From
Working Capital To
Workforce Integration

A Retrospective Longitudinal Case Study of the Temporal Multifinality of a Broad-Based Equity Program in a Serial Acquirer

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Abstract

This thesis examines how an existing management control is repurposed to address new organizational challenges. It investigates how a broad-based equity program (BBEP), initially introduced to improve working capital management, was repurposed and redesigned as an ideological control supporting organizational culture and post-acquisition personnel integration. Based on a retrospective longitudinal case study of INDUCO, a pseudonymized U.S. industrial company, the study analyzes the BBEP across three organizational episodes: an IPO, a mega-merger, and a shift toward an acquisition-based growth strategy. Based on interviews and documentary material, the thesis uses institutional work theory to examine how managers theorized new control problems, legitimized the BBEP as a solution, and embedded it within the organization. The findings show that the BBEP evolved from a performance-oriented incentive mechanism into an ideological control associated with INDUCO's 'ownership mindset'. The thesis contributes to research on management control systems (MCS) evolution by showing how prior institutional work shapes later managerial problem framing and control design, and to literature on management controls in merger and acquisitions (M&A) settings by suggesting that extending an acquirer-side control can be perceived as successful by management when the control carries symbolic meaning and is reinforced through active institutional work.

Keywords:

Broad-based equity program, Management control systems, Institutional work, Post-acquisition personnel integration, Control repurposing, Multifinality

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1. Introduction

"Whosoever holds this hammer, if he be worthy, shall possess the power of Thor"
– Stan Lee

"If all you have is a hammer, everything starts looking like a nail"
– Abraham Maslow

Management control systems (MCS) are central to shaping organizational behavior and supporting strategy, and the controls available to top management range from budgets, monetary incentives and performance measurement systems to educational activities and organizational norms and values. Prior literature recognizes that controls are not static instruments; their roles can change over time (Abernethy & Brownell, 1999); often in a firm-specific manner, as control design is path-dependent (Merchant & Otley, 2020). This is especially relevant in settings of mergers and acquisitions (M&A), where control systems often must be redesigned to manage the combined entity and support post-acquisition integration. Prior research suggests that MCS can play an important role in successful personnel integration following M&As (e.g., Jones, 1985b; Granlund, 2003).

However, even though we know that controls may change over time, we know less about how a *specific* control is repurposed when a firm's overall strategic context changes. Existing MCS research often discusses control design or adaptation, but less often traces the process through which managers reinterpret an existing control as a solution to a new problem. Research *"directly [observing] the decisions being made, and the reasons for them"* (Merchant & Otley, 2020, p.6) has been called for, to better understand the managerial reasoning process surrounding MCS design. Additionally, prior research on post-acquisition integration suggests that the creation of new "group controls" – where both the merging entities adapt their control systems – is better suited to facilitate the integration efforts than to merely "mechanically extend" the MCS of one organization onto the other (Jones 1985b; Granlund, 2003). While this might be perceived as appropriate in "one-off" M&As, it is not necessarily seen as a viable alternative in companies whose strategy is doing frequent M&As, so called serial acquirers.

This is important for two reasons. Firstly: without understanding management control repurposing, we cannot fully understand how MCS evolve and therefore risk treating controls as either designed for a stable purpose or redesigned from scratch, when, in practice, existing controls may be reinterpreted and used for new and different purposes. Secondly, as poor personnel integration is a major source of M&A failure (Steigenberger, 2016), not understanding how management controls can be utilized as a post-acquisition integration tool ultimately poses a risk for the value creation from the M&A. This becomes especially salient in serial acquisition contexts, since repeated acquisitions create recurring integration challenges. As acquisition-driven strategies have gained traction in recent years (Wiley, 2025), a better understanding of these challenges is vital.

In this thesis, we therefore perform a retrospective longitudinal case study of INDUCO (pseudonym), a global U.S.-based industrial company listed on the New York Stock Exchange (NYSE). INDUCO has undergone major organizational transformations in recent years – including an IPO, a mega-merger, and a subsequent shift to becoming a serial acquirer. What particularly stands out across INDUCO's organizational changes is management's continued emphasis on embedding an "ownership mindset" throughout the organization – a mindset to which they attribute much of the company's success in recent years. Against this backdrop, we will study how INDUCO's broad-based equity program (BBEP) – originally introduced as a control aimed at increasing organizational performance through mainly improved working capital management – has been repurposed over several cycles to become perceived as a key enabler of INDUCO's personnel integration, and their efforts to integrate new employees into the company's culture of an "ownership mindset". Our research question therefore is:

"How do top managers repurpose a control tool within an evolving control package to address new control problems?"

We have conducted several interviews with INDUCO's top management and analyzed both internal and external documentary material. Institutional work theory (Lawrence & Suddaby, 2006) is then used as our theoretical lens to examine how top managers across the three distinct organizational transformations have theorized new control problems, legitimized and repurposed the BBEP as a solution to these new problems and then engaged in institutional work intended to embed the BBEP and make it taken for granted within the company.

Through this, we contribute to prior literature by showing how a control's purpose – even in cases when the components of the control itself are relatively stable – evolves over time, something we refer to as *temporal multifinality*. We find that management's engagement in institutional work aimed at embedding a new control affects not only employees – to whom the institutional work was directed – but also perceptions and control institutionalization among top management themselves. This recursive effect leads existing controls to shape how managers define later control problems, expanding our knowledge of the path-dependency of management controls. We also contribute to the literature on MCS in M&A settings by showing that mechanically extending the acquirer's controls, rather than constructing new group controls for each acquisition, can be perceived by top management as an effective way to facilitate personnel integration. Although further research is needed, we theorize that this could be because the extended control is a symbolic (Jones, 1986) or ideological control (Kraus et al., 2016), and because its implementation is coupled with different forms of institutional work.

Overall, the thesis shows that management controls may become repurposed not only because they are perceived as a technically suitable solution to new control problems, but also because prior institutional work makes them taken for granted among top managers as legitimate, reusable, and cost-effective responses to new control problems. This creates both opportunities and risks. On the one hand, managers may maximize a control's value by applying it to a broader set of organizational challenges, making it a powerful tool. On the other hand, when a control becomes taken for granted, managers may be more likely to interpret new problems through the lens of that existing control, potentially overlooking alternative controls better suited to the situation.

2. Literature Review and Conceptual Framework

This section presents the theoretical foundations of the research by reviewing prior literature and subsequently presenting the theoretical framework. It begins with a literature review of previous research on the repurposing and redesign of management controls and management control problems in post-acquisition personnel integration. The review concludes by identifying the research gap and outlining the contribution of this thesis. The section then introduces the theory on institutional work, which serves as the method theory (Lukka & Vinnari, 2014) for this study. The section ends with a description of the conceptual framework used to analyze the cyclical process of how top managers problematize new control challenges arising when shifting to an acquisition-based strategy, legitimize and repurpose an existing management control as a solution, and mobilize institutional work to make the control institutionalized and taken for granted over time.

2.1. Literature Review

This thesis contributes primarily to domain theory (Lukka & Vinnari, 2014) on the repurposing and redesign of management controls, with a focus on addressing control problems relating to post-acquisition personnel integration in acquisition-driven firms. More specifically, it aims to understand the processes by which a specific control mechanism – a BBEP – that was initially put in place to improve working capital management has been repurposed and redesigned by top management as a mechanism intended to support personnel integration, in a U.S.-based manufacturing company whose corporate strategy is centered on doing frequent acquisitions. The literature review below therefore focuses on existing studies addressing the design, purpose, and interdependencies of management controls, and the control challenges a firm faces when integrating personnel from acquired firms. Based on this review, we identify a clear research gap that this thesis aims to address.

2.1.1. Repurposing and Redesign of Management Controls

MCS constitute *"a combination of control mechanisms designed and implemented by management to increase the probability that organizational actors will behave in ways consistent with the objectives of the dominant organizational coalition"* (Abernethy & Chua, 1996, p. 573). The control mechanisms available for an organization cover everything from standardized operating procedures, role descriptions, reward systems, budgets and performance measurements to personnel selection, training and socialization processes (Abernethy & Chua, 1996). One way to classify management controls is to distinguish between *formal controls* and *ideological controls*. Formal controls seek to influence employee behavior directly through, for example, output controls (such as KPIs and reward systems) or behavioral controls (such as rules and written guidelines). Ideological control, by contrast, seeks to influence behavior indirectly by shaping employees' underlying beliefs, emotions, values, thoughts, and feelings, for instance through the verbal communication of the organizational ideology and the use of ceremonies, rituals, and symbols (Kraus et al., 2016).

The role and outcome of a management control are not necessarily static and specific to the execution of a certain strategy – but rather something that can serve different roles or purposes in different settings (Abernethy & Brownell, 1999). Previous literature points to the fact that research on management controls must therefore accommodate both *multifinality* (that the same control mechanism can serve multiple purposes for different organizations or actors), and *equifinality* (that the same outcome can be achieved through different means and controls) (Merchant & Otley, 2020).

The processes through which a certain type of control shapes organizational behavior is therefore not necessarily well-suited to be studied using a positivistic and instrumental approach, as the controls deployed within an organization are subject to both organizational contingencies, interactions between different control elements, and the interpretations made by various organizational actors. Additionally, as the evolution of a MCS is both "path-dependent" (a result of previous experiences and choices) and subject to manager's relationships, interpretations and reactions to the external environment (Merchant & Otley, 2020), not only is the *outcome* of implementing a specific management control dependent on firm-specific factors – but so is the process of *designing* and deciding on what controls to implement in the first place. Much of previous research on MCS design is built on the foundation of contingency theory and the assumption that the design and use of MCSs within a firm, is dependent upon that firm's specific organizational context (Martin, 2020) such as the environment, technology, size, structure, strategy and national culture (Chenhall, 2003).

While much of the existing contingency based MCS research is done cross-sectionally, comparing firms from different settings at a specific point in time (Davila, 2004; Martin, 2020), some studies take a longitudinal approach and investigate how a firm adapts its MCSs over time. This process is not just a matter of pairing a control problem with the management control that decision-makers consider to be best at solving the problem, as managers have been found to, for example, also include dimensions such as cost-effectiveness into their design decisions (Malina & Selto, 2004). Other studies have illustrated the relationship between the existing controls and the process by which new controls are developed, for example in how a firm moving from a "budgeting" to a "forecasting" process leaned on its previous budgeting experiences to roll-back some of the changes and create a new process including both budgeting and forecasting elements (Bukh et al., 2024); and how the perceived deficiencies in existing controls can prompt the deployment of new controls, developed through a back and forth process where new control problems are identified and handled over time (Dávila et al., 2023). This illustrates the path-dependency of control design and how existing controls and previous choices are likely to have a large impact when new control problems are framed and controls chosen.

The interrelationships between different control elements have given rise to an academic discussion on whether the overall combination of controls should be conceptualized as a "control system" or a "control package". The "systems-approach" implies that the different management control practices deployed by the organizations are interdependent and that these interdependencies have been taken into account when designing the overall system, whereas the "package-approach" looks at the complete set of control practices in place, even though these can be designed and put in place by management as independent control practices addressing unrelated control problems (Grabner & Moers, 2013; Merchant & Otley, 2020). Regardless of whether one assumes that the design process is "system-oriented" (with a conscious and deliberate choice of interacting controls); "package-oriented" (with new controls being deployed to handle different control problems independently); or a combination along the continuum between the two, it is of clear importance to pay attention to the existing and previous management controls when engaging in management control research, as these are likely to affect what new controls top management chooses to deploy. However, we find limited research examining how the purpose of a specific management control might evolve over time, and how definition of control problems and subsequent control design is affected by existing controls and previous design choices. This is an important gap to fill as the introduction of new controls can complement or enhance the effect of existing controls, substitute them and create costly redundancy (Manthei et al., 2022), or at worst, lead to reduced combined control performance (Van Der Kolk et al., 2020).

As some researchers argue that we will *never* find patterns of optimal control designs that are consistent across organizations and over time (Merchant & Otley, 2020), we think it is fruitful to view management control design as a continuous process of adaptation and redesign (Merchant & Otley, 2020), and therefore as a process that can move between different states along the "package-systems-continuum" rather than as an "either/or". For simplicity reasons, we will, however, refer to a firm's combination of management controls as its Management Control System (MCS). This thesis can therefore be seen as addressing the need for additional in-depth field studies investigating how MCS develop over time and how their components interact and are used by management (Otley, 2016), and the call for more research on the managerial processes of MCS design, or – put in the words of Merchant and Otley (2020, p.6): *"what is missing from most papers is that there is no attempt to understand what is inside the designers' heads as they make MCS choices"*.

Finally, despite the fact that engagement in M&A has been addressed as an example of when strategic change can prompt the need to adapt a firms' management controls (Abernethy et al., 2021), and the fact that growing inorganically is a commonplace corporate strategy (Gaughan, 2010), empirical evidence using M&A-driven growth as a setting to study longitudinal changes in management controls remains limited. This prompts a relevant question: can post-acquisition integration in M&A-driven firms be conceptualized as a management control challenge that reveals how control systems evolve over time?

2.1.2. Post-Acquisition Personnel Integration as a Management Control Problem

Having an acquisition-driven strategy is usually justified by expectations of value creation through, for example, growing market share, reduced costs, acquiring patents etc. (Gaughan, 2010). Different types of M&A transactions involve the combination or acquisition of one or more firms to create a new entity (Lubatkin, 1987). Particularly relevant acquisitions strategies are concentric acquisitions – which consider firms with adjacent but distinct products serving similar customer bases (Lubatkin, 1987) – and horizontal acquisitions – that occur when firms operating at the same stage of the value chain combine, often with the benefit of expanding market share and broaden product offerings (Lubatkin, 1987; Gaughan, 2010).

Much of the empirical evidence, however, suggests that many M&As fail to meet the expected value creation (Ruess & Voelpel, 2012; Steigenberger, 2016). The complexity of integrating two or more companies – regardless of their respective positions in the value chain – significantly reduces the chances of adding shareholder value, with more than half of acquisitions failing to accomplish the objectives that were set prior to the acquisition (Ruess & Voelpel, 2012). Steigenberger (2016) suggests that value destruction is commonly attributed not to the transaction itself, but during the post-acquisition integration. The transaction per se only constitutes a transfer of ownership – value creation depends on how effective the combination is of the merging firms' organizational structures, internal systems and how employees across previously independent organizations are combined (Steigenberger, 2016).

A particularly important dimension of post-acquisition integration challenges relates to the *personnel integration* – the process through which employees from an acquired firm are merged into the acquiring company and included into its organizational culture and its ways of working (Steigenberger, 2016). Several studies suggest that culture clashes and organizational differences are the main reasons underlying for most M&A failures (e.g., Jones, 1985a, 1985b, 1986; Roberts, 1990; Granlund, 2003; Jordão et al., 2013; Bauer et al., 2016; Steigenberger, 2016), suggesting that it is practically impossible for two cultures to fully assimilate with each other. The cultural and organizational heterogeneity can create misunderstanding regarding decision-making norms and performance expectations, which increases the difficulty of establishing common ways of working (Bauer et al., 2016). Other studies report employee reactions to integration efforts as the main source of uncertainty (Razi & Garrick, 2019; Vuorenmaa, 2024), suggesting that employees experience mistrust, resistance, or reduced identification with the organization following an M&A, especially when integration decisions affect their perceived organizational identity. Such disruptions to employees' attachment and apprehension towards the company has been shown to lead to increased rates of employee attrition during and immediately after an acquisition (Shi et al., 2023), and thereby the acquirer will not benefit from the talent for which it paid for.

