

Money For Nothing:

How Serial Acquirers Use Management Control Systems To Mitigate the Hostile Employment Effect and Maximize Employee Retention In the Acquisition Process.

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Abstract: This thesis aims to advance the literature on acquisition integration processes, and the use of Management Control Systems (MCS) therein. While prior research in the intersection between M&A and MCS tend to focus on the technical merger of two separate control systems, the role of MCS *during* the acquisition process to achieve M&A-objectives remain comparatively understudied.

Motivated by closing this gap, this study conducts a qualitative explanatory single-case study of ServiceCo, a large Swedish serial acquirer, drawing on eight semi-structured interviews with M&A personnel, integration managers, HR, and acquired employees. The empirics are structured around a three-phase acquisition model and analyzed through the perspective of MCS as well as sensemaking and sensegiving.

In doing so, we found that acquisitions give rise to a situation of hostile employment; a temporary state in which acquired employees are employed by an organization they have not actively chosen. With this concept as a backdrop, we further found (1) the pre-acquisition phase is crucial to establish early alignment with acquired managers, enabling mediated sensegiving; (2) MCS function primarily as sensegiving devices that communicate organizational identity, with their effectiveness depending on coherence around an overarching ideological control; and (3) the effectiveness of MCS-based sensegiving is constrained by boundary conditions including employees' familiarity with formalized controls, operational complementarity, and the *sensegiving vacuum*.

Keywords: Hostile Employment; MCS; Mergers & Acquisitions; Sensemaking; Sensegiving

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1. Introduction

“You often choose your employer actively. You may have a lot of emotional attachment to the company and its brand, and then someone else acquires you. A lot collapses in your original choice. An acquisition shakes people’s reality.” (*Integration Manager*)

The outcome of an acquisition in a knowledge-intensive service firm depends on the extent to which the company manages to retain the acquired employees and their competence. If the acquired employees leave, the acquirer has paid money for nothing.

“The worry in your stomach when you buy a consulting company is: what happens if the team says the next day, “We’re done - we quit.” (*Integration Manager*)

Examining the proportion of acquisitions that are deemed successful, this concern appears justified, as the realm of M&A-research offers little support that M&A is a wise allocation of capital. For instance, King et al. (2004, p. 195) conclude that “acquisitions either have no significant effect or a modest negative effect on an acquiring firm’s financial performance in the post-announcement period.” In addition, Sudarsanam (2003, p. 389) reports that “in 47% of sample cases the acquirer shareholders experience wealth losses”.

Prior research points to a number of reasons why acquisitions might fail to deliver their expected outcomes. For example, cultural clashes, lack of trust, and employee resistance are all sources of disruptions that could cause the employees to disengage and leave the new employer (Smeulders et al., 2023; Väisänen et al., 2021; Larsson and Finkelstein, 1999). This makes the integration process an intricate matter, where Bauer and Matzler (2014, p. 274) suggest that the integration phase is “very risky”. At the same time, the integration phase seems to be a key determinant for the value created by the acquisition, where Larsson and Finkelstein (1999, p. 1) identifies integration as “the single most important factor” for realizing expected benefits of an acquisition.

In spite of the suggested reliance on the problem-associated post-acquisition integration phase for positive M&A outcomes, mergers and acquisitions continue to be a central factor contributing to external growth and corporate development (Bauer and Matzler, 2014). In addition, 2025 marked the second-highest deal value recorded in a single year, reaching \$4.8 trillion (Bain, 2025).

However, despite the vast M&A activity around the globe, the acquisition integration process remains understudied. Therefore, this thesis responds to the calls made by scholars,

such as Vuorenmaa (2024), Razi and Garrick (2019), and Angwin and Meadows (2015), to increase the focus on acquisition integration. More specifically, we identify a clear gap in the current literature at the intersection of M&A and MCS. Presently, studies on acquisition integration in relation to MCS tend to focus on the merging of two separate control systems post-acquisition, such as Granlund (2003). This highlights the need for a study examining how MCS are used during integration processes to achieve M&A objectives.

Hence, the aim of this study is to contribute to the emerging literature on integration processes post-acquisitions, and the role of Management Control Systems therein. To advance the literature in this domain, we propose the following research question:

How do serial acquirers use Management Control Systems to mitigate the hostile employment effect and maximize employee retention in the acquisition process?

In our exploration of acquisition integration at ServiceCo, we found a post-acquisition effect that we call hostile employment that needs to be mitigated to prevent acquired employees from leaving. We define hostile employment as a temporary state following an acquisition where the acquired employees find themselves employed by a company that they have not actively or voluntarily sought to be part of. With this concept as a backdrop, we make three main contributions to the present literature.

Firstly, the previously overlooked pre-acquisition phase emerges as a decisive phase for employee retention, as aligning acquired managers early enables them to act as credible, proximate sensegivers toward the acquired employees through mediated sensegiving.

Secondly, we find that ServiceCo deploys MCS not primarily as coordination instruments during the acquisition process, but as sensegiving devices through which acquired employees construct an understanding of their new employer and its organizational identity. We conclude that the effectiveness of using MCS as sensegiving devices in integration contexts depend on their coherence around an overarching ideological control - in our case the ServiceCo Model.

Thirdly, we find that the effectiveness of MCS-based sensegiving is constrained by several boundary conditions, including acquired employees' familiarity with formalized controls, operational complementarity, and - what we term - the sensegiving vacuum where unavoidable information gaps during the announcement phase fuel uncertainty and fear.

2. Literature and Theory

This section situates the present study within the M&A literature by offering an overview of general M&A success factors and challenges, and an examination of previous studies on MCS in acquisitions and other integration settings. Moreover, the section reviews the theoretical foundations of sensemaking and sensegiving and their relevance for understanding how meaning is constructed and communicated during acquisition integration.

2.1 Drivers, Barriers and MCS in M&A

2.1.1 M&A Success Factors

“When a CEO wants to boost corporate performance or jump-start long-term growth, the thought of acquiring another company can be extraordinarily seductive.”
(Christensen et al., 2011, p. 49)

The current literature seems to be unanimous that companies and their top management pin high hopes to their M&A strategies to realize their growth agendas (Christensen et al., 2011, Bauer and Matzler, 2014). This despite that M&A success has been widely questioned, where failure rates have been proposed to be as high as 70-90% (Christensen et al., 2011, King et al., 2004; Sudarsanam, 2003; Bagchi and Rao, 1992). An exception to the low success rates of M&As seems to be the Nordic - and Swedish in particular - serial acquirers. Dybvad et al. (2025, p. 31) suggest that Sweden is the “unique home of many compounders” as the country has produced many successful acquisition-driven companies. The authors of the book *The Compounders: From Small Acquisitions to Giant Shareholder Returns* point towards several factors contributing to Sweden’s success with serial acquirers. These include trust, transparency and efficiency creating a “thriving ecosystem for acquisition-driven compounders” (Dybvad et al., p. 33). This, in turn, has enabled the serial acquirers to develop “non-bureaucratic, concise, and standardized transaction practices, reducing complexity and ensuring deals are executed with minimal friction” (Dybvad et al., p. 33).

Hence, it seems like sustained M&A success is possible, at least based on empirics from Sweden, prompting us to dig deeper into the characteristics of successful acquirers. One success factor that the current literature identifies is the targeting of smaller companies (Chatterjee, 2009; Rovit et al., 2004). An ideal target is proposed to be 15% of the size of the acquiring firm (Rovit et al., 2004). For instance, smaller companies are said to be exposed to lower attention from capital markets enabling a lower premium, they are easier to integrate and

“less likely to suffer from the ego problems of the owner” (Chatterjee, 2009, p. 151; Rovit et al., 2004).

Similarly to targeting smaller firms experiencing less attention from capital markets, another factor contributing to success seems to be to operate within an inefficient market (Chatterjee, 2009). This is because the lack of information in such markets lowers the attractiveness for other acquirers, reducing the competitive pressures. In turn, the less intense competitive landscape offers the acquirer “more time, leading to better due diligence, and usually lower premiums compared with an acquisition market with multiple potential acquirers”. Another means of achieving this is to become the *acquirer-of-choice* where the acquirer positions itself so that the target is keen to come directly to them when considering selling the company (Chatterjee, 2009).

