decision-making authority, where HQ temporarily absorbs discretion that normally resides with the subsidiaries. In this way, diagnostic controls create a conditional governance pattern: autonomy until deviation occurs. Adding a threshold-based view of diagnostic controls to the theoretical framework of serial acquirers advances the understanding of how control is balanced in decentralised corporate groups. This extension is grounded in the specific context of Swedish serial acquirers, characterised by extensive operational autonomy combined with centralised financial decision-making, and may be most applicable in similar decentralised, acquisition-driven groups, for future research to examine.

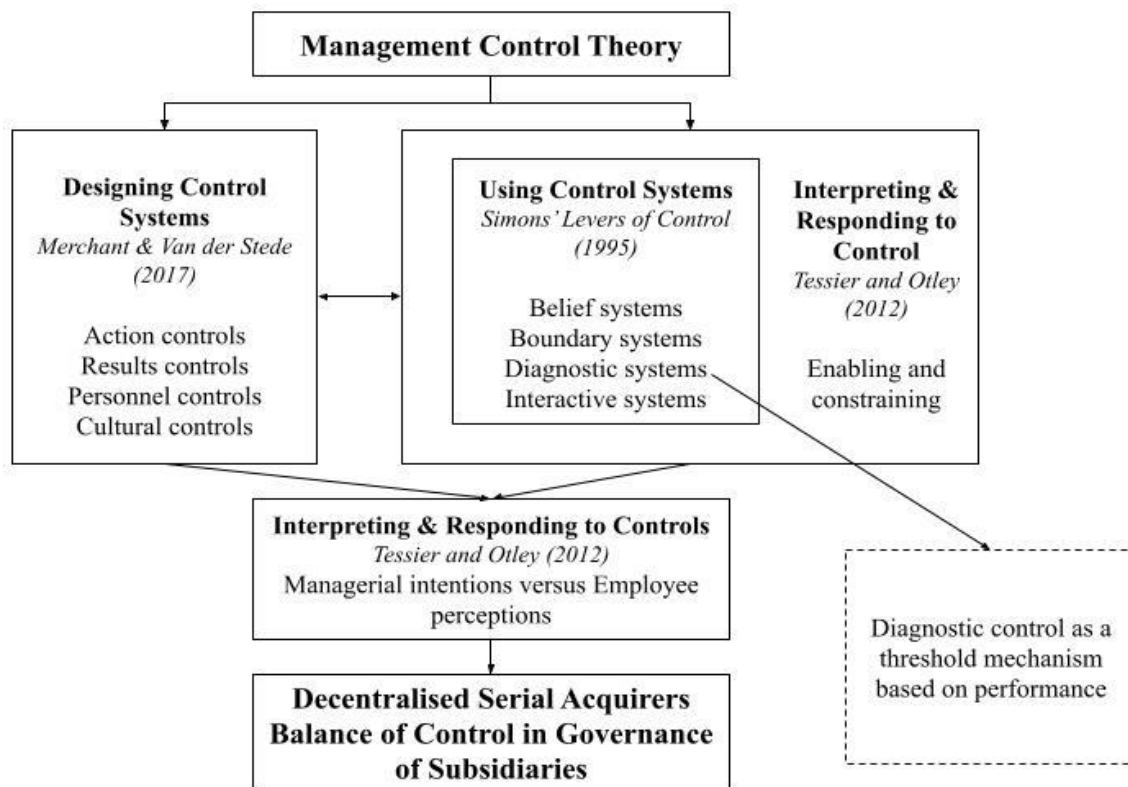


Figure 6.1. Integrated framework for analysing control in decentralised serial acquirers (Rudberg & Stenberg, 2025)

7. Discussion and Conclusion

7.1 Answer to Research Question

This thesis sets out to investigate the question:

How do decentralised Swedish serial acquirers balance control in their governance of subsidiaries?