Because post-acquisition personnel integration involves reconciling organizational practices and behavioral expectations across previously independent organizations, prior research has conceptualized MCS as key mechanisms for achieving such coordination amid the rapid change and uncertainty that accompany M&As (Jones 1985a; Jones, 1985b; Roberts, 1990; Granlund, 2003). In this view, MCS play an active role in how integration is carried out and should not merely be seen as subordinate controls in the post-acquisition process. Empirical evidence further shows that acquiring firms often do not trust their acquired company and compensate for this lack of trust with extensive use of management controls (Steigenberger, 2016), through, for example, centralizing and standardizing decision-making and redesigning current control systems (Jones, 1985b). While such approaches enhance the control efficiency and facilitate convergence between the acquirer and target, they also indicate that integration rarely involves simply extending existing control systems. Rather, "group controls" – defined as joint controls of the acquirer and acquired – should be changed to fit the new post-acquisition context. It is simply naive to assume that order can be imposed on an acquired company by the mechanical extension of the acquiring firm's controls (Jones, 1985b). Subsequently, Jones (1986) also suggests that group controls have a symbolic and cultural meaning beyond their formal function, which ultimately shapes the corporate culture of the combined entities post-acquisition. Further research from Granlund (2003) also points that post-acquisition controls should draw on the integration of the managerial practices from both organizations. Harmonizing distinct control mechanisms into a coherent, "group-wide" framework can improve integration outcomes by mitigating control related challenges associated with having larger organizational size, or changed competitive situations (Granlund, 2003) – which is especially salient when the corporate strategy involves concentric and horizontal M&As.

This implies that the applicability of these results within the context of MCS in post-acquisition personnel integration is ostensibly twofold; research first points that MCS need to be actively redesigned and changed to the new organizational context to facilitate the coordination between two previously independent firms, but they must also function as integrative mechanisms that address the cultural differences and employee-related uncertainties to support personnel integration, and thus reducing the risk of value destruction from the M&A.

2.1.3. Contribution of the Study

Together, prior research suggests that the role of a specific management control may change over time as the organization evolves. Choices regarding control design are likely to be affected by the existing configuration of controls, as well as by past managerial choices when designing them. Concurrently, research on management controls made in M&A settings shows that post-acquisition integration – especially personnel integration – introduces new managerial challenges that often require the firm to actively adapt and redesign existing control systems. While prior studies suggest that post-acquisition management controls should reflect a combination of managerial practices from both the acquiring and acquired firms, we observe that the existing evidence comes from single-acquisition contexts where controls can be tailored to specific organizational pairing. In contrast, companies pursuing acquisition-driven growth through frequent acquisitions are likely to face more standardized integration conditions, which may constrain the extent to which controls can be tailored to each individual acquisition. As a result, these firms may rely more heavily on control mechanisms that can be applied across multiple integrations, while still addressing the challenges associated with personnel integration.

This raises questions about the role of existing control systems. Specifically, we know relatively little about how a firm's current control package affects the way new control problems are defined in acquisition-driven settings, and how specific controls are repurposed over time to address recurring integration challenges. While the research suggests that there is a need to redesign and integrate controls following acquisitions, they have paid limited attention to how the purposes and uses of specific controls change when doing multiple acquisitions, and how such development is constrained or enabled by the firm's existing control arrangements.

In this thesis we investigate how a specific control mechanism – a *broad-based equity program (BBEP)* – that was initially put in place to improve the firm's working capital management, has been repurposed and redesigned with the managerial intent of enabling the personnel integration of acquired firms into the group organization, in a U.S.-based manufacturing company whose corporate strategy has shifted from a focus on organic growth to being a serial acquirer. A BBEP is a compensation strategy where non-executive (i.e., non-managerial) employees receive stock options, restricted stock units (RSUs), deferred stock units (DSUs) or shares from the employer (Bova et al., 2014).

Accordingly, this study addresses the following research question:

"How do top managers repurpose a control tool within an evolving control package to address new control problems?"

2.2. Method Theory – Institutional Work

In this thesis, institutional work theory (Lawrence & Suddaby, 2006) is used as a method theory (Lukka & Vinnari, 2014) to analyze the institutionalization of a management control. The theory on institutional work is based on institutional theory, which has been commonly used in management accounting research in the last few decades (Modell, 2022). It has even been claimed that *"to study management accounting change is to study institutional change – as an ongoing process rather than optimising events or outcomes"* (Burns & Baldvinsdottir, 2005, p.727). At the very core, institutional theory builds on the concept of "institutions". The literature does not provide a unified definition of what constitutes an institution, but Lawrence et al. (2010) argue that *"the concept of an institution can be thought of as those (more or less) enduring elements of social life [...] that affect the behavior and beliefs of individuals and collective actors by providing templates for action, cognition, and emotion"* (Lawrence et al., 2010, p. 53). Burns and Scapens (2000) suggest that *"institutions can be regarded as imposing form and social coherence upon* *human activity, through the production and reproduction of settled habits of thought and action"*. Similarly, "institutionalization" refers to the processes by which *"organizational practices come to be taken for granted and imbued with legitimacy"* (Modell, 2022, p. 2,564). In other words, institutions are those elements in social life – such as organizational practices and management controls – that make people repeatedly reason and act in certain ways.

However, a challenge inherent in institutional theory is that if all norms and collective beliefs are conceptualized as being determined by institutional pressures, then human agency cannot reasonably be a factor in institutional change (Battilana et al., 2009); but on the other hand, if humans are conceptualized as fully rational actors having complete agency, the "institutions" of institutional theory is no longer of relevance. The issue of explaining how actors can create, change, or disrupt social structures and institutions when their thoughts, intentions, and behaviors are shaped by those same structures is commonly referred to as the "paradox of embedded agency" (Battilana et al., 2009). The theory on institutional work takes aim at incorporating human agency into the study of institutions. Research based on institutional work theory explores the practices and processes associated with actors' efforts to create, tear down, maintain, adjust and transform institutions, as well as strengthen or moderate their effects (Lawrence & Suddaby, 2006; Hayne & Free, 2014; Hampel et al., 2017), rather than accepting institutions as unavoidably enduring. The questions at the heart of the institutional work perspective are therefore focused on *"how, why and when actors work to shape sets of institutions, the factors that affect their ability to do so, and the experience of these efforts for those involved"* (Hampel et al., 2017, p. 558).

Previous studies suggest that institutional change can be initiated by what Greenwood (2002) calls "precipitating jolts" and Arroyo (2012) define as "triggering events", such as social upheaval, technological disruption, competitive discontinuities, or regulatory change (Greenwood et al., 2002; Arroyo, 2012), or by institutional contradictions that create tensions in the existing arrangements (Seo & Creed, 2002; Sharma et al., 2010). However, those events or contradictions do not automatically lead to change; instead, actors – such as managers – must make them actionable through theorization, by specifying them as problems and justifying possible solutions (Greenwood et al., 2002; Arroyo, 2012). This process is subject to the managers' interpretation of the situation, as the theorized alternatives are both subject to – and must be integrated into – the actors' existing cognitive maps (Lawrence et al., 2005; Arroyo, 2012). In a management control setting, this implies that existing and previous controls could help shape management's theorizing on the control problem to be solved, and the solution to be deployed. The "theorizing" can be conceptualized as the first in a series of activities falling under the umbrella term "institutional work", but it must be accompanied by other subsequent, activities of institutional work to ensure that the institution is transformed or established, to the point where it is taken for granted by organizational actors. Previous research have identified different types of institutional work performed to create and maintain institutions, including for example changing the normative associations of existing practices and giving them a new meaning (Zilber, 2002; Lawrence & Suddaby, 2006); educating actors and providing them with the information needed to use the institution (Lawrence & Suddaby, 2006; Hayne & Free, 2014); creating new rules or roles to enable the institution and support it with resources (Lawrence & Suddaby, 2006; Hayne & Free, 2014); mythologizing the institution by creating and sustaining myths about its history (Lawrence & Suddaby, 2006; Hayne & Free, 2014); and embedding the institution in the day to day routines of organizational actors (Lawrence & Suddaby, 2006). Over time, when the institution has become embedded in ongoing routines and is enacted and reproduced in the day-to-day work of organizational actors, the practice might become disconnected from its original intended purpose (Burns & Scapens, 2000; Zilber, 2002) and widely accepted in the organization as an "unquestionable form of management control" (Burns & Scapens, 2000, p.12); at this point the practice can be said to have become institutionalized (Burns & Scapens, 2000).

Even though Lawrence and Suddaby (2006) originally categorized these different types of institutional work as either intending to "disrupt", "create", or "maintain" institutions in a rather linear manner, studies have found that in practice, the different activities occur synchronously and non-linearly (Hayne & Free, 2014).

As the interpretations made by actors – both when managers engage in theorizing and when actors engage in enactment – are affected by existing institutions (Burns & Scapens, 2000), the process above points to the complex interplay between institutions, actors and agency. In section 2.3 we develop the conceptual framework used to study the institutionalization process of a management control within our case company.

2.3. The Conceptual Framework

Based on institutional work theory (see section 2.2), we will analyze how a BBEP within our case company has been repurposed and institutionalized over time, using the model presented in Figure 1.

The model draws upon Lawrence and Suddaby's (2006) description of different forms of institutional work such as theorization; changing the normative associations of existing practices; educating; enabling the institution through new rules, roles, and resources; mythologizing; and embedding and routinizing. As "theorization" constitutes a key phase in the repurposing process, and "embedding and routinizing" closely resembles the enactment and reproduction in the day-to-day work identified by Burns & Scapens as key to institutionalizing a new management accounting practice (Burns & Scapens, 2000), these forms of institutional work are each represented by distinct and analytical boxes in the model. We will use the model to analyze the institutional work performed by top management within our case company since the BBEP was first introduced. Lastly, as we study the repurposing and redesign of the BBEP, occurring in several iterations over time, we draw upon Arroyo (2012) and conceptualize each repurposing or redesign of the BBEP as beginning when a triggering event, contradiction, or organizational issue is made salient by actors and becomes the basis for a new round of theorization

(Greenwood et al., 2002; Seo & Creed, 2002; Arroyo, 2012). In this process, top management specify the problem, justify the BBEP as a solution, and subsequently engage in institutional work within the organization. As the theorization process is highly influenced by management's existing cognitive maps (Lawrence et al., 2005; Arroyo, 2012), we view the process as cyclical rather than linear, with previous institutional work carrying over and affecting how new problems are specified and solutions justified. This is also in line with the path-dependency of management control design found in previous studies (Merchant & Otley, 2020).

As this thesis focuses on top management processes of management control design, the theoretical ambition is not to identify whether the BBEP has been fully institutionalized throughout the entire organization; instead we are interested in what elements become institutionalized and taken for granted enough by top management so that they carry-over and affect managements' subsequent control design decisions.

This presented framework is suitable to study the repurposing of the BBEP across multiple change episodes as it allows us to systematically analyze the institutionalization and repurposing process in a structured manner.

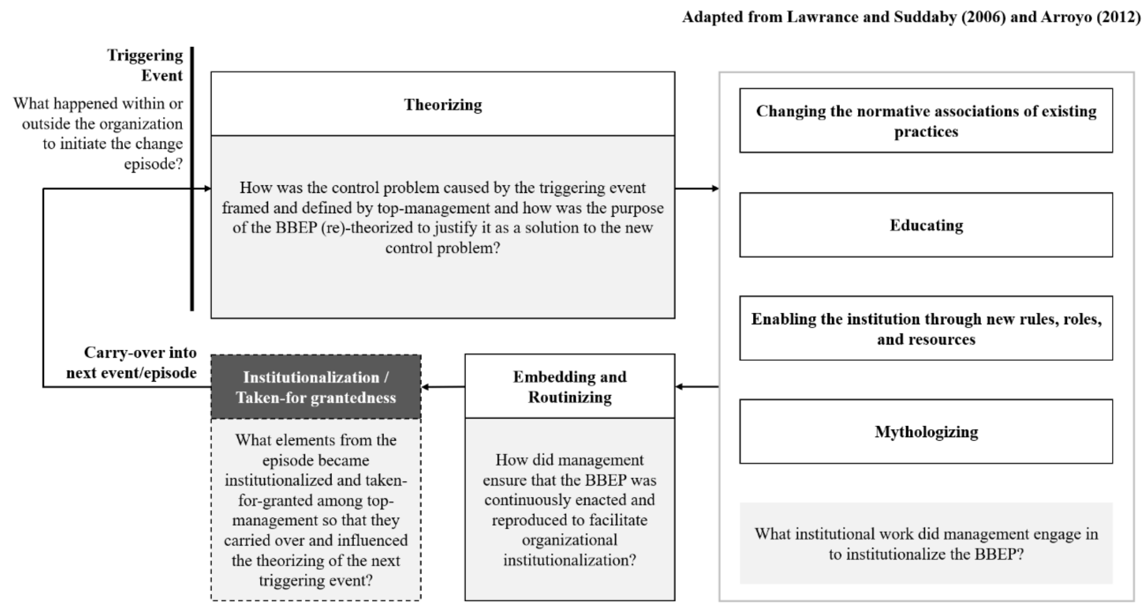

Figure 1. Adaptation of Lawrence and Suddaby's (2006) theory on institutional work and Arroyo's (2012) work on institutional change in management accounting.

3. Empirical Setting and Research Methodology

This section outlines the methodology used to conduct the research. It first outlines the overarching research approach and justifies the selection of the case study as an appropriate empirical setting for addressing the research objectives. The section then outlines the data collection and explains the methods used to analyze and interpret the empirical material.

3.1. Research Approach

3.1.1. Epistemological Stance and Research Strategy

Historically, management accounting practice has commonly been conceptualized through a "realist" ontological lens assuming that there is an objective state of economic affairs, organizational relationships and goals, which the accounting system seeks to model (through e.g. costing systems) and effectively navigate (through e.g. performance measurement and reward systems) (Hopper & Powell, 1985). This ontological position relates closely to an epistemological stance where the role of the researcher is to "identify" the relationships between different variables using, for example, statistical techniques (Hopper & Powell, 1985). Adhering to this functionalist research paradigm implies that a management control can be seen as a tool or instrument that can be evaluated based on its ability to achieve a specific organizational outcome.

The objective of this thesis is to analyze and understand how top managers interpret and repurpose a control tool – in our case a BBEP – within an evolving control package to address new control problems across major organizational transitions. Previous research has highlighted both the potential multifinality and equifinality of management controls (Merchant & Otley, 2020), and that the process through which management controls are redesigned is iterative, complex, and requires tradeoffs (Malina & Selto, 2004; Busco et al., 2008). It could therefore be argued that the ontological and epistemological positions of the functionalist research paradigm are not well aligned with the study of the complexity of social reality. An alternative, interpretative, paradigm argues that organizations and control systems shouldn't be conceptualized as only having an empirical existence independent of any individual's cognition, but that they are instead something that is subjectively understood and perceived by each individual (Hopper & Powell, 1985). Nuance to this can be added by adopting a pragmatist approach where the social reality is individually constructed, but that the shared and dominating truths constructed and upheld by a multitude of people together is of prime interest to explain a phenomenon (Lukka & Modell, 2010). In other words: the common social reality is continuously constructed in the interaction between people. The epistemological implications of this interpretative research paradigm are that the researcher does not seek to uncover a single objective reality but rather to understand how social reality and the phenomenon of interest – in our case a management control – is collectively constructed and negotiated (Hopper

& Powell, 1985), and given inter-subjective meaning (Lukka & Modell, 2010). Given the nature of our research question, this thesis should be seen as building on this interpretative research paradigm and the growing body of accounting research within this paradigm (Lukka & Modell, 2017).

Research based on this epistemological stance typically relies on qualitative methods (Hopper & Powell, 1985; Höglund et al., 2018, Höglund et al., 2021) such as a single-case interview study. In qualitative single-case study research – which is the research design this study employs – the aim is not to study large samples or to identify cases that necessarily represent the average case in a population (Yin, 2018). On the contrary, valuable theoretical insights can instead be gained by focusing on carefully selected individual cases that deviate from the average on the phenomenon studied, if they provide rich or relevant information (Siggelkow, 2007). Given that our research question focuses on a dynamic repurposing process taking place over time, a longitudinal case study is particularly suitable to capture the details of how the process unfolds (Burns & Scapens, 2000; Siggelkow, 2007). We consider the method especially suitable to investigate our research question, as longitudinal case studies have been used previously to study, for example, the integration of accounting systems in corporate mergers (Granlund, 2003). Additionally, recent MCS research has called for *"much more research [that tries] to directly observe the decisions being made, and the reasons for them. This direct research can be done by field research (e.g., interviews or direct observations)"* (Merchant & Otley, 2020, p.6). To conduct a longitudinal case study of a process spanning across multiple years within the time constraints of a master's thesis, a *retrospective longitudinal study* (Retrospective Case Study, 2010) is suitable. Retrospective research methods are, however, associated with some challenges, notably that people may not always accurately recall past experiences (Bernard et al., 1984; Golden, 1992). While it is not possible to fully overcome this problem, it can be mitigated by combining methods and data sources (triangulation) to cross-verify the findings (Patton, 1999; Bowen, 2009; Yin, 2018). This can be done by, for example, combining interviews with document analysis, and by comparing interview responses from different stakeholders (Patton, 1999; Bowen, 2009).