The key to successful M&A, however, seems to be having a “well articulated acquisition programme clarifying the business logic by which the acquisitions, individually and collectively, will create shareholder value” (Chatterjee, 2009, p. 138). This is echoed by Rovit et al. (2004, p. 1) emphasizing that successful acquirers have made M&A “an integral part of their strategies and have refined their strategic approaches, dealmaking teams, and acquisition processes through repetition - just as they would support any other core competency”. Consequently, the designated M&A-teams are involved throughout the acquisition process from the outset being responsible for screening and due diligence (Rovit et al., 2004). Moreover, they consistently review potential targets and keep a list of candidates that the company wants to acquire “if the price is right or if the business becomes available” (Rovit et al., 2004, p. 3). In addition, the M&A-teams work closely with the line management as they often have a better view of potential deal opportunities being closer to the market than the headquarters. Moreover, line management plays a critical role in evaluating potential targets as they will be responsible for “integrating and running the acquired business” should the acquisition be completed (Rovit et al., 2004, p. 4).

Furthermore, the close involvement of the line management and the acquisition programmes identifying the business logic by which the acquisitions are made also help successful acquirers avoid integration failures. For instance, Christensen et al. (2011, p. 50) indicate that acquisitions often fail to meet their expectations since “executives incorrectly match candidates to the strategic purpose of the deal” making these companies “pay the wrong price and integrate the acquisition in the wrong way”. Nevertheless, companies with a clear acquisition programme rarely experience integration issues as the “integration is closely tied to the programme logic and there is a high level of clarity about the impact the integration will

have in delivering the expected returns from the acquisition” (Chatterjee, 2009, p. 151). Thus, the clear acquisition logic facilitating integration processes can help explain why these companies are more successful, since Christensen et al. (2011, p. 50) underpin the importance of integration by suggesting that:

“The success or failure of an acquisition lies in the nuts and bolts of integration.”

Ultimately, well-defined acquisition programmes improve clarity and, in turn, reduce the probability of failure (Chatterjee, 2009).

In the next section, we will take a closer look at the challenges that need to be overcome by acquisition programmes and integration processes, because as Christensen et al. (2011, p. 57) state:

“There is no magic in buying another company.”

2.1.2 Post-Acquisition Challenges

As indicated above, acquisitions are not a magic means of improving corporate performance, but they are associated with tangible challenges that need to be overcome.

2.1.2.1 Cultural Clashes

Among the most documented of these challenges is clashes in the organizational cultures, which can be defined as a pattern of shared and stable beliefs and values that are developed within a company across time (Gordon and DiTomaso, 1992).

For instance, Smeulders et al. (2023) investigated the moderating effect of integration controls on the impact of employee resistance stemming from cultural clashes on acquisition performance using survey data of 459 firms. One of their key findings suggested that “cultural differences between both firms relate to employee resistance, which itself relates negatively to firm performance after the acquisition” (Smeulders et al., 2023, p. 11). Moreover, the authors also found that the integration controls used by management play a role in the extent to which initial employee resistance relates to acquisition outcomes.

Another piece of evidence underpinning the importance of culture on acquisition outcomes can be retrieved from Kilmann et al. (1985). For instance, they state that culture is so important that “it might even be more advantageous to trade off some financial pluses for cultural benefits”, as this will reduce transaction costs and misfortunes (Kilmann et al., 1985, p. 427-428). In addition, Kilmann et al. describe that the human tendency to resist “any

movement from a relatively certain state to an uncertain one” lays the deepest foundation of culture. Hence, when undergoing organizational changes, the authors identify a risk that the employees’ sense of what the organization will be like might be based on their fears of losing meaning and purpose.

Lastly, to illustrate the role of culture in post-acquisition processes, we borrow a metaphor of cultural clashes and their impact on synergy realization from Kilmann et al. (1985, p. 427):

“Picture two icebergs in the ocean, where the tip of each represents the top management groups - primarily financial people - deciding the fate of the two companies and how the merger will work. As these top management groups set the merger in process, the two icebergs begin moving toward one another until the tips meet and mesh as one. Such a consolidation however, can never take place. As the icebergs approach one another, it is not the tops that meet; rather it is the much larger mass below the surface of the water, the respective cultures that collide. Instead of synergy there is a culture clash.”

2.1.2.2 Employee Resistance

Employee resistance related to cultural clashes has already been touched upon in conjunction with Smeulder et al.'s (2023) paper. Nevertheless, additional aspects of resistance are worth noting before proceeding to the role of MCS in post-acquisition settings. For instance, Larsson and Finkelstein (1999) conducted a process-oriented study developing an "integrative model", meaning that knowledge from a range of disciplines, such as finance, strategy and HRM, was combined. In the paper, Larsson and Finkelstein (1999, p. 1) reasoned that "synergy realization depends on the combination's potential, the degree of integration achieved, and the lack of employee resistance". Once again, the importance of low employee resistance is emphasized for acquisition success. Nevertheless, Larsson and Finkelstein (1999, p. 1) also made an observation that acquisitions where synergies were to be realized by combining similar operations tended to cause "more resistance from employees than M&As focused on realizing complementary benefits".

Another cause of employee resistance was identified by Rottig's (2017, p. 12) study, in which it is argued that acquired managers often go from being a “big fish in a small pond” to a “small fish in a big pond” after being acquired. Thus, Rottig suggests that this decline in status tends to result in dissatisfaction and eventual departure from the acquiring company.

Consequently, Rottig (2017, p. 12) concludes that this phenomenon leads to “losing important human capital” resulting in the “failure of these transactions”.

2.1.2.3 Trust and Mistrust

In addition, another factor that has been identified as an influential factor for acquisition success is the extent of trust (and mistrust) in the post-acquisition phase. For example, Väisänen et al. (2021) contributes to the literature on trust in post-acquisition settings by studying how enabling perceptions of management controls can be established. In their qualitative study based on interviews, observations and document analysis, Väisänen et al. (2021, p. 1342) suggest that the difference between controls perceived as enabling or coercive is “whether employees perceive formalization as a means to better master their work tasks, or as a means for management to force them to comply with rules”.

In addition, an important finding of Väisänen et al. (2021, p. 1360) is that in situations when “employees feel that their managers trust them, ... , they take this into account and do not necessarily perceive controls as coercive”.

In the following section, we narrow down the previous literature further, exploring how the role of MCS in integration contexts have been studied before.

2.1.3 MCS In Post-Acquisition and Integration Settings

Although there is currently limited research on how MCS are used in the post-acquisition integration process to maximize employee retention, studies on the role of MCS in other acquisition and integration settings offer a valuable theoretical foundation.

Before we examine the current literature on MCS in M&A contexts, it is valuable to provide a brief account of MCS in general. The present thesis defines management control systems as the formal and informal mechanisms managers use to influence employee behaviour and ensure that organizational activities are aligned with strategic objectives (Simons, 1995; Merchant & Van der Stede, 2017). Rather than consisting of a single system, management control systems typically operate as a package comprising planning controls (e.g., long-range planning), cybernetic controls (e.g., budgeting), reward and compensation controls (e.g., goal-based bonuses), administrative controls (e.g., policies and procedures), and cultural controls (e.g., value statements) that collectively guide organizational behaviour (Malmi & Brown, 2008).

With this definition in mind, most present literature on the intersection between Management Control Systems and M&A focus on the merger of the acquiring and acquired firms' separate MCSs. One such study is Granlund's (2003) longitudinal case study of a Finnish serial acquirer. Although the case company has performed a chain of both small and large acquisitions, the case study focuses on the merger of "two companies of equal size, but with different cultures and management accounting systems" (Granlund, 2003, p. 209). Through review of financial statements, internal company reports, 38 interviews and 20 informal conversations, as well as participative observation, Granlund's (2003, p. 210) study aims to answer the questions of "What was the integration process like?; , Who designed the new system?; and, Why did the system take the particular new form?"

The findings of Granlund's (2003) study indicate that the integration process was characterized by delays, limited resources, and ambiguity among management on the goals of the integration and how the integration process was to be conducted. This situation got further complicated by the lack of reliable measures of financial performance since the figures of "Proco" and "Unico" were calculated using different principles. In this context, the new system was designed by the new Group Controller, who took little help or influence from other people in the organization. Hence, the process was characterized by what Granlund (2003, p. 236) refers to as "dominant individuals". The new system was established after an analysis of the merging companies' separate systems, where the best characteristics were maintained or developed. In the end, the new Group Controller reached the conclusion that Unico's system was simpler and thus superior, after having spent more time than he was supposed to at Unico sites. However, one interviewee claimed that the new system was a "forced marriage" (Granlund, 2003, p. 225). This perception stemmed from the opposing views of two merging entities that were based on their "different backgrounds and ideas of usability". According to the Head Management Accountant at Proco, this made the integration process "the worst nightmare that she had ever had".