Decentralised Swedish serial acquirers balance control by combining extensive operational autonomy with strong centralised control over capital allocation. Subsidiaries independently manage pricing, customers, strategy and daily operations, while HQ retains non-negotiable authority over acquisitions and major investments. Autonomy is granted only as long as the group's financial logic is not challenged. Formal control is exercised through a narrow set of standardised KPIs and monthly reporting, where autonomy prevails if targets are met. When deviations occur, intensified follow-up and intervention are activated, thereby shifting the balance towards tighter control. At the same time, much control is carried through personnel and culture. Having the "right" subsidiary CEO is critical and requires alignment in values and entrepreneurial drive. Culture is guided by a few non-negotiable principles instead of detailed

rules. Control is therefore exercised largely through people and norms rather than through formal rules. Finally, the balance of control is not objectively given but experienced differently. HQ often perceives control as supportive, while subsidiaries may experience it as intrusive, making the balance between autonomy and control dynamic and continuously negotiated.

7.2 Contributions

The findings offer several contributions to existing theory. First, while decentralisation is repeatedly highlighted as a defining feature of serial acquirers (Roll et al., 2013; Cäker & Siverbo, 2014; Grant et al., 2022), we add to this literature by specifying how control is balanced after the deal: subsidiaries retain wide operational discretion, while HQ centralises on capital allocation and financial oversight. Second, in relation to post-acquisition integration research that stresses structural and relational adjustments between acquirer and target (Gates & Very, 2003; Thomas et al., 2023), our study points to an alternative integration logic in which integration challenges are avoided by keeping operations largely untouched and relying instead on clear financial boundaries.

Third, we extend learning perspectives on serial acquirers, which emphasise the accumulation of integration routines through repeated deals (Barkema & Schivjen, 2008; Laamanen & Keil, 2008), by showing that learning in decentralised groups is predominantly relational, built through ongoing dialogue, early coaching and informal interaction between HQ and subsidiary CEOs. Fourth, building on work that shows how acquisitions can unsettle identities and relationships (Chreim & Tafaghod, 2012; Spedale et al., 2007), we show that Swedish serial acquirers mitigate such disruption by appoint CEOs whose values already align with the group, turning identity into a governance resource rather than a post-acquisition problem.

Finally, whereas decentralisation is often treated as a relatively stable structural condition in serial acquirers (Roll et al., 2013; Cäker & Siverbo, 2014; Grant et al., 2022), our findings conceptualise it as conditional: autonomy is upheld when subsidiaries meet expectations, but HQ tightens control when performance deteriorates. Taken together, the study clarifies how decentralised governance is enacted in practice and how the balance between autonomy and control is maintained through selective financial oversight, upfront cultural fit and relational interaction over time.

7.3 Limitations and Future Research

While the study offers valuable insights, several limitations should be acknowledged. First, subsidiary access was constrained, resulting in interviews with only four subsidiary CEOs. Because part of the study's contribution concerns how control is perceived in practice, this limited variation restricts the depth of insight into differing subsidiary experiences. Future research could broaden the subsidiary sample, compare recently acquired and mature subsidiaries, or examine how perceptions shift over the acquisition lifecycle.

Second, the analysis focuses on HQ executives and subsidiary CEOs, which are the organisational levels at which governance is formally negotiated. This leaves unexplored how control systems are interpreted

and enacted by middle managers and employees who interact more directly with routines, KPIs and cultural expectations. Further studies could investigate how autonomy and control are translated within the broader subsidiary organisation.

Finally, the empirical context is limited to Swedish serial acquirers. While this provides a coherent setting, governance practices may differ across institutional environments. Comparative studies across countries or corporate governance systems would help determine whether the conditional balance between autonomy and control observed here is context-dependent or reflects a more general governance logic in decentralised acquisition-driven groups.

7.4 Conclusion

This study examined how decentralised Swedish serial acquirers balance control in their governance of subsidiaries. Given the growing attention these firms have received and the limited empirical insight into how decentralised control works in practice, the study addressed an important research gap. The findings show that control is balanced through operational autonomy combined with strong centralised financial control, where autonomy depends on financial performance. Governance also relies on people and culture, especially through subsidiary CEO selection and shared principles. The study shows more clearly how decentralisation works in practice and that autonomy is conditional rather than fixed. For managers, the findings highlight the importance of combining financial control with the right leadership and shared values.