To investigate our research question, a suitable case organization would be a company that has experienced multiple organizational changes and has used a specific management control – such as a BBEP – to address different organizational challenges over time. The fact that such a case could be unique in a broader environment is not a problem in itself (Siggelkow, 2007), but could give rise to issues arising from the fact that potential interviewees – the management team responsible for management control design – constitutes a limited set of people. We therefore complement our key interviews with some complementary interviews with other stakeholders, and an analysis of a wide array of relevant documents, to triangulate our findings. The data collection process is further developed in section 3.2.

3.1.2. Case Setting

Our study of how top managers repurpose a control tool – in this case a BBEP – to address new control problems took place within INDUCO (pseudonym), a large U.S.-based industrial manufacturing company. INDUCO is headquartered in the United States and operations are managed globally with activities primarily structured across the Americas, EMEA, and Asia-Pacific. The company currently employs over 20,000 employees worldwide, of which approximately a third are based in the United States, and has reported revenues of around USD 8 billion. INDUCO is listed on the New York Stock Exchange, included in the S&P 500 index, and has a market capitalization of approximately USD 40 billion.

Figure 2 depicts INDUCO's organizational structure. The firm is organized into several separate business areas that are supported by centralized corporate functions, including Corporate Development (M&A), Accounting and Audit, Financial Planning & Analysis and Human Resources who are responsible for the administration of the BBEP. Interviewees mentioned that the firm's culture is centered on what they described as an "ownership mindset" with employees being encouraged to identify and act upon opportunities to improve their day-to-day work, either by implementing changes in their own tasks, or by raising suggestions in forums such as town halls and internal team meetings. That said, all employees across the organization are encouraged to propose new ideas and to establish cross-hierarchical contacts with colleagues from other departments.

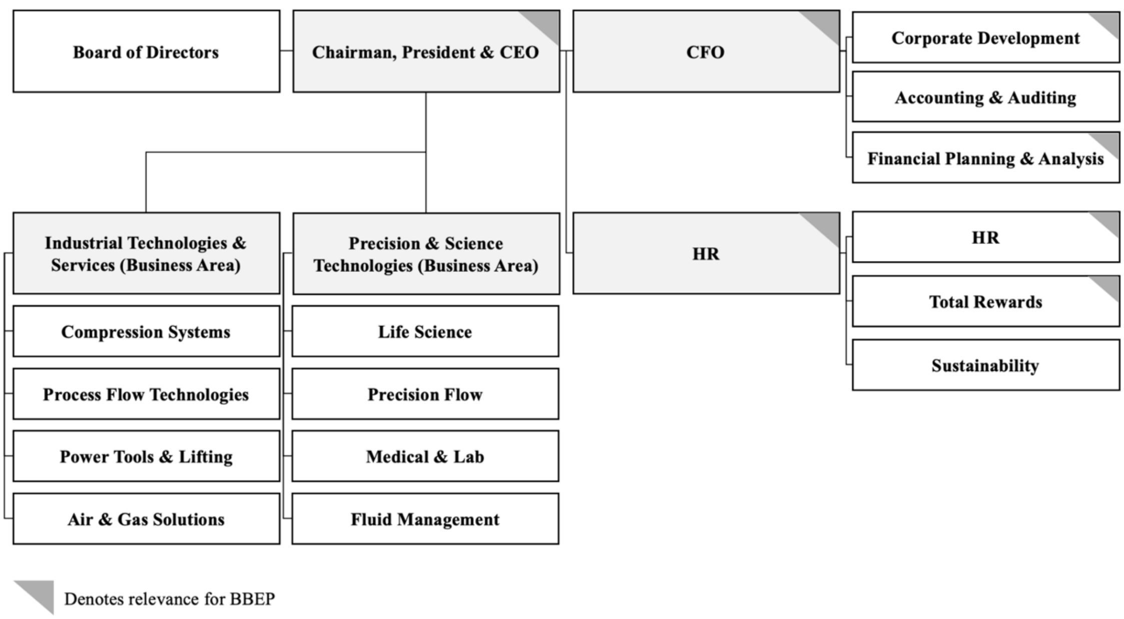

Figure 2. INDUCO's organizational structure (simplified).

INDUCO has undergone several organizational transformations over time. The firm in its current form is the result of a "mega-merger", defined as a transformative billion-dollar-plus merger (Kaske, 2026), completed in 2020 between the industrial segment of the company MECHCO (pseudonym) and another large industrial equipment manufacturer, here referred to as GARDCO (pseudonym). This transaction resulted in a major organizational restructuring and the creation of a newly configured multinational organization operating under the merged name INDUCO.

GARDCO was acquired by a global private equity (PE) firm in the early 2010s. The company got listed on the NYSE through an initial public offering (IPO) in 2017, with the PE firm maintaining voting control of the common stock following the offering. The IPO also marked the launch of the company's first BBEP, under which deferred stock units (DSUs) were granted to all employees, including hourly workers. The initiative was led by GARDCO's CEO, who joined during the PE ownership, and is now the CEO of INDUCO.

No additional equity grants were issued until the 2020 mega-merger between GARDCO and the industrial segment of MECHCO. Following the transaction, the combined entity INDUCO remained listed on the NYSE and the workforce was increased by about 10,000 additional employees. In connection with the transaction, all full-time employees received an equity grant consisting of restricted stock units (RSUs) – a different equity vehicle compared to the DSUs used in 2017. In 2021, INDUCO further expanded its approach to employee ownership by implementing the BBEP on a continuous annual basis, now offering RSUs to all new full-time employees – whether hired directly or joining through an acquisition – after their first year of employment, thereby ensuring that the equity participation is extended to employees regardless of when they join the firm.

With the mega-merger, INDUCO changed its strategic focus, from a primary focusing on organic growth, to an accelerated, acquisition-driven capital allocation strategy. Since then, the firm has pursued acquisitions mainly focused on strengthening its core industrial technologies platform (horizontal acquisitions) and selectively expanding into adjacent sectors such as life science and specialty vehicles (concentric acquisitions). INDUCO's investor communications from 2021 and onward indicate a continued reliance on an acquisition strategy; in its capital markets presentations from 2021 and 2023, they position themselves as a *"growth compounder"* with a *"significant runway for continued value-accretive inorganic growth"*. The company estimates that about 90% of their acquisitions involve family- or founder-owned businesses, the majority of which are based in the U.S., although they have also completed acquisitions in Latin America, China and India. In total, INDUCO has acquired several dozen companies since 2020.

A few years after the mega-merger, INDUCO was involved in launching an NGO with the purpose of spreading information about, and helping with the implementation of, BBEPs. The CEO of INDUCO has been on the board of BBEP-NGO (pseudonym) since its inception. As shown in Figure 3, which is drawn from external documents and reflects the case firm's own perspective as conveyed through interviews, INDUCO's organizational transformation can be depicted in three phases (2017 to 2020, 2020 and 2021 and onward), each associated with a distinct role of the BBEP.

We also highlight that conducting a case study at INDUCO is particularly relevant in this research context. First, the company can be characterized as an "old economy" firm as it operates in a traditional, asset-heavy sector, where equity grants issued to all employees are relatively uncommon (Ittner et al., 2003; Murphy, 2003). This suggests that INDUCO has intentionally adopted this as a management control to address the control challenges arising across its different transition phases. Additionally, the company note in their capital markets communication and annual reports from 2017 onward that their one-time grants and their continuous BBEP are the largest equity grants implemented in the manufacturing industry and remain among the few of their kind in the sector, which further underscores the uniqueness and relevance of the case.

Lastly, the case company was deliberately chosen due to the opportunity to gain access to top management through personal contacts at a large American university. Such access is an important consideration, as limited access to key organizational actors is widely recognized as a major constraint in this type of research (Granlund, 2003).

Development Stages of INDUCO's BBEP		
	Firm Development	**BBEP Development**
2017 – 2019	• PE firm exited their investment in GARDCO 2017 through an IPO on the NYSE. • Around 6,000 employees, of which about a third are in the U.S. • Balanced capital allocation combining debt reduction, reinvestment, shareholder returns and some M&As. Conducted strategic acquisitions to expand niche, high-aftermarket businesses. • A few completed acquisitions, but M&A not part of the core strategy.	• A "one-time" DSU allocation totaling about USD 100 million was granted to all employees (including hourly workers) but excluding management. • The DSU awards were valued at 40% of an employee's annual base salary. • Although the awards vested immediately upon grant, restrictions on share disposition were imposed, whereby employees were permitted to access the shares in tranches of 25%, with full availability achieved by spring 2019.
2020	• Mega-merger between GARDCO and the industrial segment of MECHCO. The new entity took the name INDUCO. • Listed on the NYSE and became part of the S&P 500 index. • Over 16,000 employees, of which about a third are in the U.S. • Portfolio transformation through targeted acquisitions to refocus on the core businesses and fund growth opportunities. • Mega-merger and a few additional completed acquisitions.	• A "one-time" RSU allocation totaling about USD 150 million was granted to all employees (including hourly workers) but excluding management in connection with the mega-merger. • Employees received RSUs valued at 20% of their annual salary. • The RSU grant vested with 50% after one year and 50% after two years.
2021 – Ongoing	• Operating as the entity INDUCO. Listed on the NYSE and part of the S&P 500 index. • Over 20,000 employees, of which around a third are in the U.S. • Involved in launching BBEP-NGO. The purpose of the NGO is to help spread information about BBEP implementation. • Formalization of an acquisition-driven capital allocation strategy, mainly focused on strengthening its core industrial technologies platform and selectively expanding into life sciences and specialty vehicles • Several dozen completed acquisitions, in addition to several smaller bolt-on transactions.	• Implementation of a continuous BBEP in 2021, where new employees (both new hires and employees coming from acquired firms) are given RSUs equivalent to 10% of their annual base salary after one year of service. • The RSU grants vests over two years, at which point the employee receives the shares and may choose to retain or sell them.

Figure 3. INDUCO's development stages as depicted in its external documents and through interviews.

3.2. Data Collection

3.2.1. Unstructured and Semi-structured Interviews

The empirical data for this study were derived from two primary sources: *interviews* and *documentary materials*. In both interviews and documents, we collected substantial financial data, which has been anonymized and presented under pseudonyms to ensure confidentiality to the case company.

The first empirical source consists of 14 interviews conducted between January 2026 and April 2026. Of these, 12 were *semi-structured interviews* (Qu & Dumay, 2011; Bell et al., 2018) with 12 individual subjects. We also had two *unstructured (explorative) interviews* (Qu & Dumay, 2011): one with the CEO of INDUCO to get a broad understanding of the company, its organizational structure and its BBEP, before scheduling formal interviews, and one with a representative from BBEP-NGO. These interviews were necessary to provide us with the knowledge to construct appropriate interview questions for the semi-structured interviews. The main advantage of semi-structured interviews lies in their flexibility; it enabled us to use probing techniques which allowed us to draw out more complete narratives when salient or unforeseen themes appeared and systematically capture reflections on change over time (Gorden, 1992; Qu & Dumay, 2011). This was particularly useful for the retrospective longitudinal design of this thesis. Overall, the interviewees adequately covered the various actors and management levels that were and are involved in INDUCO's BBEP. All interviews were conducted online, as all participants were located across the United States. Prior to participation, all interviewees received and signed a general data consent form and were informed at the beginning of the interview that the conversation would be recorded and transcribed (see Appendix A for a comprehensive list of interview participants).

The interview sampling combined purposive sampling and snowball sampling (Saunders et al., 2023; Bell et al., 2018). Most participants were identified with the assistance of the CEO and together with our company contact, VP of Global Communications at INDUCO, who is part of the top management team and has a good understanding of both past and current individuals involved in the BBEP. Additional interviewees were subsequently recruited through referrals following each interview. Given our focus on a relatively small group involved in the BBEP within a large global organization, this sampling approach helped us to identify and map the relevant network of actors (Bell et al., 2018). Selection of interviewees was ultimately guided by two main criteria: their involvement in the design, decision-making, or implementation of the BBEP, and holding relevant top management roles at INDUCO. Based on the information from the interviewees and our own assessment of the organizational context, the selected participants were considered the most suitable to inform our research. Given that the study is positioned to explain managerial reasoning rather than employee-level reception, we assess that this prioritization of actors involved in designing, administering, and communicating the BBEP captured the perspectives needed. However, to further strengthen the study, case study interviews were complemented with interview responses from different stakeholders (Patton, 1999; Bowen, 2009) to enable triangulation of the data (Modell, 2009; Yin, 2018). These interviews were conducted with two employees at the case company, one founder of a company previously acquired by INDUCO, an industry expert on M&A integration and two representatives from BBEP-NGO. Those interviewees are also included in the complete list of participants presented in Appendix A.

We developed an initial interview guide to help structure the discussions while simultaneously stimulating a dialogue (Flick, 2022); however, the guide was adapted for each interview to suit the interviewee's role, tenure in the organization and specific responsibilities related to the BBEP. Additionally, since this study adopts an interpretive rather than a positivist epistemological approach (Hopper & Powell, 1985) and follows an abductive research approach (Taylor, 2018) – systematically moving between empirical observations and theoretical concepts – the interview guide was iteratively refined through our ongoing dialogue with the empirical material and relevant literature. The first version of the interview guide was mainly exploratory to establish a basic understanding of the BBEP and its structure. We also sought to understand INDUCO's acquisition strategy better. As the research focus became more delineated, the interview questions focused more specifically on the repurposing of the BBEP as a management control tool and its role in addressing INDUCO's different control problems (see section 3.3. for a more detailed description and Appendix C for the initial- and second interview guide).

3.2.2. Documentary Materials

The second source of empirical data consists of various *documentary materials* collected from both publicly available sources and internal records provided by INDUCO. We analyzed annual financial statements and capital markets communications published by INDUCO from its IPO in 2017 (at the time operating as GARDCO) through the most recent reports available in 2024. These documents were readily accessible since INDUCO is a publicly traded company on the NYSE. Additionally, we reviewed published articles covering the development of INDUCO's BBEP since its inception, and internal company reports including investor communications recording and information presentations provided to employees during onboarding of the BBEP. These documents were useful to understand how the BBEP was designed and evolved, and how it has been communicated and presented internally and to external stakeholders.

Following Modell (2009) and Yin's (2018) recommendations, using multiple data sources – commonly referred to as triangulation – enhances the robustness and credibility of the conclusions drawn from the case study interviews. Documentary evidence is particularly valuable when reconstructing the timeline of organizational change (Bell et al., 2018), especially in retrospective analyses where individuals tend to forget, reinterpret or reconstruct past events (Yin, 2018). We therefore consider, in this research context, which is characterized by three main strategic changes, that documents serve as an important source of evidence. However, materials published by the company were treated with caution in the analysis, as such sources tend to present a more favorable perspective of the company and its practices (Bell et al., 2018). We refer to Appendix A for a comprehensive document disclosure.

3.3. Data Analysis

The empirical data – including both interviews and documentary sources – was coded using NVivo 15, which gave us detailed (line-by-line or even word-by-word) coding according to the categories developed iteratively by us (Taylor, 2018). Additionally, we used Excel to analyze and compare text sections from INDUCO's annual reports from 2017 to 2024. While these reports often contain recurring content, the material tends to be reframed across years based on the strategic focus of the organization. By structuring the data along both temporal (year) and thematic categories, we were able to systematically compare the reports and trace how the content and emphasis of the annual reports have changed over time.

We developed an initial interview guide at the outset of the study (see Appendix C). In line with an abductive research approach (Taylor, 2018), we analyzed the annual reports and other documentary materials in parallel with the initial interviews. The early interviews were coded using descriptive codes to build a comprehensive understanding of the material (Linneberg & Korsgaard, 2019), resulting in the initial (first-cycle) coding structure (Appendix B). The changes in the annual reports were also systematically mapped in Excel (see Appendix B for an illustration of the coding matrix). The first analysis – combining the initial coding structure and the Excel mapping – revealed two main insights: first, the BBEP and its design have evolved over time through three distinct periods – the IPO in 2017, the mega-merger in 2020 and the acquisition-driven strategy from 2021 and onward – and second, we identified that the organization engages in a range of complementary activities associated with the BBEP, including educational and celebratory activities. This in turn informed the development of a second interview guide (Appendix C), through which we sought to organize the empirical material according to how the control changed across these periods, and how and why it was enacted (Skærbæk & Tryggestad, 2009).