Granlund's (2003, p. 212) study also suggests that MAS play a vital role in the process of post-acquisition integration, where the author claims that such systems can "uphold organisational routines" in turbulent times. On the same note, Granlund (2003, p. 234) emphasizes that corporate mergers can result in an absence of a "common accounting system and language, thus leading to organisational instability". In such situations with lacking MAS, Granlund (2003, p. 234) indicates that "the management of organisational units may become an impossible mission, as the crucial tool of co-ordination and stabilisation is missing". In the case of "Proco" and "Unico", Granlund (2003, p. 235) argues that the existence of a common

accounting system for communicating norms and values from the outset could have reduced “some friction in the cultural and operational integration” between the two companies, illustrating the potential role of MAS in acquisition integration processes.

The role of Management Accounting Systems in the post-acquisition phase has also been explored by Jones (1985), who was one of the pioneers within this realm of accounting research. In his 1985 study, Jones examined 30 organizations in the United Kingdom that had performed at least one significant acquisition over the last three years. The majority of the companies involved in the study belonged to the manufacturing sector, whereas a smaller share of the organizations had their core business in distribution or services.

An important aspect of Jones’ (1985, p. 197) paper is the concept of organizational equilibrium, where acquisitions are said to disrupt the balance of organizational control, meaning that MAS - as a “facilitator of integration and motivation” - need to be reshaped to restore the internal equilibrium. To achieve this, Jones argues that organizational integration, new organizational structures and flows of information as a basis for strategic decision-making need to come into place, simultaneously as the day-to-day operations are enhanced. In the empirical study, Jones (1985, p. 180) goes as far as claiming that the extent to which these new demands on the MAS are fulfilled “may affect the outcome of the acquisition”.

Moreover, in Jones’ (1985) study spanning over the first two post-acquisition years, there are several findings on the management control relationships created between the acquiring and acquired firms. On a general level, Jones (1985, p. 196) found that resistance and post-acquisition problems were closely related as “problems were sometimes symptoms of resistance and sometimes problems and difficulties stimulated resistance”. Moreover, the “higher importance attached to the Management Accounting Technique (MAT), the faster any changes were introduced” (Jones, 1985, p. 186). Such changes that were introduced swiftly by the acquiring companies included techniques that allowed for exercising control over “operations and over delegated authority, for example budgeting, formalised capital expenditure control, and monthly accounts reports” (Jones, 1985, p. 186). The changes imposed in the MAS were concluded to reflect the “changes in management style” following an acquisition (Jones, 1985, p. 190). Jones (1985, p. 186) found that some of the acquisitions studied were associated with a lack of trust between the acquiring and acquired company, prompting the acquirer to “police” the acquired company through its MAS.

Moreover, in the absence of a pluralism of studies focusing on how MCS can facilitate the integration of an acquired firm, we turn to the literature on the role of MCS in another type of integration, namely that of global organizations. One such integration-related study is Busco

et al.'s (2008) explanatory case study of Nestlé Waters conducted between 2002-2004. The study aims at investigating the role of Performance Management Systems (PMS), defined as practices that support processes of strategic decision making, planning and control, in managing tensions within global organizations that strive towards deeper levels of integration. In addition, the authors rely on a broad definition of integration, namely the outcome of a process through which various tensions are managed, which is applicable to the acquisition integration process as well.

For instance, Busco et al.'s (2008) case study of Nestlé reveals that new budgeting procedures and end-to-end profit & loss accounts were introduced, aiming at emphasizing the overall results of its international brands, rather than individual dittos for single producers and distributors. An illustrative quote from one of the semistructured interviews with a business unit finance manager concludes that “Before the introduction of the ETE P&L the relations with our international colleagues were very poor.” and “Now, with the new system, a new mentality is emerging”, depicting the influence PMS can have on directing organizational behaviour (Busco et al., 2008, p. 116). In summary, the authors find that tensions are managed through alignment to common goals, common structures, and standardization of processes, which are achieved through end-to-end profitability, business unit structure, and measurement practices and information flows respectively. Ultimately, Busco et al. (2008, p. 122) concludes that “PMS can be used to bind together [...] geographically and organisationally diverse entities”.

2.1.4 Gap In M&A-Research

Our study contributes to the domain where research on M&A and MCS intersect as it attempts to respond to the calls made by scholars, as done by Vuorenmaa (2024), Razi and Garrick (2019) and Angwin and Meadows (2015), to increase the research focus on acquisition integration processes. Presently, studies on acquisition integration in relation to MCS tend to focus on the merging of two separate control systems post-acquisition (such as Granlund, 2003). This highlights the need for a study examining how MCS are used by companies *during* acquisition processes to achieve their M&A-goals, such as retaining acquired employees. Thus, the overarching aim of our study is to explore the role of MCS in maximizing employee retention coming from a situation of hostile employment, which has not been done before. Hence, this is our gap. It is not argued in the thesis that the present literature on M&A or MCS

is incorrect, but rather we attempt to add a piece to the domain of acquisition integration that we consider is missing.

Attempting to fill this gap, our study draws on sensemaking and sensegiving as its theoretical lens, which the following section introduces.

2.2 Sensemaking and Sensegiving in M&A

As discussed in 2.1, mergers and acquisitions create situations of substantial uncertainty and ambiguity. Existing structures, routines, expectations, and identities may be disrupted as organizations are brought together, while new reporting relationships, strategic priorities, management practices, and cultural expectations are introduced. These changes affect multiple actors, including top managers, middle managers, and employees, who may interpret the acquisition differently depending on their organizational position, prior experience, and perceived future within the combined organization. This is particularly evident in acquisition integration, where employees in the acquired firm must understand what the acquisition means for their roles, autonomy, work practices, and future organizational belonging.

In such situations, sensemaking becomes central. Members of both the acquiring and acquired firms must interpret events that deviate from prior assumptions and construct plausible understandings of what is happening. At the same time, sensegiving is equally important, since managers and other influential actors may attempt to guide how others interpret the acquisition and thereby influence collective understanding and action. Taken together, sensemaking and sensegiving provide a useful theoretical lens for examining how meaning is constructed, communicated, and negotiated during acquisition integration.

This thesis draws significant inspiration from Kraus and Strömsten (2012), whose theorization of accounting, sensemaking, and sensegiving is closely aligned with the theoretical concerns of the present study. The present thesis builds on the same body of literature and is therefore theoretically aligned with their work, while applying these ideas to a different empirical context. Their study is discussed in more detail later in this section.

Sensemaking can be theoretically understood as the process through which individuals construct meaning in ambiguous or unfamiliar situations in order to understand what is happening and guide action (Weick, 1995; Weick, 1993). Rather than interpreting a fixed reality, actors produce meaning by retrospectively interpreting cues from ongoing events and integrating them into plausible accounts that make situations understandable. In an acquisition context, this may occur when employees in the acquired firm receive limited or fragmented

information following the announcement of the transaction. They may then interpret cues such as initial meetings with new managers, changes in reporting routines, the introduction of new systems, or informal comments from colleagues. Through these interactions, they begin to construct an understanding of what the acquisition means for their roles, job security, autonomy, and future within the new organization.

Accounting has long been recognized as important in such processes. For instance, Boland and Pondy (1983, p. 224) describe accounting as “one of the major formal sets of symbols available to organizational actors for ordering and interpreting their experience”. Similarly, Roberts and Scapens (1985, p. 448) argue that accounting provides organizational members with categories through which they can “order their experiences of one another and in terms of which to orient their actions.” Building on this, Tillmann and Goddard (2008) further suggest that accounting can be understood as an important sensemaking tool as it can provide actors with a structured way of interpreting ambiguous situations by translating organizational developments into recognizable categories, measures, and comparisons.