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Appendices

Appendix 1. Overview of Respondents

Code Name	Respondent Group	Organisation	Role
A1	Analyst	External Organisation 1	Equity Researcher
A2	Analyst	External Organisation 2	Equity Researcher
HQ1	Headquarters	Serial Acquirer 1	Chairman of the Board
HQ2	Headquarters	Serial Acquirer 2	Vice President
HQ3	Headquarters	Serial Acquirer 3	Vice President
HQ4	Headquarters	Serial Acquirer 4	Chairman of the Board
HQ5	Headquarters	Serial Acquirer 5	CEO Group
HQ6	Headquarters	Serial Acquirer 6	CEO Group
S1	Subsidiary	Serial Acquirer 1	CEO Subsidiary
S2	Subsidiary	Serial Acquirer 2	CEO Subsidiary
S3	Subsidiary	Serial Acquirer 3	CEO Subsidiary
S4	Subsidiary	Serial Acquirer 4	CEO Subsidiary

Appendix 2. Interview Specifications

Code Name	Date	Interview Format	Length (min)
A1	2025-11-10	Digital	40
A2	2025-11-11	Digital	33
HQ1	2025-11-07	Digital	44
HQ2	2025-11-10	Digital	50
HQ3	2025-10-27	Digital	50
HQ4	2025-11-06	Digital	44
HQ5	2025-11-07	Digital	49
HQ6	2025-11-18	Digital	33
S1	2025-11-13	Digital	46
S2	2025-11-14	Digital	43
S3	2025-11-13	Digital	29
S4	2025-11-14	Digital	43
			Average length: 42 min

Appendix 3. Email to Potential Interviewees

Hello [Name],

Our names are Smilla and Lovisa, and we are third-year Bachelor students at the Stockholm School of Economics. As part of our final year, we are writing our Bachelor Thesis in Management, where we investigate how decentralised Swedish serial acquirers balance control in their governance of subsidiaries.

We believe your perspective would be highly valuable for our project, and we would therefore like to ask if you might be willing to participate in an interview. The interview takes approximately 30-60 minutes and can be conducted either in person or digitally, depending on what suits you best.

Please feel free to reach out if this sounds of interest or if you would like more information. We would be very grateful for your time and insights.

Best regards,
Smilla Rudberg & Lovisa Stenberg
Stockholm School of Economics

Appendix 4. Interviewee Guides

Appendix 4.1 Interviewee Questions Serial Acquirers

Introduction

- Explain the purpose and background of the study.
- Ensure consent to data collection and recording.

Background and Experience

1. Can you tell us about your experience with serial acquisitions?
2. Could you describe how the organisation was structured before the acquisitions?
3. How was it structured after the acquisitions?
 - a. How is decision-making authority distributed between headquarters and subsidiaries?
4. What are the main reasons or advantages for adopting a decentralised structure, in your view?
5. How do you ensure all subsidiaries are aligned with the overall strategy while allowing them autonomy?
 - a. Which formal mechanisms support alignment (e.g., meetings, KPIs, reporting)?
 - b. Beyond formal systems, how do you ensure alignment through informal mechanisms, such as trust, relationship, or shared culture?

Use of Control Systems

6. How are company values and objectives communicated and reinforced across the organisation?
 - a. How do these beliefs influence subsidiary-level decision-making?
7. Which decisions are subsidiaries fully free to do on their own?
 - a. How are these limits communicated and monitored?
8. How do you monitor and follow up on subsidiary performance (KPIs, targets, reporting)?
 - a. How do these systems affect autonomy or accountability at the local level?
9. How are meetings and discussions used to encourage learning or innovation?
 - a. How frequently do these dialogues occur between HQ and subsidiaries?

Formal and Informal Control Mechanisms

10. How are goals and targets set for subsidiaries (e.g., KPIs, financial targets, performance-linked rewards)?
 - a. How are these followed up and what happens if they are not met?
11. Are there any specific processes or procedures that subsidiaries are expected to follow?
 - a. How do these affect their flexibility and ability to innovate?
12. How do you make sure the right people are in place to run subsidiaries effectively?

Tensions and Balancing HQ-Subsidiary Relationships

13. Where do tensions typically arise between headquarters and subsidiaries?
14. How are such tensions resolved in practice, formally (through systems) or informally (through relationships, trust, or culture)?
15. Would you describe headquarters' control during tensions as supportive or restrictive?
 - a. Can you recall a situation that illustrates this?
16. How does headquarters determine when to intervene in a subsidiary's operations?

Conclusion

17. Have you noticed any differences in how newly acquired vs long-held subsidiaries are governed?
18. Is there anything you would like to add or discuss further?