Based on the more in-depth responses, we observed that the BBEP appeared to be largely taken for granted among top management. This is what directed us towards institutional theory as a base for our method theory. Additionally, we wanted a process-oriented theoretical lens to capture the temporal change dynamics, leading us to draw on institutional work theory as an appropriate method theory to theorize about the role of the BBEP in the organization's strategic changes and how it has been institutionalized over time (Skærbæk & Tryggestad, 2009; Taylor, 2018). Guided by our conceptual framework, we conducted a second round of coding (Linneberg & Korsgaard, 2019), structuring and analyzing the empirical material around the three identified episodes and the associated framework concepts (see section 2.3) for each episode (Appendix B).

4. Empirical Analysis

This section presents our empirical analysis of the institutionalization process of the BBEP, and the way management has engaged in institutional work to sustain it. We begin by presenting evidence indicating that the BBEP has become institutionalized, at least among the top management team. The section then continues by sequentially laying out the history of the BBEP, from its initial launch in 2017 and until today, analyzing what type of institutional work management has engaged in and how preceding work done affects how the process has unfolded.

4.1. The BBEP: a taken-for-granted control

INDUCO has had a strong stock performance in recent years, and top management attributes a large part of that growth to the BBEP, and that over time it has become viewed by management as a key component in INDUCO's value creation:

> "You've seen the market cap growth and the equity value growth of the company from the IPO to today where the company is multiple times larger in size. Obviously, we think that this [BBEP] is at least a portion of that value creation story. I think what has happened here, over time, is what started as normal questions and, in lack of better way to say this, 'professional curiosity' from the investor community as to 'how this program is going to work' and 'how you're going to measure success', has then translated into that it's now become part of our culture, our DNA [...] Investors love the program, they've seen the value it creates. They understand how invested employees are in the performance of the company they work for and the company they own." **– CFO**

When asking about the future of the program, we find no indications that its continued existence is under scrutiny, neither from a financial perspective nor from a people management perspective:

> "It's kind of up and running. I mean, it's not to say that we don't have discussions about it from time to time, but I think the model that we've built ourselves here where all employees... So first and foremost, we do fundamentally feel that employee ownership is a part of our operating model as [INDUCO], there is absolutely no intent to change the model or the structure. [...] We have this ongoing grant whereby any new employee gets 10% one year later. There's no intent to change it or things of that nature." **– CFO**

> "This is core to who we are. This is our core purpose and values and ethos. This wasn't a one-time celebration or a gift, right? This is core. We want owners who will speak up and help us drive the company. So yeah, I think this will continue. [...] You know there's a couple things that you could really point to that drove that [financial performance] and our ownership mindset is absolutely one of those, and it's driving such tremendous financial reward that it will continue to pay for itself." **– CHRO**

This indicates that the BBEP has become institutionalized (Burns & Scapens, 2000; Lawrence et al., 2010) and taken for granted by INDUCO's top management, nearly a decade after the first employee equity grant was awarded. In the subsequent sections, we trace the process through which the BBEP became institutionalized and examine how top management engaged in institutional work to ensure its institutionalization persisted across organizational transformations related to, for example, company size and shifting strategic priorities – occasions with the potential to become triggering events (Arroyo, 2012) that may either disrupt or reinforce institutionalized practices, depending on the forms of institutional work organizational actors engage in (Lawrence & Suddaby, 2006).

4.2. IPO and Performance Optimization

4.2.1. Triggering event and theorizing: awarding an equity grant to improve working capital levels and deleverage the firm

In 2017, GARDCO, one of the two companies later merging to form what is now INDUCO, completed its IPO after four years of PE ownership. The CFO and CEO explained that this change in ownership structure posed some challenges relating to the company's capital structure:

> "Under private equity ownership, there were many opportunities to improve performance and bring in new talent. [...] A lot changed for the better, that was the catalyst for the IPO. But we knew there were still areas to improve, and one we focused on was working capital as a percent of sales." **– CFO**

> "[...] At the time, we also had high leverage [...] for a public company. So, we focused on unlocking cash [...] working capital as a percentage of sales, best-in-class was under 20%, and at the IPO we were at [much higher], showing a clear opportunity to unlock cash." **– CEO**

At the same time, the CEO and the then-Chairman of the board (representing the PE firm owning the company before the IPO) had initiated discussions on how to give employees "skin in the game" to drive organizational performance. This discussion between the two stemmed from previous experiences. The Chairman from the PE company had frequently reiterated in interviews how his father – an hourly construction worker – would regularly complain at home that there was no incentive for him to engage in productivity, quality or cost-improving activities at work; he would instead get paid more if he worked longer, a behavior opposite of what would benefit the company and its shareholders. The CEO also highlighted the fact that using equity to drive organizational behavior is frequently utilized at management level:

> "I worked at some phenomenal companies that saw incredible stock appreciation. And obviously, I was part of the management equity plan, so I got a chance to get a piece of that, but the broad workforce was not, and I think that was a missing thing. So, the idea emerged from the belief that ownership drives behavior and if we want people to think and act like owners, they should be owners." **– CEO**

Building on the notion that "you get what you measure", top management therefore decided to use an equity grant awarded to all employees to make working capital management more effective and thereby deleverage the firm. The logic described was that by making the connection between working capital and stock price clear for the employees, the equity grant would drive working capital-related behaviors from them, something that in turn would improve the stock price. Both the CEO and the CFO explained that other measures besides working capital, such as revenue growth and profitability, were evaluated as alternative measures to communicate in conjunction with the grant but that working capital was ultimately chosen:

> "I think working capital, to be honest, was probably one of the easiest metrics to use because of the combination of a meaningful room for improvement and, by definition, every employee touches it [...] whether you're a shop floor operator, whether you're someone on my accounts payable team, whether you're a sales guy who's interacting with customers. You're touching inventory, you're touching payables, you're touching receivables, right? You're touching one, if not multiple components of that equation on a day-to-day basis." **– CFO**

Several interviewees highlighted that the grant was not supposed to be a "thank you gift", but rather a way to drive performance – and to do that it needed to be meaningful in terms of size. On the other hand, giving away equity would also give rise to a certain amount of dilution for existing shareholders. Both the CEO and the CFO described that some "diligence and math was done to make sure we understood the sizing" but that ultimately – as there was no previous reference cases as to what could constitute a suitable size of the grant – it was a matter of top management judgment:

> "I remember a board meeting in February before the IPO. We discussed whether to base it on salary, total amount, or a fixed number like 10,000 dollars per person, or a monthly salary equivalent. Ultimately, we kept it simple, 40% of annual base salary in equity, about 100 million dollars in total. We wanted it to be impactful, 40% is roughly five to six months of salary." **– CEO**

By theorizing in a way where the problem specified (the leverage ratio and working capital levels) was coupled with an equity grant as a justified solution to that problem, top management could be seen as – at this point in time – engaging in the first instances of institutional work (Tolbert & Zucker, 1996; Lawrence & Suddaby, 2006; Arroyo, 2012) in connection with the IPO. Conceptualizing the IPO as the triggering event (Arroyo, 2012) initiating the institutionalization process is further reinforced by senior HR employees working closely with the BBEP, but not directly involved in the decision to make the initial grant:

> "When a company goes public, some employees may not fully understand what that means, so the event itself might not feel as significant to them. It was definitely an important event, and [GARDCO] did a good job of making sure employees understood that. However, I would say that the equity grant people received was an especially powerful way to engage employees and make them feel like they were truly part of something big that was happening." **– Director Global Compensation**

> "It's unique to go public and how do you connect [the employees] to that specific thing? How do you connect them to becoming a public company? Stock. Stock would connect them to that and

> make them feel like they're a part of the growth and we have had immense growth." **– VP Total Rewards and HR Integration**

It was also acknowledged in the interviews that for the equity grant to lead to the desired outcome, additional activities such as training for employees would be needed. The equity grant was therefore also justified (Tolbert & Zucker, 1996; Lawrence & Suddaby, 2006; Arroyo, 2012) as a suitable solution to the problem at hand by its vesting period; the fact that there was a delay between awarding the grant and its subsequent payoff to employees, allowed for the company to buy time to engage in different types of institutional work:

> "...because they received this grant and there's a vesting period, they can't do anything with it, they can't just go and sell it. So, we had time, we had time to educate them and help them understand what this grant would do for them." **– VP Total Rewards and HR Integration**

4.2.2. Institutional work: educating the workforce on working capital and stocks

Through the interviews, we have identified several activities in which top management engaged to embed the BBEP within the organization. These activities are grouped together under the umbrella term "institutional work" (Lawrence & Suddaby, 2006). The initial launch of the program was designed as a surprise announcement made immediately after the stock started trading publicly:

> "[The CEO] was in New York at the New York Stock Exchange announcing us becoming public on the screen and so what we did as a team was that we had these celebrations at every single site. It was a lot of work on 'how do we want these to look?', 'What do we want the leader at that site to say?'. But none of them knew about the stock grant. It was very secret. So, there were only a handful of us that knew about it. And essentially, they had their script and then [the CEO] was able to share a video at the site revealing this very big surprise. And it was just very… very… It was very exciting!" **– VP Total Rewards and HR Integration**

Descriptions of the CEO's video from the launching event and the subsequent celebrations were also included in the 2017 annual report, as well as in promotional online videos. Mythologizing (Lawrence & Suddaby, 2006; Hayne & Free, 2014) to create excitement around the BBEP as a key enabler of stock performance, therefore seems to have been consciously deployed early on.

Most of the activities aimed at institutionalizing the BBEP were focused on another type of institutional work: education (Lawrence & Suddaby, 2006; Hayne & Free, 2014). We find education taking place along two main dimensions: working capital management and practicalities surrounding stock ownership. Several interviewees underscored the fact that many blue-collar employees might never have owned stocks before, and that it was important to make the connection between their everyday work with working capital and how that can affect the share price and ultimately the value of the employee's grant:

> "We also knew there was going to be education after we did that grant. One, educating them around what a stock grant even means. But two, educating them around how you understand those financial metrics. Not everybody understands what EBITDA is or working capital. So, we

> did build some good education for all employee levels around how to really understand our metrics." **– VP Total Rewards and HR Integration**

The education efforts also had a clear purpose of not only *explaining* what equity is and how it relates to the company's financial performance, but also to create *excitement* around it. Because the grants were subject to vesting, management recognized a risk that the initial enthusiasm following the IPO would fade away over time, particularly as ongoing education on complex concepts could dampen engagement if not actively reinforced:

> So effectively our job was twofold. First, deliver that message in a way that was very exciting for our employees [...] secondly was to answer questions that were going to be asked and try to figure out a sweet spot in that timing where we're giving them enough time to be excited, but not letting it grow stale [...] I'd say one really fun thing to look at was the stock price. Watching the stock price appreciate obviously would directly mean that the grant that they were holding in their account, the value would increase [...] showing them that connectivity between their grant and the value that it actually holds for them in the future was a really good way to keep them engaged as well [...] Quarterly we have town halls, we announce what the stock price improvement is, we show charts and things like that." **– Director Global Compensation**

Interviewees also described how management engaged with existing shareholders to inform them of why the BBEP was perceived to be beneficial:

> "At least in our peer base and in the larger industrial universe, this is unique. You don't largely see anyone else doing anything like this. So, I think there was an education factor in the sense of, you know, 'what's the thought process?', 'what's the rationale?', things of that nature." **– CFO**

4.2.3. Embedding and routinizing: feedback convincing top management that the equity grant is good

Besides education and communication, which was being done on a continuous basis, we have identified several instances where top management, in the months and first years following the IPO grant, engaged with the BBEP and received feedback in ways that reinforced their interpretation that the program was valuable and working. Among the outcomes interviewees attributed to the BBEP were improved working capital levels, increased free cash flow, and reduced debt. In addition to improvements in these financial metrics, top management also highlighted behavioral changes, which they largely attributed to the BBEP and its associated activities:

> "I'll tell you, the groundswell of feedback that we received in terms of opportunities to behave smarter with our suppliers and customers, and opportunities on the shop floor to think about 'how do we replenish inventory' and things like that! Things that people had in their minds all along. They just didn't feel the empowerment to be able to have their voices heard. Once you gave them that equity, once you gave them those targets, once you gave them that education, but you also gave them that platform to say 'guys, this is our company, right?'[...] We got quite frankly feedback upon feedback that obviously made a huge difference. [...] working capital

> percent of sales as a result year over year improved. [...]. So clearly, I would say that has been a message that was well heard and well executed." **– CFO**

Additionally, several interviewees described that the process had made the company accumulate new knowledge on for example filing requirements in different countries; the benefits and drawbacks associated with different types of equity vehicles; and what questions employees have when given equity. This new knowledge could be seen as a valuable resource that helped sustain the institution (Lawrence & Suddaby, 2006; Hayne & Free, 2014), as the company perceived this as somewhat of a unique knowledge that would be wasteful not to use. The institutional work that was done in the years following the IPO therefore largely affected the taken-for-grantedness of the BBEP among top management, something that in turn made these experiences from the IPO grant carry-over and affect how the company handled the next large transformational event: a mega-merger that would more than double the size of the company:

> "We want employees to raise their hand. We want employees to bring up areas for opportunity [...]. That's how we thought about it back in 2017 and that set the benchmark for how the process has unfolded since then." **– CFO**

4.3. Transformational Merger and Organizational Reconfiguration

4.3.1. Triggering event and theorizing: awarding an equity grant as a response to perceived personnel integration challenges

The merger in 2020 between GARDCO and the industrial segment of MECHCO introduced the complexity of integrating different structures, routines, and ways of working across two previously independent organizations. The mega-merger can be understood and conceptualized as a triggering event (Arroyo, 2012) arising from institutional contradictions (Seo & Creed, 2002; Sharma et al., 2010), where existing 'legacy' practices from each organization were not fully compatible in the newly formed INDUCO. Top management can be understood as engaging in theorization (Tolbert & Zucker, 1996; Lawrence & Suddaby, 2006; Arroyo, 2012) by framing the merger as an integration challenge because of the different organizational structures of GARDCO and MECHCO:

> "Two companies came together, having very different cultures that were being blended at a unique time with COVID just happening. [MECHCO] was a well-established company. It was sizable and had lots of layers of standard work, there was lots of foundation in place. There was a lot of good to that. But I would also say it could also be a little slow. There was some hierarchy built into that, where lots of people felt they could say no, but not many people felt empowered to say yes. On the [GARDCO] side, coming from private equity, there was a lot more speed and agility. They didn't always have great foundations, but sometimes they used that to their advantage to move very quickly." **– CHRO**

There were also indications of concerns from management regarding the employee's motivation to support the transaction. Another integration challenge, apart from the organizational structures, can be understood as addressing the employee resistance coming from the uncertainty associated with the merger, and what would follow:

> "I don't want to make it sound like it was an 'us versus them' situation, it never was, but anytime you bring two sizable companies together, there's going to be a period of figuring out what our new processes are, figuring out what our company's vision and how we're going to work together to accomplish our goals. [...] I wouldn't say we were feeling a disconnect as a company, but there was an acclimation period, at least from my opinion." **– Director Global Compensation**

The organization was confronted with a new control problem: how to integrate two large firms, particularly as management recognized personnel integration to be a central concern. This differs from the earlier problem of improving working capital levels; nevertheless, top management chose to apply the same solution used during the IPO by implementing a BBEP. The theorization of the merger appears to have been influenced by prior institutional work (Burns & Scapens, 2000). Especially the emphasis on employees suggests that earlier institutional efforts – such as promoting a performance- and ownership mindset – were carried-over into managerial interpretations of both the integration challenge and its proposed solutions. Rather than focusing solely on aligning organizational structures and principles, the integration was framed in terms of aligning employee behaviors and mindsets:

> "I will credit [the CEO] with being thoughtful about this. At a time when we were bringing two big companies together, there were a lot of things that would distract our focus. He spent a lot of time thinking about culture and really defining it. He felt like we had one opportunity to really define our purpose and our values and who we were going to be in the future. We engaged employees in that work; we talked about the culture of where [GARDCO and MECHCO] were both coming from and we defined what we wanted it to be going forward. One of the main things we talked about was that we saw this as an opportunity to build our purpose and our values and not just have it be a poster on the wall, but truly have it been who we were and have those values help answer our business issues." **– CHRO**