While sensemaking concerns how individuals and groups interpret events, these interpretations are often shaped by actors who attempt to influence how others understand a situation. Gioia and Chittipeddi (1991, p. 442) define sensegiving as a process of “attempting to influence the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality”. In the context of acquisition integration, this may occur when managers seek to reduce uncertainty among acquired employees by explaining why the acquisition was made, what value the acquired firm brings, and what role employees are expected to play in the new organization. Such sensegiving can take place through formal communication, integration meetings, Q&A sessions, onboarding activities, and the introduction of new management control practices.

Maitlis (2005) extends this understanding by demonstrating that different forms of organizational sensemaking depend on the degree to which leaders and stakeholders participate in sensegiving. Sensegiving is therefore not limited to top-down managerial communication, but is part of an interactive process in which different actors seek to shape organizational accounts, interpretations, and actions. This is important for the present thesis as it highlights that managers may guide interpretations not only through direct explanations and narratives, but also by organizing interactions, selecting what information is emphasized, and shaping the accounts through which organizational change is understood.

Accounting has also been examined in relation to sensegiving processes. Kraus and Strömsten (2012), for instance, conducted a longitudinal study of four companies going public

on the Swedish stock exchange, showing how accounting metrics functioned as both sensemaking and sensegiving devices across different phases of the IPO process. Serving as concrete reference points, these metrics helped top managers and financial analysts interpret uncertainty and communicate priorities. This highlights how accounting can serve not only as a tool for interpretation, but also as a medium through which organizational priorities are actively communicated and shaped.

Puhakka (2017) further builds on this stream of research in a context that is particularly close to the focus of this thesis: acquisition integration. His study is one of the few that explicitly examines accounting as a resource for sensegiving in post-acquisition integration, and it offers several insights into how accounting shapes the way meaning is communicated and imposed during integration. Puhakka (2017) shows that accounting metrics are not only devices through which buyers make sense of an acquisition opportunity, but also instruments through which they actively attempt to shape the understanding of the acquired organization. In this view, the meaning a buyer constructs prior to the deal is carried forward into integration through accounting categories, which become the language through which the combined entity is communicated and enacted. Accounting thereby functions as a central medium of sensegiving, allowing managers to translate strategic intentions into recognizable measures and targets that can be used to direct attention and align expectations.

At the same time, Puhakka (2017) highlights that accounting-based sensegiving is not always received as intended. When acquired actors have not participated in the buyer's prior meaning construction, the introduction of new accounting principles and metrics can be experienced as an imposition rather than a shared frame, generating ambiguity and resistance. Puhakka (2017, p. 13) further shows that "accounting metrics became the anchor for ex post sensemaking", which illustrates how the same metrics that enable sensegiving can also narrow managerial attention and constrain the range of issues that remain visible during integration. His contribution to this literature is therefore to show that accounting is not merely a backdrop to sensegiving in acquisitions but one of its central instruments, and that its role in shaping interpretations is both productive and limiting.

This is highly relevant for the present thesis because it shows that accounting and control practices can play an active role in shaping how acquisitions are understood and communicated. However, whereas Puhakka (2017) focuses primarily on accounting metrics as instruments of sensegiving among managerial and ownership actors in acquisition integration, this thesis focuses more specifically on how the acquiring firm uses MCS as sensegiving mechanisms toward acquired employees. In this sense, we extend the discussion from

accounting as an instrument of sensegiving between acquisition principals to management control systems as practical and communicative mechanisms through which meaning is conveyed to acquired employees during integration.

In this thesis, sensemaking and sensegiving are therefore understood as closely intertwined processes through which organizational actors interpret and shape the meaning of acquisitions under conditions of uncertainty and change. Three insights from the literature reviewed above inform the analytical approach of this thesis. First, following Boland and Pondy (1983), Roberts and Scapens (1985), and Tillmann and Goddard (2008), accounting and control practices are treated not as neutral representations of organizational reality, but as devices that provide actors with categories and reference points through which ambiguous situations can be interpreted. Second, following Gioia and Chittipeddi (1991) and Maitlis (2005), sensegiving is understood as an active and interactive attempt to influence how others come to understand organizational change, carried out not only through direct communication but also through the ways in which interactions are organized and information is emphasized. Third, following Kraus and Strömsten (2012) and Puhakka (2017), accounting and control practices are understood to play an active role in this sensegiving, functioning as instruments through which managers can shape interpretations and direct attention.

These insights are taken forward into the analysis by examining how the management of ServiceCo seeks to influence how acquired employees understand the new organizational context through the use of management control systems. MCS are thus not conceptualized only as tools for coordination, monitoring, and performance management, but also as mechanisms through which sensegiving is carried out. Analytically, this means that each control practice observed at ServiceCo is examined not only in terms of what it does operationally, but also in terms of what it communicates to acquired employees about the organization they are now part of, and how it shapes their interpretation of their role, autonomy, and future within ServiceCo.

Furthermore, as touched upon in 2.1.3, Malmi and Brown's (2008) conceptualization of MCS as a package of interrelated controls allows us to capture a broad range of practices in a coherent and systematic way. Combined with the sensegiving lens outlined above, this framework supports the analysis of how different forms of control are used and combined throughout the process, and how they contribute to shaping acquired employees' understanding of the acquisition, their role in the new organization, and the expectations placed upon them. To capture how this unfolds over time, the thesis adopts a processual perspective by dividing the acquisition integration process into three phases: (1) a pre-acquisition phase, (2) an announcement phase, and (3) a post-acquisition phase. This enables an analysis of how

sensegiving is prepared, communicated, and reinforced across different stages of the acquisition process, and of how the meaning of the acquisition is constructed and conveyed through MCS as it unfolds.

Having situated the study within the sensemaking and sensegiving literature and outlined how this perspective informs the analysis, the next section outlines our methodological choices and the procedures through which our empirical material was gathered.

3. Methodology

This section outlines how our empirical study was designed and eventually conducted. It describes the rationale for choosing an explanatory case study, how our data was collected and the process of data analysis.

3.1 Research Design

Ultimately, our paper attempts to answer the research question: *How do serial acquirers use Management Control Systems to mitigate the hostile employment effect and maximize employee retention in the acquisition process?* To address this question, the present study adopts a qualitative approach in a single case study.

According to Creswell (2009, p. 4), a qualitative research approach is appropriate in studies examining “the meaning individuals or groups ascribe to a social or human problem”, which fits the purpose of this paper of exploring sensemaking and sensegiving in turbulent acquisition contexts. Moreover, a case study was chosen due to its strengths outlined by Scapens (2004, p. 251), suggesting that case-based studies enable a better understanding of accounting operations “in its organisational, social and societal contexts”, which also aligns with the purpose of our paper. Considering the scope of our paper, we decided to pursue a single case study to thoroughly investigate how MCS are used in sensegiving and sensemaking processes in acquisition settings. In addition, Scapens (2004) argues that case studies can be used in a variety of ways depending on the research question investigated. Since this study attempts to explain the reasons for observed accounting practices, focusing on the use of MCS to facilitate sensegiving and sensemaking, our paper employs an explanatory case study approach.

Nevertheless, there has been a discourse among scholars whether generalization in qualitative case studies is possible (Lukka and Kasanen, 1995). In accordance with Lukka and Kasanen’s (1995, p. 77) argument that a moderating view is possible, suggesting that

“generalization to a reasonable extent is possible from a properly conducted case study”, we aim to provide a case study where the results of the investigation of hostile employment, MCS, and sensegiving hold true for other cases to some extent.

The case company for our explanatory case study, ServiceCo, was selected for three reasons. First, ServiceCo is headquartered in Stockholm, ensuring access to qualitative data, such as in-person interviews. Second, rather than pursuing isolated transactions, the case company continuously acquires smaller, specialized firms. Hence, the company is a serial acquirer, making it well suited for examining sensegiving and sensemaking through MCS as a recurring organizational process. Third, in professional service firms, a substantial share of value is embedded in human capital and tacit knowledge rather than in tangible assets. As a result, post-acquisition employee turnover can quickly undermine expected acquisition value. This makes the case suitable for studying sensemaking and sensegiving practices aimed at retaining key personnel and preserving acquired value.