Appendix 4.2 Interviewee Questions Subsidiaries

Introduction

- Explain the purpose and background of the study.
- Ensure consent to data collection and recording.

Background and Experience

1. Can you tell us about your role and responsibility within your subsidiary?
2. How long has your company been a part of the group?
3. How would you describe how decision-making authority is distributed between headquarters and subsidiaries?
4. What are the main reasons or advantages for adopting a decentralised structure, in your view?
5. How do you experience the way HQ tries to ensure alignment with the group's overall strategy while still giving autonomy?

Use of Control Systems

6. How are company values and objectives presented to you and how do you interpret them?
7. Which decisions are you fully free to make on your own?
 - a. Do these limits feel enabling or constraining? Do these limits feel helpful or limiting?
 - b. How are these limits communicated and monitored?
8. How do you experience the process of monitoring and reporting your performance (e.g., KPIs, targets, reporting)?
 - a. How do these processes affect autonomy or accountability at the local level?
9. How are meetings and discussions used to encourage learning or innovation?
 - a. How frequently do these dialogues occur between HQ and subsidiaries?

Formal and Informal Control Mechanisms

10. Do targets (e.g., KPIs, financial targets, performance-linked rewards) feel realistic and helpful or do they create pressure?
 - a. How are these followed up by HQ and what happens to you if they are not met?
11. Are there any specific processes or procedures that you are expected to follow?
 - a. How do these affect your flexibility?
12. How would you describe the culture within the group, and what role does it play in how you are governed and how you work?

Tensions and Balancing HQ-Subsidiary Relationships

13. Where do tensions typically arise between you and headquarters?
14. How are such tensions resolved in practice, formally (through systems) or informally (through relationships, trust, or culture)?
15. Would you describe headquarters' control during tensions as supportive or restrictive?
16. When do you feel that headquarters tends to step in or intervene in your operations?

Conclusion

17. Have you noticed any differences in how newly acquired vs long-held subsidiaries are governed?
18. Is there anything you would like to add or discuss further?

Appendix 4.3 Interviewee Questions Analyst

Introduction

- Explain the purpose and background of the study.
- Ensure consent to data collection and recording.

Background and Experience

1. Can you tell us about your experience with Serial Acquisitions?
2. How would you describe the distribution of decision-making authority between headquarters and subsidiaries?
3. What are the main reasons or advantages for adopting a decentralised structure, in your view?
4. How do serial acquirers ensure that subsidiaries remain aligned with the overall strategy while allowing them autonomy?
 - a. Which formal mechanisms support alignment (e.g., meetings, KPIs, reporting)?
 - b. Beyond formal systems, what informal mechanisms support alignment, such as trust, relationships, or shared culture?

Use of Control Systems

5. From your perspective, how do these serial acquirers communicate and reinforce their strategic objectives to their subsidiaries?
 - a. How do these beliefs influence subsidiary-level decision-making?
6. Based on your observations, which decisions are subsidiaries fully free to do on their own?
 - a. Where do you see clear boundaries where HQ goes in and set rules?
7. How do you see performance being monitored and followed up on subsidiary performance (KPIs, targets, reporting)?
 - a. Do these systems affect autonomy or accountability at the local level?
8. How would you describe the interaction between HQ and subsidiaries in terms of learning and innovation?

Formal and Informal Control Mechanisms

9. Based on what you have observed, how are goals and targets set for subsidiaries (e.g., KPIs, financial targets, performance-linked rewards)?
 - a. How are these followed up and what happens if they are not met?
10. From your experience, are there any specific processes or procedures that subsidiaries are expected to follow?
 - a. How do these affect their flexibility and ability to innovate?
11. Serial acquirers often say that the people are the “key”, how do you see them ensuring that the right people are running each subsidiary?

Tensions and Balancing HQ-Subsidiary Relationships

12. From your viewpoint, where do tensions typically arise between headquarters and subsidiaries?
13. How are such tensions resolved in practice, formally (through systems) or informally (through relationships, trust, or culture)?
14. Would you describe headquarters’ control during tensions as generally supportive or restrictive?
 - a. Can you recall a situation that illustrates this?
15. How does headquarters determine when to intervene in a subsidiary’s operations?

Conclusion

16. Have you noticed any differences in how newly acquired vs long-held subsidiaries are governed?
17. Is there anything you would like to add or discuss further?