The initiative to reintroduce the BBEP in connection with the mega-merger was driven by the CEO who was involved in implementing the program during the 2017 IPO. The CEO explained that the intention of applying a similar one-time equity grant in the merger context was raised early in the negotiations with MECHCO, and that it was a "deal-breaker" for GARDCO to complete the transaction:

> "So [the equity grant] really came earlier in the planning, and it was a point of negotiation during the transaction where we told [MECHCO] 'this is what we want to do'. [...] And the reason why we want to do it is because we want to create a unifying mechanism across two very long-standing legacy companies that have a bit of a different, unique kind of culture." – **CEO**

Several interviewees highlighted that the suggestion to continue with the equity grant was underpinned by the CEO's personal conviction regarding the value of the program. Given that the BBEP had been perceived as successful in the IPO context from top management, the previous BBEP structure was ultimately carried over into the merger setting:

> "[The CEO] was very passionate about [the equity grant]. He knew that he wanted to be part of a company that engaged employees as owners. He had already done a grant [in 2017] and done that with [GARDCO] when they went public. That was something he brought right from the very beginning, and I would say it was very quickly embraced by the leadership team and by employees." **– CHRO**

It was also noted in the interviews that – unlike the IPO grant, which was explicitly tied to working capital – the merger grant was not linked to a specific financial metric or target. The CEO justified the program more symbolically as a means of bringing the organization together; "we want to unify one single culture". While the overall program remained the same – a one-time BBEP given to all employees – they adapted elements to the merger grant based on lessons learned from the IPO grant:

> "To be honest, we were learning as we were going as well. So, by the time we got to the merger, we had a lot of lessons learned and how we wanted to do things for that big grant." **– VP Total Rewards and HR Integration**

Interviewees, particularly those from HR management, noted that the implementation of the IPO grant revealed that the tax implications and vesting conditions were perceived as complex, especially among blue-collar employees with limited prior exposure to such instruments. This complexity was viewed as potentially undermining top management's intention behind the grant if not properly addressed, regardless of the communication efforts involved. As emphasized by the HR interviewees, "there has to be both a technical side and a communication side of the program for it to work". Management had to reassess how "seamless" the program was perceived by employees. The merger grant was therefore structured using RSUs instead of DSUs as used in the IPO grant, which significantly simplified administration and reduced the tax complexity for employees:

> "I would definitely say that the biggest change we made was the equity vehicle itself. We moved from DSUs to time-based RSUs. That's a significant difference, particularly in terms of when vesting occurs. Vesting timing directly impacts taxation, which varies by country and even in the U.S., it can create complexity. The previous structure made things administratively difficult and somewhat confusing for employees. Our goal with any equity grant is to create a positive experience from start to finish. The message behind these grants is a big positive, it's something exciting to be part of. But if the messaging is strong and the administrative execution creates confusion or frustration, then that becomes a problem." **– Director Global Compensation**

It was also recognized among management, drawing on experience from the IPO grant, that the merger grants similarly needed to be "meaningful" in terms of size. On the other hand, both the CEO and CFO noted that the larger employee base at INDUCO required a reduction in the allocation percentage to "avoid excessive share dilution and to maintain costs at reasonable levels". As with the IPO grant, the extent to which the grant size should be reduced was subject to top management judgment:

> "We were [tripling] employees as a combined company. If we give 40%, that's a lot [...] so we adjusted it to 20%, which is still meaningful, and that came out to about 150 million dollars. Again, round numbers that make sense." **– CEO**

The excerpts above illustrate how experiences from the IPO grant carried over and affected the way management adapted and justified (Tolbert & Zucker, 1996; Lawrence & Suddaby, 2006; Arroyo, 2012) a new round of a BBEP as the preferred solution to this new control problem. The decision to reintroduce the equity grants in this context suggests that the prior experience with the BBEP informed its application in the merger setting. More specifically, the reuse of the BBEP in this subsequent organizational change implies that certain elements of the control had become sufficiently established within top management's repertoire to be used in new situations, pointing to an early stage of institutionalization (Burns & Scapens, 2000; Lawrence et al., 2010).

4.3.2. Institutional work: giving old practices new meaning

Once the BBEP had been justified as a solution, the interviews indicate that top management – much like during the IPO grant – continued to undertake various efforts to implement and embed the BBEP within the organization, now in the context of the merger. The 2020 annual report noted that the training sessions were primarily focused on linking the value of the grant to employees' day-to-day work – for example through town halls and internal communication – emphasizing the same message as for the IPO grant, "we think and act like owners". Although interviewees indicated that working capital was no longer perceived as a primary issue in 2020, the annual report still described the grant in terms of continuing efforts to "teach our employees how they can impact our net working capital metric locally to drive greater cash conversion in the business". This suggests that the educational activities, in this case, not only supported the implementation of the BBEP but also reflected a continuation of early institutional work from the IPO grant, where similar messages were used by the same top management team.

However, the interviews suggest that discussions about improving performance were already well established within the organization but gradually became reframed around notions of ownership and value creation. Rather than management explaining how employees could improve the share price through better working capital management, employees were encouraged to connect a broader range of everyday tasks to the company's share price:

> "One of the positive things I've seen with [INDUCO] is a consistent commitment from executive leadership, from [the CEO] down, to communicate and make sure teams recognize and understand what that value is, how it connects to them and to the broader business. They also present information in a way that makes the benefits of equity clearer. For example, in town halls, they'll show share price trends and what that means in practice. If you had a grant, here's how it has grown and how that translates into value. That's been quite effective." **– Business Development Leader**

In other words, it appears that top management wanted to change how existing operational activities – such as improving working capital levels – were understood by employees. Instead of being seen as their "routine work", their tasks should be linked to the company's value and share price, and since the employee is a shareholder, it also affects them personally. This suggests that top management were reframing the normative associations of the existing practices by assigning them new meaning (Zilber, 2002; Lawrence & Suddaby, 2006):

> "I think it's important as we're doing those training sessions. Those explain financial metric, but also that management can explain to employees what they can specifically do. If I'm an assembler on the floor, even just coming forward with a small improvement to the line. If everyone does that, it can make an impact on the financials. We're not asking them to go find a customer and make a big sale, we're asking in the job that you do, what are things you see that can improve how you're doing the job, or just other simple things. Those simple things can make an impact. Not every employee will understand how you increase your EBITDA, that's difficult. But if you can take it to the level of the work they go in and do every single day, how can they make an impact in that specific job, that's where I think we find success." **– VP Total Rewards and HR Integration**

The Business Development Leader explained how this could look in practice:

> "We're talking everyday about booking revenue, project margin, growth percentages of our distribution networks and our direct accounts. Those are very tangible things that we can measure easily, and we can attribute that quarter-on-quarter. I find in my teams that it's a much easier connection to say, 'Okay, you just secured this deal at this price, at this margin, that was much greater than it was a year ago, so you've added that much value.'. In a company this size, it can be difficult to connect [those efforts] directly to the share price. But you can say that this specific effort has made a difference in the financial reporting of this quarter. We have our financial quarterly calls, internal town halls – both at the global level, regional level and in our business unit level – where those results, that impact is shared, those metrics are connected, and there is typically always a moment to reaffirm to the employees 'Here's what you did, here's what we achieved over the last period, and here's the results today'." **– Business Development Leader**

Shortly after the merger, INDUCO began to shift its strategic focus. As stated in the 2021 annual report, M&A was positioned as a key lever of the company's growth strategy. Whereas earlier annual reports framed acquisitions as something the company "*may* continue with", the 2021 report stated that they "have acquired multiple businesses in recent years and *will* continue to pursue acquisitions of businesses or assets in the future", indicating a more proactive commitment to M&A:

> "So, in 2021 [...] we wanted to become more acquisitive and build a flywheel around M&A."
> **– CEO**

INDUCO's change in strategic direction towards doing more aggressive M&A is also confirmed by our interview with the founder of a company acquired by INDUCO in 2021, who explained that "[INDUCO] hadn't been quite that aggressive [in M&A] before. It started around that time [2021], but it was a clear strategy that they wanted to grow through acquisitions, and they were very good at it.". This development suggests that a new triggering event (Arroyo, 2012) emerged relatively soon after the mega-merger, as INDUCO encountered additional organizational challenges and control problems shortly after the implementation of the merger grant.

4.4. Acquisition-Driven Growth and System Standardization

4.4.1. Triggering event and theorizing: awarding ongoing equity grants to integrate a growing personnel population

In the immediate aftermath of the merger, INDUCO – now having become a large player within the manufacturing industry – adjusted its strategy to focus more on growth through acquisitions, both strengthening its core industrial technologies platform and selectively expanding into adjacent sectors such as life science and specialty vehicles. The section about capital allocation in the annual report, which had previously highlighted items such as debt repayment, now shifted towards formulations such as *"With the capital allocation strategy anchored by M&A"* and *"The foundation of this capital allocation strategy remains mergers and acquisitions"*. This meant that when management engaged in institutional work – such as for example town halls and educations – to ensure that the BBEP from the mega-merger became taken-for-granted (Burns & Scapens, 2000; Lawrence & Suddaby, 2006) and led to the desired outcomes in the new merged entity, they encountered what could be defined as a new triggering event (Arroyo, 2012):

> "What we found was that those were 'point-in-time-grants' and over time, as people left and we acquired new businesses, we brought in new hires. When [The CEO] was saying 'we're all owners of this company', it started to become not as true, right? Because new hires didn't get that grant in 2020. Companies we acquired didn't get that grant in 2020. So they didn't have the opportunity to be owners [...] What we were finding was that when [the CEO] would say it at a global town hall, employees would go talk to their manager, or talk to HR, and say 'well, I never got a grant. I don't have stock'[...] So they would listen to a global town hall, and we would show how the stock is doing and how it is impacting those that have a grant. And it wasn't true for those people." **– VP Total Rewards and HR Integration**

> "We realized we were bringing in many new employees who weren't owners, so talking about ownership didn't make sense." **– CEO**

We find no evidence that these events led to a broader questioning of, or reasoning around, whether previous strategic decisions on building what the company refers to as an "ownership mindset" would be feasible going forward under a M&A-driven growth strategy. Instead, the problematization (Tolbert & Zucker, 1996; Arroyo, 2012) focused on how to get the employees in the acquired companies to adopt the desired ownership mindset that over time had become taken for granted by management and interpreted as a core driver of INDUCO's success:

> "So, in the last, roughly six years since the merger, we've done [several dozen] of acquisitions, largely bolt-on in nature. And we want to make sure that those new employees and those new companies feel just as empowered as the existing employee base. And when you think about a lot of these smaller bolt-ons, a lot of them were family-owned companies. They've operated in a relatively small environment or region, whatever it may be. They're plugging into a bigger INDUCO multinational company. It can be a little bit overwhelming at times, but we want to make sure that they feel that 'hey, you can still drive the same amount of value in a larger enterprise that you could in a smaller enterprise, and we want you to share rewards'." **– CFO**

Although the company had become fundamentally different from what it was in 2017 – having grown into an organization of nearly 20,000 employees pursuing an aggressive M&A strategy, rather than a highly leveraged company of around 6,000 employees focused on improving working capital – recent experiences from the mega-merger and the institutionalization of the BBEP, contributed to framing the problem in a way that rendered the continued use of the BBEP as a justifiable solution (Tolbert & Zucker, 1996; Arroyo, 2012). However, as with the grant awarded in conjunction with the merger, the BBEP was now justified as a tool for facilitating personnel integration and employee engagement rather than for improving a specific financial metric. The company therefore implemented a continuous BBEP under which all newly hired employees – including those joining through acquisitions – received equity grant after one year of employment, with vesting occurring after an additional two years:

> "I don't think there was necessarily a plan in either case of when we went public or when we did the merger, that we would eventually have an annual program. But I think, organically, as our culture continued to build around this 'ownership mindset', it naturally became something we felt was important to put in place." **– VP Total Rewards and HR Integration**

> "It also helps with integration. [...] Engagement is typically lower for new or acquired employees, but we've been able to narrow that gap using this approach." **– CHRO**

> "At the one-year anniversary, new employees, organic or inorganic, receive equity, with a two-year vesting cycle. That serves two purposes. First, retention: employees stay at least a year waiting for equity, and if they leave before vesting, they lose it. Second, it helps ensure cultural fit, those who don't align tend to leave before receiving equity." **– CEO**

This illustrates that the BBEP, at this point, had become highly institutionalized among top management, with previous experiences having a large impact on how problem and solution was theorized (Tolbert & Zucker, 1996; Lawrence & Suddaby, 2006; Arroyo, 2012). It can further be argued that the continued use of the BBEP as a solution to the personnel integration problem was consciously justified by the management on the grounds that INDUCO had accumulated much knowledge across previous cycles (IPO and mega-merger). Implementing a BBEP is described as coming with high initial costs, with the rewards coming later, and the company perceived themselves as having already done the initial costly work and now harvesting the benefits:

> "At this point, we've got pretty good standard work in place that if we're doing it for 20 people, you could do it for 2,000 people. [...] There are still things like filing requirements and tax considerations across different countries, but those are standard parts of the process now. Overall, from that perspective, it's become a pretty well-oiled machine." – **Director Global Compensation**

> "I think that you have to understand the team that needs to be put in place to make it successful. Who's going to administer it? How are you going to roll this out and educate and communicate? And there's a lot to consider. We're global, and if you're talking about employees all the way down to the hourly level, some of them don't speak English, so there's a whole lot to consider. There are tax implications. [...] Some companies don't have a huge stock program, so you have

> to be willing to bring someone in that knows how to administer those things. [...] It's probably a lot of money up front, but the outcome is later." **– VP Total Rewards and HR Integration**

> "It's hard to administer around the globe. We do business in over 50 countries, so we have over 50 different ways of doing it with each country, with each regulation, and that's a complex administration to set up. It takes work to explain it to employees and make sure that they see the value in it. [...] I think most companies are intimidated by the scope of doing that." **– CHRO**

We find some evidence that there was a bit of discussion between top management on whether elements of the BBEP should be changed, for example by offering discounts on stocks instead of RSUs, but ultimately, they landed on a model similar to the one used in 2020. The grant level was set at ten percent of the employees' annual salary, smaller than the 40 percent in 2017 and the 20 percent in 2020. Top management described the grant as sufficiently large to be meaningful to employees, yet small enough to be financed through the company's own cash flow without diluting shareholders, again illustrating how previous experiences carried over into the justification process (Tolbert & Zucker, 1996; Arroyo, 2012).