3.2 Data Collection

The vast majority of the data in our study stems from interviews with key personnel within the M&A-team, HR, and acquired employees at ServiceCo. According to Yin (2003), interviews are one of the most distinguished sources of case study information, as they are helpful to unravel human affairs within organizations. We conducted the interviews using a semi-structured format, as Qu and Dumay (2011, p. 246) highlight that such interviews are “flexible, accessible and intelligible” and “capable of disclosing important and often hidden facets of human and organizational behavior”. Also, Qu and Dumay (2011, p. 246) state that “semi-structured interviews help develop understanding of the ways in which managers make sense of, and create meanings about, their jobs and their environment”, explicitly hinting at the appropriateness of using semi-structured interviews to explore sensemaking and sensegiving.

Moreover, to provide guidance and ensure that the intended themes were discussed, an interview guide was drafted prior to each interview (Qu and Dumay, 2011). The interview guide was tailored to the interviewee based on its role as well as findings from previous interviews that we wanted to dig deeper into (see an example interview guide in appendix 8.2). The guiding questions outlined in the interview guide also reflected whether the person had been involved in sensemaking or sensegiving processes in acquisitions. In general terms, the sensegivers were asked about the integration process and the MCS used therein, whereas the

sensemakers were questioned about their perceptions, experiences and difficulties in involuntarily changing employers.

In addition to careful preparation, such as drafting an interview guide, Qu and Dumay (2011) claim that notetaking is a strategy for satisfactory interview results. However, we decided to focus less on notetaking and more on active listening during the interviews. This enabled us to ask more probing and follow-up questions as well as give the interviewee our undivided attention, leading to further elaboration by the interview subjects, which often provided us with the most fruitful insights.

Using this approach, we interviewed 8 people, including two external interviewees (see appendix 8.1). The external interviews provided additional empirics on experiences of hostile employment and strengthened our understanding of employee satisfaction. The first external person was a former owner of a local accounting firm in a medium-sized Swedish city. The person sold the company to one of the big four accounting firms, after which the employees experienced hostile employment. The second external person was a People & Culture manager at a large Swedish retail firm. This interview deepened our knowledge of factors influencing job satisfaction, important aspects to consider during change processes, and the role of culture, leadership and corporate identity in organizations.

The process of finding the interviewees started at the initial meetings with our main contact at ServiceCo, the Chief Strategy Officer. They connected us with some of the key personnel involved in the acquisition processes, upon which we scheduled and held our first interviews. After that point and the two first interviews, we relied on snowball sampling to find new interview subjects, where the first interviews revealed new interesting people or topics, after which we established contact and scheduled sessions with the new interviewees.

3.3 Data Analysis

Immediately after each interview, we held a short debriefing discussion where we discussed the findings and noted any major discoveries. After almost every such session, a topic was identified as especially interesting going forward, where this topic was either new or where the interview data had reinforced its importance. Subsequent to debriefing, the interviews, physical as well as digital, were transcribed based on the audio recordings to safeguard accuracy and reliability in the data. Since all interviews, except one, were conducted in Swedish, the transcripts were translated to English to facilitate working with interview data.

Throughout the research process, we have employed an abductive approach where we have iterated between previous literature on MCS, post-acquisition settings, and M&A challenges, and the empirical data retrieved through the interviews. This iterative process meant that the specific topic and research angle shifted multiple times throughout the process, but the overarching theme - investigating the role of MCS in maximizing employee retention after acquisitions - remained the same.

After a handful of interviews had been conducted and transcribed, patterns started to emerge in the data. Consequently, we utilized thematic coding to structure our findings to facilitate the following analysis. Thus, extracts from the interviews were sorted under the categories (i) Hostile Employment, (ii) Sensegiving in the Pre-Acquisition Phase, (iii) Sensegiving in the Announcement Phase, and (iv) Sensegiving in the Post-Acquisition Phase.

4. Empirical Findings: Three Phases of Sensegiving in the Acquisition Process

With our research design and data collection process established, the paper now turns to the empirical material gathered through our interviews. The findings are presented in five parts, beginning with a contextual background of ServiceCo and an empirical account of hostile employment, before tracing sensegiving across the three phases of the acquisition process.

4.1 Background and Contextual Information

The empirical setting of this study is a large professional services firm operating in multiple business areas and geographic markets. The firm employs several thousand professionals and operates a project-based, knowledge-intensive business model reliant on specialized expertise, client relationships, and accumulated organizational knowledge.

Organizationally, the case organization - ServiceCo - operates through a decentralized model, which is also one of the four cornerstones in the “ServiceCo Model”. The other three pillars are operational excellence, top talent, and customer first¹.

The decentralized model allows ServiceCo to be agile and stay close to its customers, consisting of authorities, municipalities, and private companies. In addition, the decentralized

¹ The names of the pillars have been altered to preserve the anonymity of the case company, while retaining the essence of the original ones.

model allows ServiceCo to identify M&A-targets early as part of its active acquisition strategy. Since the turn of the millennium, ServiceCo has completed around 160 acquisitions.

“We acquire people’s will and ability. [...] An acquisition fails when the value leaves the organization, and then you have paid for something that one no longer possesses.”

The dilemma of a service firm with an active acquisition strategy is illustrated by the quote of ServiceCo’s CEO (Public Podcast, 2019²). Hence, this places paramount importance on retaining employees post-acquisitions. The following section will provide empirical background to the concept of hostile employment, before we explore how ServiceCo operates through its Management Control Systems in sensegiving and sensemaking processes to maximize retention.

4.2 Conditions for Hostile Employment

“When an acquisition is announced, everyone’s phones start ringing right away. In fact, at least four different recruiters reached out to our employees within hours.”
(Integration Manager and Previous CEO of AcquiredCo)

Immediately after an acquisition is made public, opportunistic recruiters and companies try to attract talent and competence at the acquired company. But what makes an acquisition announcement such a favorable situation for competitors’ recruiters? In this section, we take a step back and introduce a concept we coined hostile employment and present supporting empirics.

When exploring the reactions of employees to the news of being acquired, all interview subjects pointed towards the existence of clashes between employees’ original choice of employer and being employed by ServiceCo instead. For instance, a common view that was shared claimed that acquired employees deliberately chose to work for another organization than ServiceCo at the outset, leading to friction post-acquisition.

“People choose to work at a small, owner-managed company because they like the owners, the company itself, and their colleagues. Otherwise, you’d probably work at a large company.”*(Integration Manager and Previous CEO of AcquiredCo)*

² For reasons of maintaining the anonymity of the case company, the full reference of the podcast cannot be disclosed.

This line of argument was elaborated by another key person within the M&A-team, emphasizing that:

“You may have chosen a smaller, more close-knit organization and might not want to work for a 20,000-employee company. This might make you start looking for something else [after being acquired].” (*Group M&A*)

As described in the methodology section, we conducted a series of expert interviews to complement our findings at the case organization. Therefore, we were curious if this phenomenon is present in other knowledge-intensive sectors, and turned to the seller of an accounting firm to a Big 4 company:

“Many of the employees we had recruited had originally come from the big firms. A lot of them had actively chosen to leave those firms and join us for our culture and personal touch. After three years, none of the original 16 employees who had been there at the time of the acquisition remained.” (*Expert 1*)

What Expert 1 describes is the consequence of failed sensemaking: when acquired employees cannot construct a plausible and meaningful account of their new employer that reconciles with their prior professional identity, departure becomes a reasonable course of action.

Hence, it seems that the tendency to leave the new employer if it contradicts the original choice too much is a consistent theme in knowledge-intensive firms making acquisitions. So how does this play out in practice?

During the interviews, the participants explained that people, like always, react differently to the news, but that there often is an element of shock and initial reluctance. One integration manager illustrates:

“People were crying after the news that they had been acquired was communicated.” (*Integration Manager and Previous CEO of AcquiredCo*)

Another integration manager summarizes the foundation to the, at least initial, reactions of uncertainty and reluctance to the change of employer:

“You often choose your employer actively. You may have a lot of emotional attachment to the company and its brand, and then someone else acquires you. A lot collapses in your original choice. An acquisition shakes people’s reality.” (*Integration Manager*)

When employees' choice of employer is overruled, uncertainty and ambiguity around the new employer's identity and culture need to be overcome. We call this effect hostile employment. We define hostile employment as a temporary state following an acquisition where an acquired employee finds itself employed by a company that they have not actively or voluntarily sought to be part of, leading to uncertainty and professional-identity clashes. In Weick's (1995) terms, hostile employment triggers a sensemaking crisis: acquired employees must reconstruct a plausible account of who they now work for and what that means for their professional identity.