4.4.2. Institutional work: standardization and storytelling to sustain the institution

In the interviews, we find several examples of how management continued to engage in various forms of institutional work (Lawrence & Suddaby, 2006) following the decision to establish the continuous BBEP. Top management explained that the integration of newly acquired companies into the BBEP begins early in the acquisition process:

> "We reinforced this in every acquisition, explaining ownership, why it matters, what it means, and how to use equity. We engage in dialogue from day one, comparing cultures and aligning expectations. [...] [the CEO] leads this well [in townhalls], short remarks, then open Q&A, listening directly on the plant floor." **– CHRO**

Many elements from previous cycles have carried over, as much emphasis is placed on education (Lawrence & Suddaby, 2006; Hayne & Free, 2014) and making sure employees understand what equity is and how it connects to their daily work:

> "We educate employees on what it means to own stock. For many, it's the first time they've ever owned shares, especially in the company they work for. We encourage long-term thinking, though after two years, they're free to do what they think is best." **– CFO**

> "We require employees to take two courses: a code of conduct and our economic growth engine. The code covers integrity. The growth engine teaches how we drive double-digit EPS growth over a three- to five-year cycle and improve free cash flow. It builds a long-term mindset." **– CEO**

> "We make a strong effort to engage local leaders and HR teams, particularly in newly acquired businesses. We provide them with slide decks and equip them with the key information around our equity programs including what equity is, what RSUs are, and timelines for how everything works. Having those managers informed and engaged makes a real difference. Employees

> naturally turn to leaders they know and trust, and those leaders are often better positioned to explain things in a way that resonates locally. That connection helps employees better understand and engage with the program." **– Director Global Compensation**

Since the current BBEP is continuous – as INDUCO regularly acquires new companies and hires new personnel – the educational activities are conducted on a recurring basis. It was described that a standardized handbook therefore had been developed internally:

> "We've tried to make it simple, while still allowing flexibility. For example, we've created a guidebook that teams can use. Even though we operate in a very digital world, there's still value in having something tangible that people can go back to and reference. These materials are also available in multiple languages, we're even working on additional translations, like one for India right now." **– VP Global Communications and Brand**

The handbook includes practical information about the grant, such as its size and vesting timeline, and stories about how previous recipients had seen the value of the grant increase over time. It also provides employees with the space to reflect on and write down their own ideas about how they can contribute to the company's share price, as well as an explanation of the rationale underpinning the grant:

> "After your first year at [INDUCO], you will be offered a one-time grant, designed to make all our employee's owners of the company. One of our core values of the company is that we think and act like owners. Owners ensure the problems are owned, that they have a path to resolution, and they drive it themselves as needed. When there's a hard problem, owners don't punt it to someone else; they figure out how to pull a group of people together to find the right solution for our customers. We feel it is important that as our company grows, our employees have the opportunity to be shareholders who benefit from that growth" **– INDUCO Internal Handbook on the BBEP**

Another element closely tied to the BBEP that has carried over into the ongoing efforts to sustain the institution is the practice of organizing celebratory events and creating excitement around the grant. At the sites of acquired companies, celebrations are held on the first anniversary of each acquisition. Several interviewees explained that the company has developed standardized processes and communication templates for these celebrations and related information, specifically to ensure a good fit between the BBEP and the company's acquisition strategy. Much like in previous cycles, it is described as a process of combining information and excitement:

> "Given the scale of acquisitions in 2025 alone, all those sites will go through their one-year milestone this year. We've put materials and support in place to help those site teams manage that moment to ensure both consistency and ease of execution. The idea is that communication around ownership happens throughout the entire process, so when that one-year mark arrives, it's not a surprise. Employees already understand what's coming and what it means." **– VP Global Communications and Brand**

As INDUCO has previously done two large "point-in-time grants", they have accumulated many internal stories on how these grants have unfolded. These stories are frequently utilized in mythologizing (Lawrence & Suddaby, 2006; Hayne & Free, 2014) around the BBEP and the perceived benefits it provides the company. We have found examples of how videos from the initial IPO grant celebration are used in ongoing communication on, for example, LinkedIn and how "success stories" of recipients of previous grants are used on both social media, annual reports and in other investor communications. These success stories are further consistently used in internal communication, especially towards new employees:

> "It is important for them to understand that if they hold on to it, it can grow. [...] but also, there are success stories after they have sold. [...] We have a lot of success stories of [them] buying their first home, or buying a new car, or sending their kid to college. So those stories are great. And what our communication team has done with that is that they have like a video that employees get to see – I think it's right after when they start – that kind of goes through some of those 'how did this change my life' kind of thing, which is a very impactful way for them to understand how it can impact them personally." **– VP Total Rewards and HR Integration**

The company not only shares stories highlighting the financial benefits employees have gained from the grant, but also narratives illustrating how employees have demonstrated an "ownership mindset" and contributed successfully to company performance:

> "I think that it is important to reiterate and show examples of employees truly thinking and acting like an owner. So, whether that was they went above and beyond with a customer or… there was an engineer in [name of a production site], they were having an issue with finding a certain part. There was a supply chain issue, and he had this idea that, 'hey, what if we actually started 3D printing this?' [...] then he asked the site lead 'could we get a 3D printer? Let me test this'. And he gave him some capital so he could go and test this and now they're 3D printing the part themselves and are no longer reliant on a third party. So again, I think sharing some of those stories of what it really means in action is important, so people know that this is not just something we say, it's what people do." **– VP Global Communications and Brand**

We also identified found examples of management equipping employees with new resources (Lawrence & Suddaby, 2006; Hayne & Free, 2014) to support the institution, as described by two front-line managers directly affected by these resources:

> "For managers in [INDUCO], we have a monthly manager newsletter that contains links to toolkits for helping have conversations with our teams about grants and awards. Those are manager resources that allow us to have those conversations. In addition to that, in our company intranet there is a set of employee resources available. So as soon as you are receiving a grant, in the onboarding process, it's an actual topic that is discussed, covered and resources are provided and directed to." **– Business Development Leader**

> "In my department, I'm the 'go-to' to find out an answer. I don't want to not have an answer [...] but [the BBEP] has brought on more questions about 'how can I better myself with what I'm doing?' Say I may have one of my technicians saying 'I want to be better at a mechanical or an electrical or an electronic issue. How do I better myself?' Well, I'll tell them that [...] there are courses that you can take. But yes, I have seen the incentive for my employees to come to me [and say] 'I want to know more because I want to get deeper into this cause, I want to step up further in the company'." **– Maintenance Supervisor**

Additionally, INDUCO's annual reports from 2021 and onward describe how other processes within the organization have been adapted and deployed to support the BBEP. A new performance management and development process, that emphasized manager engagement and employee ownership, was introduced in 2021, and in the same year an executive-level program called "Lead Like an Owner" was launched.

In the annual reports, we further observe that INDUCO works actively with changing the normative associations (Zilber, 2002; Lawrence & Suddaby, 2006) of various organizational elements to support the BBEP. Already back in 2017, the company described in the CEO remarks that a formal employee engagement survey process had been put in place. The engagement scores from this survey were presented in subsequent annual reports – and in some cases even addressed in the section containing the CEO remarks. A shift can, however, be seen from 2022 onward. Since then, employee engagement has been commented on in *every* annual report's CEO remark, with the engagement scores being described as high and primarily attributed to the "ownership mindset" driven by the BBEP. A similar change in normative associations can be noted in the annual report section on INDUCO's "compensation and benefits philosophy", where comprehensive descriptions of the BBEP and the intentions to create an "ownership mindset" have been added since 2022.

The fact that the company now links the BBEP to broader dimensions of employee engagement – rather than to specific financial metrics such as working capital, as was the case in 2017 –was also addressed in several interviews:

> "Today we don't track a specific financial metric. We track safety, we believe it strongly correlates with employee engagement. We measure engagement through an annual, very formulaic survey. We also track employee satisfaction, including whether employees would recommend the company to family or friends. Now the focus is more on employee engagement." **– CEO**

> "We also run an annual engagement survey, and our scores are best-in-class from an engagement perspective. We do have metrics that reflect this. When we built the program, we expected it to have an impact in these areas, and it has. Our engagement scores continue to improve." **– VP Total Rewards and HR Integration**

Around this time, INDUCO was also one of founding partners of an NGO (hereafter referred to as "BBEP-NGO") with the purpose of spreading information about BBEP's and helping other companies implement them. INDUCO's CEO serves on the board of BBEP-NGO, and the involvement with the NGO is often highlighted in its investor communications, such as during investor days, where INDUCO is describing itself as "proud to be a pioneer in employee ownership". The engagement with BBEP-NGO can thus be seen as deploying a new type of resource (Lawrence & Suddaby, 2006; Hayne & Free, 2014) to support the institution (the BBEP), as it gives managers an external entity to "point to", to underscore how BBEPs are a growing phenomenon that many companies want to utilize, and that INDUCO is a leading actor within the field.

Although the term "institutional work" is understandably not used within the organization, given its academic and theoretical nature, we identified several instances of institutional work aimed at sustaining the BBEP. Moreover, the interviews indicate that these efforts are carried out both continuously and consciously by management, as illustrated by the following quote:

> "It's about making sure the idea of ownership continues to live on, right? Because while the grant itself is a one-time event, it's really the behaviors around it and everything you do ongoing that keep that mindset alive. We do a lot to reinforce that. We're constantly talking about our purpose and values in action, whether that's in town halls or other meetings. [...] We developed materials for leaders to revisit the company's purpose and values and really discuss how they show up within their own teams. **– VP Global Communications and Brand**

4.4.3. Embedding and routinizing: ongoing employee dialogue and finding unexpected benefits

There have been no changes to the eligibility criteria, allocation percentages or vesting conditions of the grant since 2021. As previously mentioned, we find no indications that the BBEP will be removed or substantially changed in the near future, suggesting that the program has become highly institutionalized (Burns & Scapens, 2000) among top management. The interviewees provide several examples suggesting that the BBEP has become embedded (Lawrence & Suddaby, 2006) and essentially taken for granted (Burns & Scapens, 2000; Burns & Baldvinsdottir, 2005) within the organization:

> "I've never heard a leader say if we should pull back on this. It's been very successful. It's a very good attraction tool as we're recruiting to have this as one of the things we offer, it just makes them feel a little bit more comfortable and excited about being acquired by [INDUCO]. So yeah, I've never had a leader say let's do something different." **– VP Total Rewards and HR Integration**

> "It's kind of up and running. I mean, it's not to say that we don't have discussions about it from time to time. But we do feel that employee ownership is part of our operating model at [INDUCO], there is absolutely no intent to change the model or the structure." **– CFO**

We further note that this perception is also continuously reinforced among top management. The CEO and CFO explained that they spend a lot of time visiting INDUCO's plants globally, as more than half of the company's employees and revenues are outside the U.S. These visits often include site tours and town hall meetings, which enable them to have direct interaction with employees. Top management perceived that these meetings have changed over time; the CFO, for example, described how shop-floor employees now raise questions that go beyond their immediate responsibilities, such as questions about dividend policy and capital allocation – issues traditionally associated with being an investor – interpreting this as evidence that "it really starts to cement how your employees are thinking differently than they historically were":

> "Back in 2011-2012, a typical town hall was [the CEO] doing 30 minutes of presentations, then Q&A. You ask questions from the audience which is largely a plant-based employee group, and you typically don't hear a lot. The plant manager generally has to step up and ask a few questions just to break the silence. And now if you flash forward to kind of how that looks today, generally

> speaking, how a town hall works with [the CEO], myself or even any of the broader management team, [...] we do 5 minute presentations where we're showing them the exact same slides to what we show our investors, because they're investors as well, they're shareholders. And then we try to do 50 or 55 minutes of Q&A, and that Q&A is an open forum." **– CFO**

Top management also explained that, during site visits, employees engaged in discussions that extended beyond their day-to-day responsibilities, which management perceived as distinguishing the company from other American firms:

> "I remember [the CEO] being in [one of our plants in the U.S.] and this employee said to [the CEO], 'shareholder to shareholder'. That was how she started asking her question. She obviously knows that he is the CEO, you have a senior leader here, but we are also common. [...] I thought even how she asked the question was just really unique and different from what I have seen working at some of these other large U.S. companies in the past." – **VP Global Communications**

Interviewees also described how employees shared personal stories during town hall meetings. As the CEO noted: "you hear stories from employees on how this [grant] has been life changing for them". Such interactions were described as recurring across sites and, together with managerial observations and interpretations of employees increasingly "thinking and acting like owners", appear to have reinforced top management's perception that the program was having a positive impact. In this sense, it suggests that the BBEP has become embedded (Lawrence & Suddaby, 2006) and taken for granted as an effective organizational practice:

> "There are employees who have sold some of their shares, for example, to make a down payment on a home or to help put their kids through college. On the flip side, there are also employees I've spoken to who continue to hold their shares, using them as a nest egg for retirement. [...] So you really hear these great stories on both sides, where people were able to improve their lives because of the grant." – **VP Global Communications**

> "An employee in Brazil used equity to pay for proper healthcare for his wife that was available outside of Brazil. And he had to dip in on the equity, otherwise he could have never done it. Or, you know, I'm in a town hall meeting in India and basically employees are saying thank you because they were able to pay off their home. [...] So when you start hearing stories like that, you know that you're doing some good for the employees and that is just super rewarding, not only for me, but also engages and motivates our leadership team." **– CEO**

It also appears that the BBEP has been perceived as gaining traction beyond the organization, with interviewees noting that other companies regularly reach out to INDUCO to learn more about the grant and its design. The external interest appears to have further reinforced the perception of the BBEP as a legitimate practice by top management:

> "I feel like at least twice a year I have companies reach out to me to talk through how we are doing it, how it is structured, how you get it set up. There's a lot of companies interested in what we've done, for sure" **– VP Total Rewards and HR Integration**

> "Early on, at the IPO, it was a wait-and-see. People didn't believe in it as they had never seen it work. I said, if it works, we'll talk again. Now that we've made it work and driven strong stock performance, beating the market, there's more interest." **– CEO**

Additionally, although not initially part of how management specified the control problem of creating and integrating personnel into an ownership mindset or justified the BBEP as a solution (Tolbert & Zucker, 1996; Arroyo, 2012), other positive outcomes have been identified by top management since the continuous program was implemented in 2021. For example, it is described as having helped in both attracting talent by making the compensation package more attractive, and executing M&A transactions:

> "[The grant] is also a differentiator in M&A. When talking to sellers, we can say we'll take care of their employees, they'll become owners with a real stake in [INDUCO]. That matters when winning deals." **– CFO**

> "In terms of ownership and M&A, it's been a real game changer. When we talk to family-owned companies, the ownership model gives them confidence that their employees will be in good hands. For many, those employees are like family, they want them to be treated well." **– CHRO**

These perceived effects are also in line with what potential outcomes the BBEP-NGO highlights with implementing a BBEP. A representative for BBEP-NGO argued that an organization can use a BBEP to "make your compensation package more attractive, [it] helps with hiring, [it] helps with retention, [...] transformation initiatives. So, to the extent that you are in a company that needs to [...] integrate several new acquisitions into a single company [...] operational efficiency [...] build a culture, what you want at the end of the day is that people contribute their ideas". The fact that INDUCO is presented by BBEP-NGO as a successful example of BBEP implementation is therefore likely to further reinforce the institutionalization of the program among top management.

In all interviews with INDUCO, the BBEP in its current form is often described as a distinctive feature that differentiates the company within the manufacturing industry and to other American firms; it is consistently placed on a 'pedestal' to why the organization is considered unique in its sense. We notice that interviewees tend to refer to the BBEP in taken for granted terms (Burns & Scapens, 2000): "it's just how things are done at the company", without reflecting much on its initial purpose – to improve working capital and link this to share price ownership. It appears that it is more commonly invoked as a way to identify with the organization:

> "[The CEO] talks about [the BBEP] quite a bit now whether he's speaking to investors or analysts. We highlight this program a lot because it really sets us apart from other companies. Especially in the manufacturing industry, it's not something you typically see, and that makes it a distinctive part of who we are." **– VP Total Rewards and HR Integration**

To conclude, in the decade since the initial IPO grant in 2017, the BBEP appears to have become institutionalized among top management, to the extent that it is now perceived as deeply embedded within the organization and taken for granted as a central driver of INDUCO's value creation. Our findings suggest that this institutionalization has been shaped by top management's sustained engagement in various forms of institutional work. These efforts have also generated important carry-over effects that impact how management responds to new control problems. Specifically, new control problems tend to be theorized in ways that position the continued use of equity grants as the most appropriate solution. Consequently, a control mechanism originally introduced to improve working capital management is now primarily conceptualized by top management as a tool for integrating new employees, particularly those joining through acquisitions.

5. Discussion

In this section we situate our empirical findings in a broader research context. First, we discuss how the repurposing of the BBEP broadens our understanding of management controls' multifinality and how existing controls and their associated institutional work affect not only the outcomes of the BBEP, but also how new control problems are defined. Second, we discuss how this shift in control purpose – from working capital management to personnel integration – plays out in INDUCO's integration efforts, thereby nuancing the notion that acquirers should create new group controls, instead of mechanically extending their own controls into the acquired company, to facilitate personnel integration.

5.1. The Repurposing and Multifinality of a Management Control Over Time

Previous contingency-based research has largely studied management controls cross-sectionally at a specific point in time (Davila, 2004; Martin, 2020), to identify how well different types of controls fit various control problems under specific organizational contingencies. However, this type of research risks missing the fact that the wide array of controls within an organization interact with each other and create firm-specific – positive or negative (Manthei et al., 2022; Van Der Kolk et al., 2020) – outcomes (Grabner & Moers, 2013; Merchant & Otley, 2020), creating the need for longitudinal field studies within MCS research (Otley, 2016), especially ones attempting to understand what is *"inside the [MCS] designers' heads [...] the decisions being made and the reasons for them"* (Merchant & Otley, 2020, p.6).

From our interviews, we found that top management's engagement in activities of institutional work aimed at institutionalizing a new control (a BBEP) within the organization, affects not only the employees – to whom the institutional work was directed – but also perceptions and control institutionalization among top management themselves. At INDUCO, this recursive effect played out in a way so that when the original control problem (working capital management) was addressed, top management specified the new challenges that they faced (personnel integration in M&A) as control problems where equity grants could be justified as a solution as well. This indicates that when the theorization of new control problems takes place, top management does not start with a "blank sheet of paper". Instead, this theorization process is subject to which controls having already been institutionalized among top management. As management engaged in more institutional work over time – for example educational activities, celebrations and town halls – these controls got even more taken for granted, increasing the likelihood that new – and diverse – control problems would be specified in ways so that the control was seen as a solution. At INDUCO, we found that the BBEP is largely unquestioned among management and seen as a control solving a wide array of control problems, such as personnel integration, recruitment, retention and closing M&As, despite these control problems being very different from the original working capital issue, and we theorize that this is due to their continuous engagement in institutional work to institutionalize the BBEP. Stepping back from the case organization, this has important theoretical implications. Whereas previous research has highlighted the potential multifinality of management controls (Merchant & Otley, 2020) – that the same control can serve different purposes – cross-sectionally in different organizations or for different actors, we find that the purpose of a control *within* an organization can change over a relatively short period of time. This *temporal multifinality,* as we chose to term it, illustrates that the scope of the control problem that the control intends to address might broaden over time. Our findings suggest that the unfolding of temporal multifinality is highly influenced by management's engagement in institutional work, and the subsequent institutionalization of controls. We argue that the temporal aspect of the multifinality concept is important to highlight, as it fundamentally differs from the cross-sectional differences in control purposes identified in previous research; multifinality between organizations simply refers to the fact that organizations can have different purposes when implementing a control, whereas temporal multifinality – by definition – contains an element of *re*purposing and therefore also MCS change. We therefore contribute to our understanding of how the path-dependency of management control design (Merchant & Otley, 2020) plays out over time, and argue that not only is the *outcome* of implementing a control dependent on its interplay with previous and existing controls within the organization, but so too is the *process* of defining the control problem to be solved. Additionally, an important perspective is that in the case of INDUCO – although some changes were made to the components of the control, such as a change in equity vehicle and simplified vesting terms – the change mainly occurred on the level of control purpose and problem definition, as well as in what way management engaged in institutional work . Even though the term 'temporal multifinality' is adjacent to findings from previous research on the temporal change of management controls (see for example Malina & Selto, 2004; Dávila et al., 2023; Bukh et al., 2024), we consider it representing a distinct, and somewhat overlooked, feature in that the purpose of the control can change over time, despite the design of the control itself being relatively stable.

Building on the concept of path-dependency, previous longitudinal research has also shown that management control design is about more than just finding an optimal solution to a control problem. Other factors, such as the perceived cost-effectiveness of the control, play an important role as well (Malina & Selto, 2004). Interviewees described implementing a BBEP as involving high initial costs – costs that INDUCO has already incurred. Management described these grant and implementation costs, amounting to several hundred million dollars, as one of the primary challenges associated with a BBEP. At the same time, management perceived that this investment was a "drop in the bucket" relative to the value they believe that the BBEP creates. Continuous use of the BBEP therefore also appears to be seen as a way to harvest the benefits of having already taken the initial costs, leading the BBEP to be perceived as a cost-effective management control. This perspective is twofold: on the one hand, it gives INDUCO the opportunity to deploy this control to solve new control problems in settings where "starting from scratch" might not have been seen by management as financially viable – thus expanding the "control toolbox" available for INDUCO's top management; on the other hand, it might make INDUCO's top management susceptible to Maslow's old saying *"it is tempting, if the only tool you have is a hammer, to treat everything as if it were a nail"*, increasing the risk that top management deploys the BBEP as a solution to problems where other controls would be better suited – simply because the institutional work they have engaged in has made the control so deeply institutionalized. Engaging in institutional work and institutionalizing a management control therefore comes with both risks and opportunities. Based on this, we echo the calls from previous scholars for more longitudinal management control research (Martin, 2020), as it can help deepen the understanding of why control problems are specified the way they are, and why certain controls are perceived as, for example, cost-effective ways of solving the problem.

This type of longitudinal research can also contribute to the ongoing "system vs. package discussion" within MCS research (Grabner & Moers, 2013; Merchant & Otley, 2020). In the case of INDUCO, we saw how seemingly diverse control practices, such as training on inventory management, celebrations and interactive town halls discussing the stock price improvement, were in fact interrelated and deployed consciously to institutionalize the BBEP and establish what the company referred to as an "ownership mindset". As previously mentioned, the elements of the BBEP itself were relatively stable over time and changes mainly related to its purpose and the interrelated activities described above. In this thesis we have illustrated how these activities constituted part of the institutional work performed by top managers to institutionalize the control, showing how the BBEP and the interrelated activities of institutional work together gradually formed into what could be conceptualized as an ideological control system (Kraus et al., 2016) tightly connected to the ownership mindset that management wishes to embed in the organization.

This connection between the control and top management's belief in the "ownership mindset" also places the importance of the people engaging in the institutional work at the center of the stage. Our interviews indicate a managerial passion for the idea of an ownership mindset, especially from the CEO, who also plays a key role within BBEP-NGO. Several interviewees have also highlighted that the CEO has had a significant role in implementing the BBEP and ensuring its perceived success. This is in line with the findings from Kraus et al. (2016) that the leader's ability to articulate and communicate the ideology for the organization is key to the use of ideological control. Our conceptual framework has analyzed how the BBEP has become institutionalized over several periods, with experiences from previous institutional work carrying over and affecting the theorization of new control problems. At INDUCO, several key actors of the top management team – not at least the CEO – have been within the company since the initial equity grant in 2017. This means that the same set of people have engaged in institutional work over a sustained period, becoming increasingly committed to the BBEP and the idea of an ownership mindset. The fact that INDUCO has seen little turnover among top management has therefore likely affected why new – and different – control problems are specified as ones where equity grants are justified as the best solution, indicating that top management composition has a large impact on how the path-dependency of control design, repurposing and temporal multifinality unfolds. Investigating this proposition in depth would, however, require studying an organization having undergone managerial change and has therefore not been within the scope of this thesis.

5.2. Using an Existing Management Control to Enable Personnel Integration

Our findings also contribute to understanding how management controls can be perceived as useful to address control problems related to personnel integration in post-acquisition settings. Our case company has undergone both a mega-merger and a subsequent shift towards an acquisition-driven strategy, in which the BBEP has been described by top management as playing an important role in the personnel integration. In line with prior research, we observe that a merger between two previously independent organizations, here, the merger between GARDCO and the industrial segment of MECHCO, introduced an additional layer of complexity to the integration process (Ruess & Voelpel, 2012). This organizational heterogeneity – the merging of a legacy organization and a more agile, private equity-shaped firm – can create misunderstandings regarding the different decision-making norms and performance expectations (Bauer et al., 2016); as described by the interviewees, there was some disengagement during the post-merger acclimation period. Rather than viewing integration as a purely structural exercise, research suggests that the value creation in M&As ultimately depends, among other factors, on how personnel are integrated and made mutually reinforcing (Granlund, 2003; Steigenberger, 2016). Our findings indicate that this is how top management – especially from the GARDCO side – defined the integration problem from the beginning.

Prior empirical evidence in M&A settings suggests that it is unrealistic to think that a "mechanical extension" of the acquiring firm's controls will bring order to the acquired company (Jones 1985b; Granlund, 2003); rather "group controls" should be developed to fit the post-acquisition context to better support personnel integration and mitigate control-related challenges associated with having a larger organizational size, as in the case of this mega-merger. From this perspective, top management should have considered the current ways of working at both GARDCO and MECHCO (Jones, 1985b; Granlund, 2003); yet management prioritized the implementation of the control previously used at

GARDCO – the BBEP – as the primary integration mechanism, rather than designing a control framework better suited to the new combined entity. As the CEO noted, the intention was to *"create a unifying mechanism across two very long-standing legacy companies",* positioning the equity grant as a means of achieving such alignment. A similar logic appeared in the context of the acquisition strategy, where the CFO pointed to the importance of ensuring that *"new employees and those new companies feel just as empowered as the existing employee base"*, illustrating how the BBEP is continuously used in the context of personnel integration.

Why do top management favor extending an existing control despite prior research recommending the creation of group controls? This is a question requiring additional future research, but we can offer potential explanations based on our findings. From our interviews, it appears that top management attributes much of the firm's success to the fact that the company is shaped by an "ownership mindset" that is reinforced through the BBEP. From this perspective, the equity grant does not function solely as a formal control mechanism, but also as a symbolic device (Jones, 1986) that embodies the organization's guiding principle of "thinking and acting like owners", signaling to new hires and acquired employees the normative expectations within INDUCO. In section 5.1, we have discussed how INDUCO management's engagement in activities of institutional work has broadened the scope of the BBEP's purpose over time – so that it now largely constitutes a form of ideological control system (Kraus et al., 2016) tightly connected to this "ownership mindset". This has theoretical implications for management controls in M&A settings. Even though the creation of new group controls might outperform the practice of mechanically extending the acquirer's control onto the target with respect to certain types of controls (Granlund, 2003), this dynamic does not necessarily hold for symbolic or ideological controls as well. Research suggests that cultural clashes are one of the main reasons underlying or accounting for most M&A failures (see e.g., Steigenberger 2016), meaning that controls specifically addressing company culture could be more suitable for mechanical extension to acquired firms. Part of the reason why management perceives the mechanical extension of the BBEP as successful could therefore be their interpretation of it as an institutional carrier of INDUCO's culture of "thinking and acting like owners", to which they attribute much of the company's success. Furthermore, the continuous institutionalization of the BBEP and the associated ownership mindset in the acquired firm is not left to passive diffusion; management actively reinforces the BBEP through various forms of institutional work – for example, celebration storytelling and the ownership handbook – that further embeds the institutionalization of the BBEP within the organization.

6. Concluding Remarks

This section summarizes the research contributions of this thesis and presents some implications for both researchers and practitioners. We end by acknowledging the study's limitations and presenting some potential future research avenues that can be pursued to further develop the research field.

6.1. Contribution and Implications

This thesis has investigated the research question *"How do top managers repurpose a control tool within an evolving control package to address new control problems?"*. Using a retrospective longitudinal case study on a U.S.-based industrial company, we have found that a specific management control can be repurposed over a relatively short timeframe to address new organizational control problems, illustrating how the multifinality of management controls (Merchant & Otley, 2020) is not only a concept relevant when discussing management control purposes cross-sectionally between organizations and actors, but also a relevant concept within the same organization at different points in time – something we term *temporal multifinality*. By utilizing the theory on institutional work (Lawrence & Suddaby, 2006), we have investigated how top management's engagement in activities of institutional work does not necessarily affect only to what extent the BBEP gets taken for granted among other organizational actors, but that in the process of institutional work the BBEP gets highly institutionalized among top management themselves. This, in turn, affects how the theorization of new organizational events and control problems is framed, and to what extent existing controls are repurposed to address these as well. This recursive effect of engaging in institutional work has, as far as we know, not been addressed in previous research, but is a perspective that merits recognition in understanding managerial reasoning. This also relates to a finding that we consider to be key feature of temporal multifinality: the purpose of a control within an organization can change over time, even though the elements of the control itself remain largely unchanged. MCS research can therefore not limit itself to study only the MCS but must also strive to understand the thought processes of those responsible for design decisions (Merchant & Otley, 2020).

Additionally, this thesis contributes to a research area largely overlooked: the role of management controls in facilitating a corporate strategy anchored on M&As. Prior literature suggests that successful personnel integration depends on the creation of "group controls" (Jones, 1985b; Granlund, 2003) – joint controls designed for the newly combined entity. Our findings, however, show that INDUCO chose to extend an existing acquirer-side control – the BBEP – rather than develop new group-level controls. Although further research is needed to fully understand the boundary conditions under which such mechanical extension of the acquirer's controls is perceived as successful, our empirical results offer some potential explanations. When the extended control carries strong symbolic weight and constitutes a part of an ideological control (Kraus et al., 2016) – in this case, an ownership mindset – and the control is further reinforced through repeated instances of institutional work directed at the acquired firm, management seems to perceive less need to construct the group controls prescribed in previous research.

The insights above pose some implications for both researchers and managers. Previous research has called for more longitudinal research studying the managerial reasoning underpinning the MCS design process (Otley, 2016; Merchant & Otley, 2020), and our thesis can serve as an illustration of why. INDUCO's current use of the BBEP would have been insufficiently understood if it had been studied from a "point-in-time" perspective. We argue that to understand a management control and its role in the overall MCS, the control cannot be studied in isolation. Instead, the researcher should also collect information about the control's history, how management has reasoned around the control in the past, what tradeoffs that have been made, and what actions that have been taken to embed the control within the organization. This requires a longitudinal perspective. From a managerial perspective, our thesis illustrates that expanding a company's existing controls onto another company in an M&A setting can be perceived as a viable strategy, but that it likely requires management to engage in different forms of institutional work – rather than to hope for passive diffusion. Additionally, we illustrate that when a control with high initial costs gets institutionalized, the likelihood that the control can be perceived as cost-efficiently used for other purposes than the originally intended increase, providing top management with an expanded "control toolbox". However, we also see the risk that this leads to the control being perceived as a universal tool that can solve any problem, even though there might be other, more suitable, solutions to the problem. Based on our thesis findings, we therefore encourage managers to reflect of how existing controls might affect how new control problems are framed, and how they can most efficiently deploy controls to handle them.

6.2. Limitations and Suggestions for Future Research

In this thesis we have focused on a specific management control – a BBEP – to investigate how top management repurpose a control tool within an evolving control package to address new control problems. An obvious path for potential future research would be to study how other types of management controls are repurposed over time within an organization.

In section 3.1.1 we discussed the reasons for, and limitations of, engaging in a *retrospective* longitudinal study. To mitigate the risks that interviewees' inaccurately recall past experiences further than we have managed to do by our documentary analysis, a *prospective* longitudinal research design would offer additional insights.

We also see significant research opportunities on BBEPs specifically as well. Even though several interviewees underscored that INDUCO strives to benchmark the company's stock performance against competitors and indices – rather than to simply look at the value change of INDUCO's own stock – it is important to highlight the performance of the overall stock market during the lifetime of INDUCO's BBEP. In the years 2017 to 2025, the S&P 500 index grew by approximately 160% (S&P 500 Index, n.d.) which, even though INDUCO has grown more than the index in the same period, accounts for a large portion of the value growth of the BBEP. It is likely that that a sustained period of poor market performance could alter the perceptions of the BBEP and future research could investigate this further if the market environment shifts. Additionally, this thesis has focused on the thought process and activities of top management to understand why and how management controls are repurposed over time; the perspective of the employees has not been at the center given the time constraints and limits on organizational access. Future research could broaden the understanding of control repurposing by investigating how this process is understood and enacted by employees or other stakeholders. Furthermore, this thesis is based on a single case study of a U.S.-based company. Several interviewees – not least from BBEP-NGO – have pointed out that INDUCO's approach to working with the BBEP has thus far been largely, though not exclusively, a U.S.-centric phenomenon. Given differences in factors such as industry structure, culture, and size of equity markets, it could be valuable for future research to investigate how the theorization and implementation of a BBEP differs in a non-U.S. setting.

As noted in section 5.1, a recurring theme across several interviews has been the impact of the CEO on the BBEP. The CEO, along with much of the top management team, has remained in the company since the initial grant in 2017. A potential future avenue for research would therefore be to examine how the influence of existing institutionalized controls on the theorization of new control problems changes when a company undergoes significant shifts in the composition of its top management team. Even though INDUCO has had consistency in its top management team in both the IPO and the mega-merger, these types of liquidity events are commonly associated with management exits (Krug & Aguilera, 2005), making M&A settings especially suitable for studying this research gap as well.