The picture of hostile employment that the interview subjects depict does not only discomfort the employees themselves. The interviewed People & Culture expert means that this can also give rise to problems for the acquiring company during the integration:

“At the role and competence level, there may be a match. But what about at the cultural level? The identity level? If I'm bringing in people who come from a completely different idea of how things should be done and who we are as a corporation, then we are suddenly talking about change management at a very complex scale.” (*Expert 2*)

In the following sections, we will present empirics on how ServiceCo works with MCS to give sense during the acquisition process to ultimately overcome the hostile employment effect. Our empirics are structured in a three-staged process model, including the phases (i) Pre-Acquisition, (ii) Announcement, and (iii) Post-Acquisition.

4.3 Sensegiving in the Pre-Acquisition Phase

Before a transaction is completed, ServiceCo identifies, assesses, and engages potential acquisition targets. The empirical material indicates that this phase is not merely a screening stage, but foundational to later integration, as early alignment, cultural assessment, management involvement, and communication planning establish important groundwork. The process begins with a strategic assessment of competence needs and market position, where targets are identified based on gaps in ServiceCo's existing capabilities. Thus, the focus extends beyond financial considerations to the people and competences being acquired.

“We look for ‘white spots’ where we are not market leaders, or for competencies we do not have.” (*Group M&A*)

Once potential targets are identified, early discussions focus on alignment rather than price alone. The interviews indicate that establishing a shared view of the future organization is a prerequisite before moving forward in the process.

“We discuss whether we see this as a real opportunity and how they would fit into ServiceCo... Only when we are aligned on that do we send a non-binding offer.”

(Regional M&A Manager)

This early alignment is described as critical, as it sets the direction for the integration process and influences later outcomes.

“This stage is very important because it lays the foundation for successful integration later.” *(Regional M&A Manager)*

A central activity in this phase is to develop a detailed understanding of how the target company is organized and operates, including decision-making structures and performance follow-up. This is described as an interactive and dialogue-driven process.

“We try to understand in detail how the company is organized and how it operates... It’s really about discussion, understanding, and finding common ground.” *(Regional M&A Manager)*

Hence, to facilitate developing an understanding of the target, prior relationships are seen as beneficial. According to ServiceCo, pre-existing relations reduce uncertainty and provide deeper insight into the target company’s operations. Rather than relying solely on formal assessments, prior collaboration enables a more grounded understanding of the organization.

“We see it as a big advantage when we have worked with the companies before acquiring them.” *(Group M&A)*

In parallel, cultural and organizational differences are assessed, not to eliminate them, but to identify what must be managed during integration.

“There are always cultural differences... what we spend time on is understanding where the differences are so that we can manage them during integration.” *(Group M&A)*

These differences are often more pronounced when acquiring smaller firms, which tend to operate more informally and are less familiar with structured systems and controls.

“Smaller companies sometimes handle these things more informally.” (*Regional M&A Manager*)

This creates a potential gap when transitioning into ServiceCo’s more formalized environment, which may lead to challenges post-acquisition.

“Some people find the bureaucracy difficult... and unfortunately some people leave because of that.” (*Group M&A*)

By contrast, larger or more corporate targets are often easier to integrate due to familiarity with similar structures and ways of working.

“If you acquire very large companies... they are used to corporate talk and written information in a different way.” (*Integration Manager and Previous CEO of AcquiredCo*)

As the process progresses, these activities become more structured through due diligence. However, the interviews indicate that due diligence is not only a financial and legal exercise, but also an important social and organizational process focused on building relationships and understanding the people involved.

“In due diligence, we put a lot of emphasis on really getting to know the people.” (*Group M&A*)

Through meetings and workshops, the parties build a shared understanding of the future organization, which also forms the basis for integration planning.

“The foundation for a successful integration process is laid during due diligence... and then [we] create a plan together with the company for the period after the acquisition.” (*Group M&A*)

What is being laid during due diligence is therefore not only a plan for operational integration but also a sensegiving foundation. Through the shared acquisition narrative established at this stage, acquired managers are equipped to later shape how their employees come to understand their new organization (Gioia and Chittipeddi, 1991).

Thus, ensuring that the target company's management supports the acquisition is described as essential for achieving a smooth integration later in the acquisition process.

"The factor that always comes out as number one is ensuring that management is on board." (*CHRO*)

This is closely linked to communication, as acquired managers eventually act as key sensegiving actors toward employees.

"If the current managers truly believe that the joint future is better, they will communicate that to their people." (*Regional M&A Manager*)

Hence, the pre-acquisition phase also becomes a phase in which the narrative of the acquisition is shaped, influencing how it will later be perceived by employees.

"It matters a great deal what kind of story the seller communicates to their employees." (*Group M&A*)

In parallel, key individuals are identified and retention is actively managed through both formal and informal mechanisms, including contractual arrangements, relationship building, and discussions about future roles and career paths.

"There are both hard tools... and soft tools like building relationships, ensuring they get interesting roles, and talking about career paths." (*Group M&A*)

Finally, the interviews indicate that ServiceCo's own way of working ultimately sets the direction for the integration, making the pre-acquisition phase important for assessing the magnitude of the transition.

"The ServiceCo model applies... we won't change that." (*Integration Manager*)

4.4 Sensegiving in the Announcement Phase

After the pre-acquisition phase has concluded and the transaction has been completed, our three-stage model is followed by an announcement phase. This second phase covers the initial communication of the acquisition to acquired employees and the management controls utilized by ServiceCo's management team to give sense during this critical stage.

In line with hostile employment, key individuals within ServiceCo describe that “the first reaction is often uncertainty: *What does this mean for me?*” (*Integration manager*) when an acquisition is announced. Our interviews indicate that one of the central questions creating uncertainty and ambiguity is: who is going to be my boss?

Therefore, ServiceCo is a frequent user of administrative controls in the announcement phase, where organizational design is a key concern.

“We work very fast to try to keep the same manager.” (*Integration Manager*)

Thus, it is a prioritized matter that the acquired employees do not change managers after the transition to ServiceCo. The new organizational design at ServiceCo is shaped accordingly, resulting in higher employee retention:

“Often it’s like: “Okay, I was committed to working at AcquiredCo, but what I actually liked most was my manager.” As long as my manager doesn’t change, I’ll come along.” (*Integration Manager*)

Our collected data point towards a multifaceted importance of keeping an organizational design and hierarchy that the acquired employees are used to. For example, an acquired manager's pre-existing relationships with employees proved important in conveying the acquisition logic credibly during the announcement phase.

“We worked as a bridge between AcquiredCo and ServiceCo where we already had a relationship with the employees and could address any concerns that the employees might have in a more personal way.” (*Integration Manager and Previous CEO of AcquiredCo*)

However, people do not only want to know who their new boss will be, but strive for comprehensive sensemaking of their new employer. Nevertheless, it appears to be common that all information cannot be released at once, thereby limiting the ServiceCo management’s sensegiving capabilities in the announcement phase.

“It is difficult, because for different reasons you can only release certain information at certain times. For reasons that may be fully logical, too much time passes before people get the whole picture, and we cannot do things earlier. But everyone wants to know everything immediately.” (*Integration Manager and Previous CEO of AcquiredCo*)

Drawing on Weick (1995), this information gap sets a sensemaking process in motion that ServiceCo cannot fully control. Rather than waiting passively for a complete organizational picture, acquired employees will interpret whatever cues are available to them to construct a plausible account of what the acquisition means for their roles and future.

As an attempt to give sense in this constrained announcement phase, cultural controls play a central role. ServiceCo's vision of contributing to a more sustainable future resonates strongly with its employees, making it an effective device for drawing acquired employees into the organization's values and purpose.

“We talk a lot about our contribution to society and use the phrase ‘Building Tomorrow Together’³. We also talk about ‘You make your mark,’ focusing on the individual contribution. It may sound a bit vague, but many people like it.” (*CHRO*)

The vision of ServiceCo is therefore used as a value control - part of cultural controls - in order to reinforce the purpose and direction of the new organization.

“If we explain our vision properly, most employees see it as something positive. It gives meaning to the work they do and shows how their contributions matter.” (*Regional M&A Manager*)

These cultural controls can be seen as sensegiving attempts, through which ServiceCo seeks to redirect acquired employees' meaning construction toward a preferred understanding of what belonging to ServiceCo means (Gioia and Chittipeddi, 1991). During the announcement phase, the management team at ServiceCo especially highlights how the acquisition will accelerate achieving the company's vision. Hence, the company uses its vision to reduce the uncertainty around the intentions of the acquisition, and gives sense on the value of being part of ServiceCo.

“When we acquire companies, it is often because they have expertise that we do not yet have. By integrating their expertise with ours, we can achieve more together - especially when it comes to improving society and contributing to sustainability.” (*Regional M&A Manager*)

Reward and compensation controls also feature prominently in the announcement phase. According to ServiceCo's CHRO, career opportunities and professional development rank

³ The phrase has been altered to preserve the anonymity of the case company, while retaining the essence of the original.

among the four most common reasons employees leave the firm, making reward controls particularly consequential during this stage. Therefore, ServiceCo leverages its size and breadth of service portfolio to frame the acquisition as a career opportunity rather than a disruption, giving acquired employees a compelling reason to stay.

"In a small company, career opportunities are limited. Within ServiceCo, they have many more possibilities: working on larger projects, becoming specialists, moving into management, or even switching divisions." (*Regional M&A Manager*)

This is especially true for employees from smaller acquisitions, who gain access to a significantly broader professional context upon joining ServiceCo.

"When you come into ServiceCo, you get much broader opportunities. As an individual you're now in a much larger context. You can work with a variety of clients, collaborate across the organization, win larger deals, work more cross-functionally, deliver end-to-end solutions, etc." (*Integration Manager*)

In this way, reward controls serve as sensegiving devices that make the future within ServiceCo feel tangible and attractive.

4.5 Sensegiving in the Post-Acquisition Phase

When the announcement phase is over, the acquisition process enters its third and last step: the post-acquisition phase. In this stage, the acquired employees are absorbed into ServiceCo's organization completely, where the company still aims to make the transition as smooth as possible.

During the post-acquisition phase, the acquired employees are familiarized with many of the management controls that have made ServiceCo a successful company and serial acquirer over the past decades. For example, the acquired employees become part of the decentralized organization of ServiceCo's, where the 20,000 employee company is divided into groups of 10-15 individuals each. For employees coming from cultures with a greater degree of centralization, this organizational design may come as a shock.

"We have P&L responsibility far down in the organization, at group level with 10-15 people. For some of the companies we acquire, it is entirely new that such significant responsibility sits that low in the organization." (*CHRO*)

However, our interviews indicate that the organization is well aware that this structure is not commonplace, and puts efforts into explaining its purpose:

“Philosophically, it is built on a belief that people are capable of delivering and taking responsibility. It creates a mindset of accountability that is very strong and has existed at ServiceCo for a long time.” (*CHRO*)

In other words, ServiceCo views its organizational design and cybernetic controls as key instruments of conveying their core values. Thus, these controls help employees grasp the company’s view on individual responsibilities, but also capabilities.

Moreover, ServiceCo places significant emphasis on quickly integrating the acquired employees into the company’s standard operating procedures. This is, for instance, illustrated by the extensive training available during the post-acquisition integration.

“We work a lot on things like recorded videos explaining how to do tasks, training packages, and so on. So when you receive a task, there is digital training and simple guides you can use. We try to bridge it in many ways.” (*Integration Manager*)

Hence, ServiceCo uses training into its SOPs to offer valuable insights into the company’s operations, and how the company wants their employees to behave and act. Another important aspect of the post-acquisition phase is to learn from the way business was done at the acquired company before the acquisition. After all, the company was acquired due to some inherent strengths, which ServiceCo is keen on bringing to its own operations.

“We bought AcquiredCo because we wanted to learn how they do business, how they write contracts, because they have higher hourly rates. We’ve talked a lot about wanting their commercial mindset to strengthen our way of working. By finding those areas, we also define what we want to “transfer” into ServiceCo - still aligned with the ServiceCo model, but boosting it.” (*Integration Manager*)

The interviewees point that this does not serve the exclusive purpose of improving the procedures of ServiceCo, but also that it helps to give sense to the acquired employees and get them onboard.

“Hopefully the people on the other side feel: ‘Wait - this isn’t only about us being bought; they actually see what we’re good at.’ That creates a good feeling.”
(Integration Manager)

Another group of employees that are key to integrating effectively is the middle-managers of the acquired company. ServiceCo's decentralized structure, where P&L responsibility sits with groups of 10-15 employees, often means that managers who held significant authority in their previous organization find themselves downgraded upon the acquisition. Hence, many managers go from being “a big fish in a small pond to a small fish in a big pond”, as proposed by Rottig (2017). If mishandled, this risks departure.

"People may have titles like 'team leader' or 'project manager,' but when we compare responsibilities, they might not correspond to the same level within ServiceCo. It's crucial to handle this well because otherwise people feel undervalued or placed in the wrong position." *(Regional M&A Manager)*

This transition can be disorienting for those accustomed to shaping the direction of their firm.

"You kind of get that itch in your fingers - you just feel like, 'we can't do it like this.' And then you realize: this isn't something I can fix." *(Integration Manager and Previous CEO of AcquiredCo)*

This quote illustrates the sensemaking challenge that acquisition contexts produce. Acquired managers must reconstruct not only their understanding of the new organization, but their professional identity within it. To manage this, ServiceCo uses its organizational design as a sensegiving device, actively involving acquired managers in shaping their new roles and communicating the career opportunities available to them within the larger organization.

"They handled it quite cleverly at ServiceCo. I personally had a lot of influence. We spent quite a bit of time discussing what we wanted things to look like." *(Integration Manager and Previous CEO of AcquiredCo)*

If influence over the organizational design was important to retain acquired managers, the extrinsic rewards are highlighted towards the employees once the dust has settled from the announcement. These reward and compensation controls consist of several parts, but the most central one is that no employee should be worse off after being acquired by ServiceCo.

“In many cases the employees’ package actually improves after joining ServiceCo because eventually we align their benefits with ours. We also guarantee that nobody will receive worse conditions than they currently have. That is the minimum.”
(*Regional M&A Manager*)

Another compensation-related control that is introduced during the post-acquisition stage is ServiceCo’s bonus system.

“In Sweden, bonuses are on group level. Typically, the targets concern growth and margin.” (*Group M&A*)

This is another feature that often deviates from the acquired companies’ controls, since it is based on the decentralized organizational structure with the small groups of 10-15 being responsible for their own growth and margins. Hence, this works as a similar sensegiving device as the decentralized organizational design. The bonus system signals that the employees are responsible for their team’s operations and profitability, and that this responsibility can be financially rewarding if they run their operations effectively.

Relating to the decentralized teams carrying significant responsibility, these teams are also subject to cybernetic budget controls in the post-acquisition phase. During budgeting processes, the employees are encouraged to challenge themselves, and are not punished if they do not meet their ambitious targets. An integration manager with a history at one of ServiceCo’s competitors illustrates:

"At CompetitorCo, if we had a target we had to hit that number exactly. So if you thought you could reach 10%, you might still report 9% just to ensure you achieved it. At ServiceCo the mindset is the opposite. You are expected to be ambitious. If you aim for 13% and reach 12.5%, that is fine, because at least you tried. The focus is on motivating people to improve, rather than punishing them for not reaching a specific target." (*Regional M&A Manager*)

Therefore, the design and approach surrounding these cybernetic controls work as a means of giving sense to the employees on the company’s view on performance, failure, and motivation. Especially when coming from organizations with widely different control systems and views on failure, these cybernetic controls are effective to portray what type of values that characterize ServiceCo.

5. Discussion

Our empirical findings across the three phases reveal patterns that both confirm and challenge existing assumptions in the M&A literature. The following discussion draws on these findings to develop three theoretical arguments.

5.1 Understanding Acquisition Integration in Three Phases

In our review of the current literature on mergers & acquisitions, a near-consensus emerged: integration in the post-acquisition phase is the single most important success factor for M&A-transactions. This line of argument is represented by scholars such as Christensen (2011) as well as Larsson and Finkelstein (1999).

Therefore, we entered this study sharing that assumption and placed almost a singlehanded focus on the *post-acquisition* phase, as our understanding was that this was the critical part of an acquisition process. Thus, we were surprised to find that the interviewees placed such a significant emphasis upon the pre-acquisition phase, illustrated by: “The foundation for a successful integration process is laid during due diligence”. Far from being merely a screening or valuation exercise, the pre-acquisition phase emerged in our empirics as the stage that most decisively shapes whether subsequent integration succeeds or fails.