Prior research suggests that group controls are an effective mechanism for personnel integration. Our findings, however, indicate that personnel integration can be perceived as possible to achieve without constructing group controls, if the extended control is a symbolic (Jones, 1986) or ideological control (Kraus et al., 2016) coupled with institutional work. Future research could build on these insights to further investigate in what contexts group controls are perceived as appropriate, and when the mechanical extension of existing acquirer controls is a viable alternative. Besides only looking into whether the extension of symbolic or ideological controls affects the need to construct group controls, another interesting research topic would be to study M&A contexts where the acquirer is significantly larger than the acquired companies. It is likely that large acquirers perceive it as a strain to reconstruct their control systems when acquiring small firms.

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8. Appendix

Appendix A: Empirical Observations

List of interview participants

Interviewee	**Date**

Initial exploratory interview to understand the company, case setting etc.:

Chairman, President & CEO	7 January 2026

Subject matter interviews within the case company:

Vice President, Total Rewards, HR Integration, and HR Systems	3 February 2026
Vice President, Global Communications and Brand	10 February 2026
Maintenance Supervisor	4 March 2026
Director, Global Compensation	5 March 2026
Senior Vice President and CHRO	9 March 2026
Senior Vice President and CFO	10 March 2026
Business Development Leader	24 March 2026
Chairman, President and CEO	26 March 2026

Initial exploratory interview to understand BBEPs based on industry expertise in a BBEP-non-profit-organization working with the case company:

Senior Director, Marketing and Communications	2 April 2026

Subject matter interviews to understand BBEPs based on industry expertise in a BBEP nonprofit organization working with the case company:

Senior Manager, Client Advisory Services	16 April 2026
Senior Director, Marketing and Communications	27 April 2026

Other interviews to triangulate information:

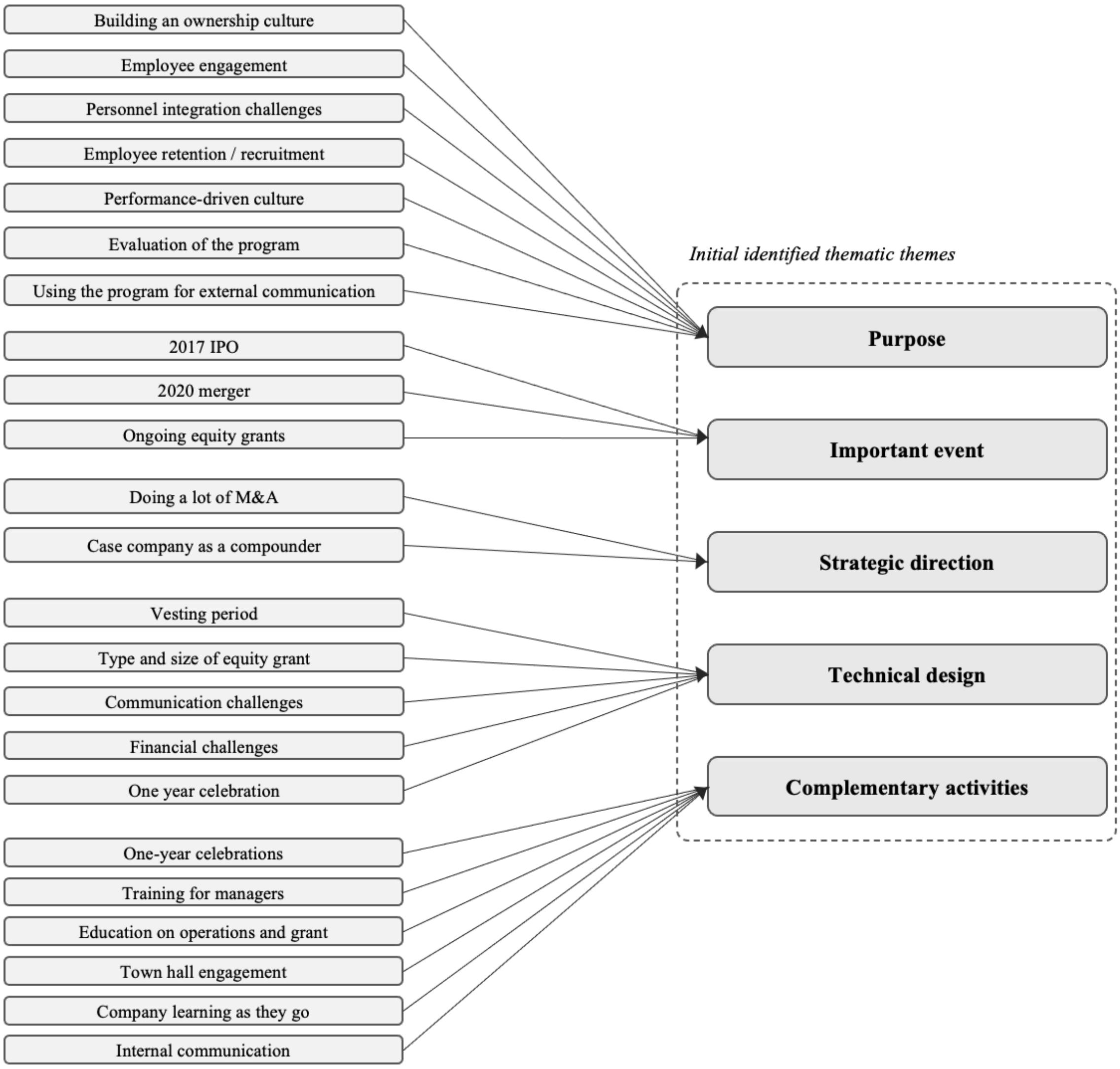
Industry Expert on M&A Integration	23 March 2026
Founder of a company acquired by the case company	8 April 2026

List of Documentary Materials

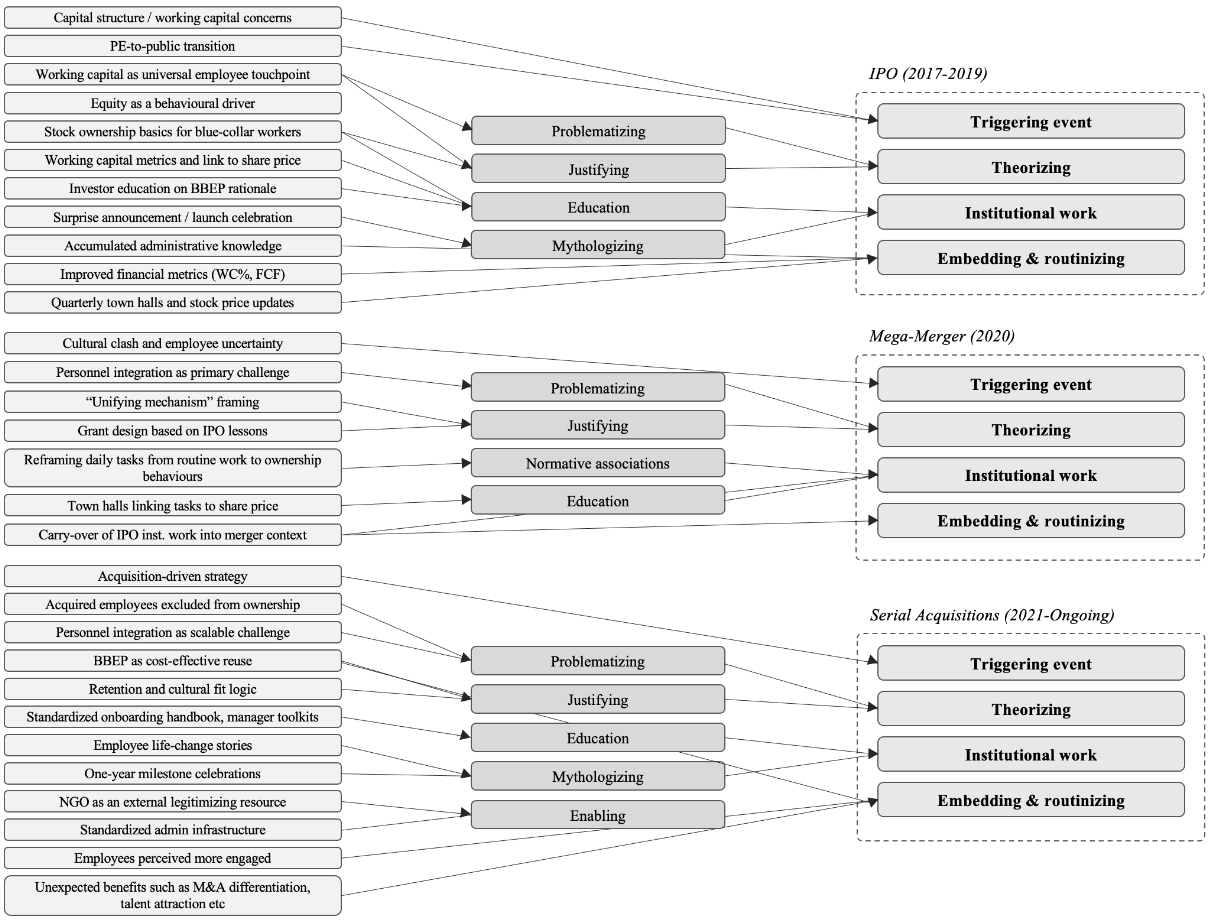
Document
Investor Day 2023 Recording
Investor Day 2023 PowerPoint Presentation
Investor Day 2021 PowerPoint Presentation
Press Release on the 2020 Grant
Harvard Business Review Article on BBEPs and Case Company
MIT Sloane Management Review Article on BBEPs and Case Company
Fortune Article on BBEPs and Case Company
Financial Times Article on BBEPs and Case Company
Business Ecosystem Alliance description of Private Equity Owner, Case Company and BBEP
Press Release on a 2025 Acquisition
Promotional Video from the not-for-profit-BBEP-organization featuring INDUCO top-management
Promotional Video from the not-for-profit-BBEP-organization featuring INDUCO employees
Internal "Ownership Guidebook" provided to employees
2017 Annual Report
2018 Annual Report
2019 Annual Report
2020 Annual Report
2021 Annual Report
2022 Annual Report
2023 Annual Report
2024 Annual Report

Appendix B: Coding Trees

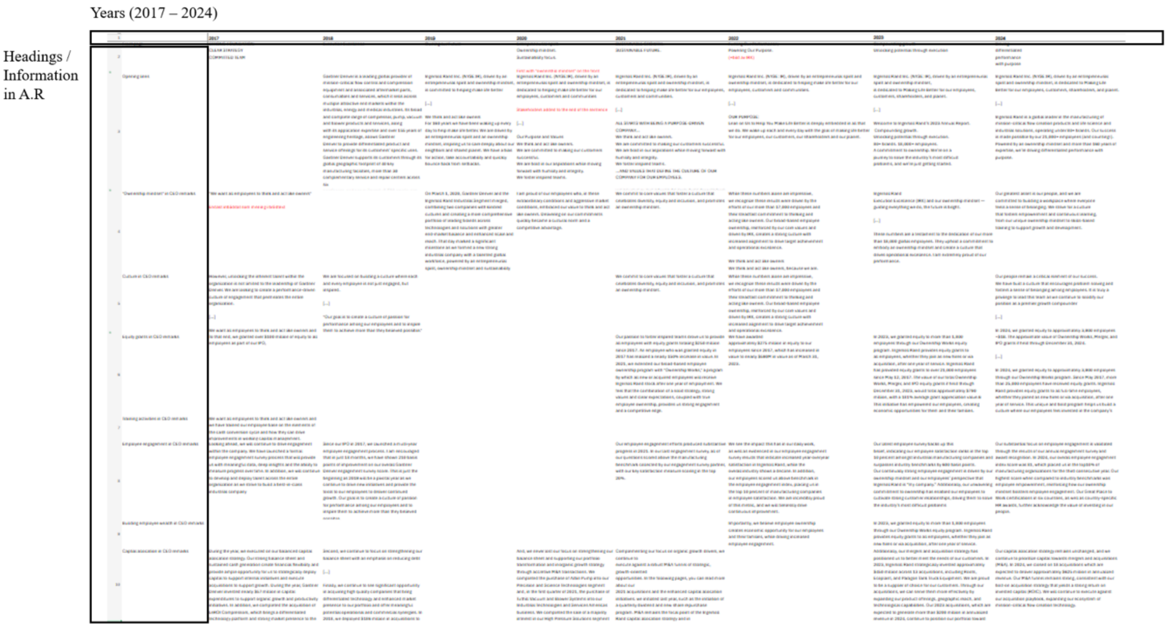
First-Cycle Coding Structure



Second-Cycle (Conceptual Framework) Coding Structure



Excel Matrix for Annual Report Analysis



Appendix C: Interview Guides

Initial Interview Guide

Theme	Illustrative Questions
Formalities and professional background	• Explanation of the purpose of the study and consent to recording and data handling. • Can you describe your background, current role and responsibilities [at interviewing organization]?
The BBEP	• How did you come to know about the BBEP? Was it already there before you were hired? Did you contribute to its design / updates in any way? • Do you know why [INDUCO] introduced this BBEP, or what motivated its introduction? • Can you describe the BBEP and how it works in practice? • The BBEP was introduced in 2017 and is still ongoing. From your perspective, why do you think it has continued? What has been your experience of how it works, and why? • [INDUCO] has completed many acquisitions in recent years. What are your reflections around the use of the BBEP with every company acquired so far? What, in your perspective, are the main reasons for which it has been constantly used since its launch?
Perceived effects from the BBEP	• How do you personally experience the BBEP? What would you say are its main strengths, based on your own experience? • From your perspective, what challenges or limitations does the BBEP have? Are there any aspects that you think are overlooked or under-discussed? • How does the company evaluate or follow up on the BBEP's impact? Are they strictly monitored? Are specific KPIs used, e.g., related to cultural integration, turnover or engagement?

Second Interview Guide

Theme	**Illustrative Questions**
Formalities and professional background	• Explanation of the purpose of the study and consent to recording and data handling. • Can you describe your background, current role and responsibilities [at interviewing organization]?
2017 IPO	• Why was the BBEP originally established back in 2017? What need or problem was it intended to address? Who were the key drivers and what were their main motivations? • How was the BBEP initially received within the organization?
2020 mega-merger	• How did you reason around implementing the BBEP in connection with the mega-merger in 2020? • What did you do differently this time compared to the IPO grant?
2021 and onward acquisition-focused strategy	• What was the rationale for making the BBEP continuously ongoing? • How is the BBEP affected by doing frequent acquisitions? • What (major) changes have been made to the BBEP since the IPO until today?
Other considerations around the BBEP	• How do you evaluate whether the program is worthwhile to maintain? Do you have KPIs or other metrics you use? • What is the purpose of running celebrations and trainings connected to the BBEP? Are there any other initiatives or practices linked to the BBEP that are important to consider? • Why do you think not all companies have a BBEP? • What feedback do you receive from investors and what questions do they typically ask?

Appendix D: AI Disclosure

For the purposes of this thesis, we used a generative AI tool, ChatGPT, in writing the literature review, formulating parts of the empirical analysis, and proofreading the final draft.

When preparing the literature review, we used prompts such as those listed below to request lists of relevant article titles, including journal names and author details. The articles suggested by ChatGPT were subsequently searched in Scopus to verify their existence and assess their relevance:

- What are the seminal papers in established accounting journals on equity- or stock-based incentive systems?
- Are there any from Management Accounting Research, Accounting, Auditing & Accountability Journal, Qualitative Research in Accounting & Management, or Accounting, Organizations and Society?
- I want a list of qualitative research studies that use case studies to investigate why firms implement monetary incentive systems.
- I want well-cited studies on the role of management controls in organizational change.
- Give me a list of articles studying the repurposing of management controls over time. This could, for example, include settings in which a company has had to repurpose a specific control due to an IPO, an LBO, an M&A transaction, international expansion, product diversification, financial turbulence, or similar circumstances.
- Is there any research on management controls and whether different controls can complement or counteract each other?

When writing the empirical analysis, we used ChatGPT to assist with phrasing. As both thesis authors are native Swedish speakers, we sometimes found that we had an appropriate Swedish phrase for presenting our findings but struggled to translate it into a semantically equivalent English expression. In these instances, we often entered the Swedish phrase into ChatGPT and asked it to provide two or three alternative English versions. We then either used one of these suggestions in the empirical discussion or drew on them as inspiration when formulating our own phrasing, depending how well we considered the AI-generated suggestions captured the intended meaning.

Lastly, we used ChatGPT to proofread the completed thesis draft. This helped us identify minor errors, such as misspellings of authors' names.