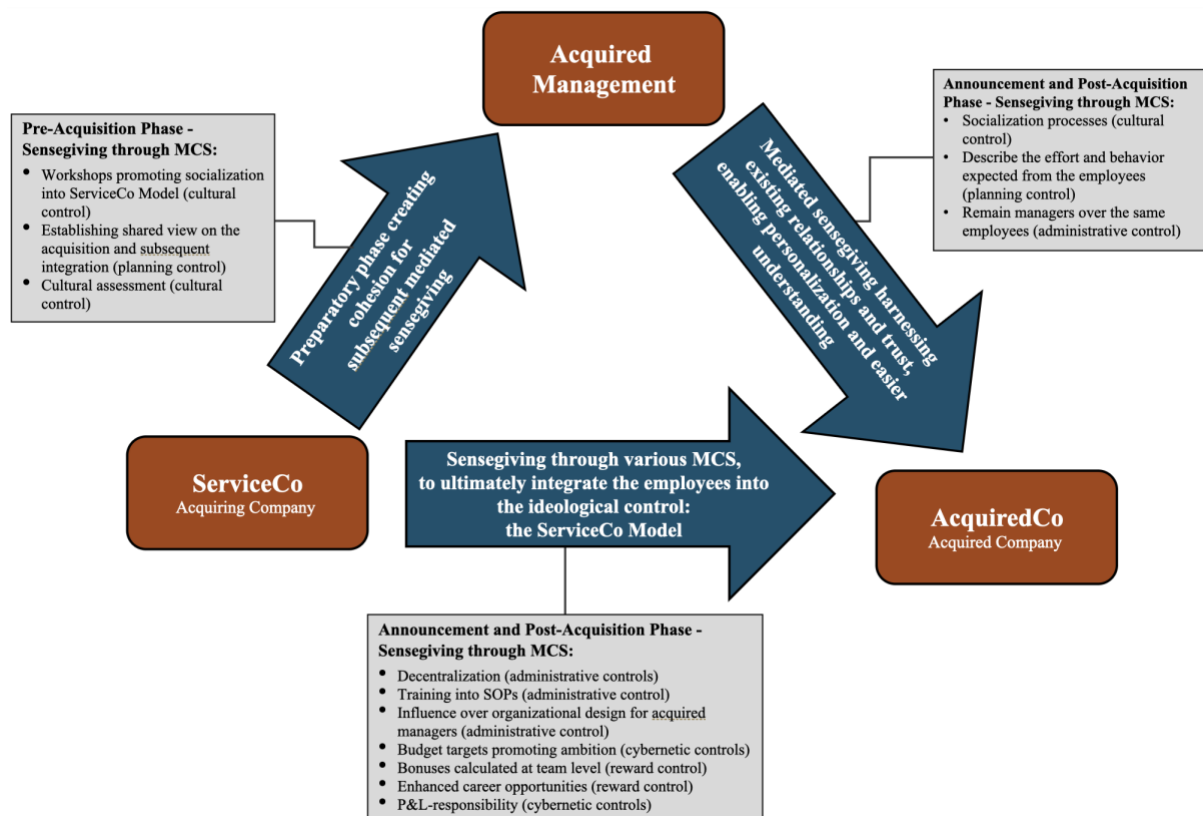
Therefore, this discussion engages with Christensen and Larsson & Finkelstein by offering an alternative explanatory model to integration success, which places a greater emphasis on the previously somewhat overlooked pre-acquisition phase.

This view takes its starting point in “mediated sensegiving”. Our empirical data suggest that sensegiving toward acquired employees does not only flow directly from the acquiring firm's leadership. Instead, it is also mediated through the acquired company's own managers, who carry the message to their teams with greater credibility and personal proximity than any external voice could. This is because the acquired employees have no prior relationship with ServiceCo's leadership, and therefore little reason to find their reassurances convincing. The acquired managers, by contrast, have existing relationships, shared history, and established trust with their teams, making their sensegiving inherently more personal and persuasive.

This is captured in the model illustrated in Figure 1, which distinguishes between direct sensegiving - where the acquiring firm communicates meaning to acquired employees itself - and mediated sensegiving, where acquired managers serve as proximate and trusted intermediaries. Our argument is that mediated sensegiving is more effective in overcoming hostile employment, and that enabling it requires front-loading the integration work into the

pre-acquisition phase. This challenges the near consensus that integration success is primarily a function of what happens after the deal closes in the post-acquisition phase, and suggests instead that the groundwork laid before the announcement is an overlooked element of acquisition integration.

Figure 1: Mediated Sensegiving Model



However, for this mediated sensegiving to function, it must be deliberately prepared. The acquired managers can only act as coherent sensegiving actors if they themselves have been brought into alignment with the acquisition narrative before it is communicated to employees. This is precisely what ServiceCo invests in during the pre-acquisition phase: working closely with target management to establish a shared understanding of the acquisition logic, and creating, as one interviewee described, "a plan together with the company for the period after the acquisition." By the time the announcement is made, the two management teams enter the subsequent phases as a single unit, capable of delivering a consistent and credible message. The pre-acquisition phase is therefore not preparation for integration; it is the first and most consequential act of integration itself.

This reframing also invites a return to Kilmann et al.'s (1985) iceberg metaphor, in which two organizational cultures, largely invisible below the surface, collide with destructive force when brought together. To continue this analogy, the preparatory work in the pre-acquisition phase can be seen as making the underwater mass visible before any movements occur. Cultural and organizational differences that lie beneath the surface are mapped out while there is still time to plan around them. In this sense, the mediated sensegiving model does not eliminate the collision that Kilmann et al. describe, but transforms it from an uncontrolled impact into a managed merger.

5.2 MCS as Sensegiving Devices Organized Around an Ideological Control

Although the MCS deployed by ServiceCo are practical in character governing how the organization is structured, how salaries are determined, and how employees are trained in internal systems, our interpretation is that they collectively represent something more fundamental. Each management control observed across the three-stage acquisition model can be traced back to the overarching organizational logic of ServiceCo, codified in what it calls the “ServiceCo Model.” For instance, onboarding and training in internal procedures reflects the pillar of “operational excellence,” while the organizational design placing full P&L responsibility on teams of 10–15 employees embodies the pillar of “decentralization.” On this basis, we interpret the ServiceCo Model as an ideological control: the overarching source of meaning from which all operative MCS derive their logic and legitimacy.

This interpretation stands in sharp contrast to the dynamics documented by Granlund (2003, p. 236), where new control systems following a merger were shaped primarily by a handful of “dominant individuals”. In that case, the resulting system lacked organizational grounding and was experienced as imposed top-down, or a “forced marriage”, generating limited buy-in across the merged entity. What was absent, we argue, was precisely what ServiceCo possesses: a pre-existing and coherent ideological control that gives operative MCS their internal consistency. Rather than reflecting the preferences of dominant individuals, ServiceCo's controls are anchored in an organizational logic that existed before any individual acquisition took place and that therefore transcends it.

This distinction has implications for how MCS function as sensegiving devices in the context of hostile employment. On one level, any MCS can facilitate sensemaking; controls that clarify organizational structure, bonus calculations, or reporting relationships help acquired employees develop a more informed picture of their new employer. In that sense,

MCS reduce factual uncertainty. However, we argue that this informational function alone is insufficient to overcome hostile employment. Hostile employment produces not only uncertainty but also professional-identity clashes - a deeper dissonance between who the employee understood themselves to be and who they are now asked to become. Resolving this dissonance requires more than clarity; it requires that the MCS collectively communicate a coherent organizational identity that employees can meaningfully orient themselves toward.

This is precisely why the ideological control matters. When operative MCS, from the bonus system to the organizational design, all visibly express the same underlying values and philosophy, they function not merely as informational devices but as a coherent portrait of what ServiceCo is and what it stands for. Employees are not confronted with a disparate set of administrative controls, but with a consistent organizational identity that gives the acquired employees meaning and direction. Conversely, where MCS lack this ideological grounding, as in the case of Granlund's "forced marriage", they risk intensifying rather than relieving the uncertainty that hostile employment generates.

We therefore conclude that it is not the individual MCS that determine whether hostile employment is overcome, but the degree to which they collectively express a coherent organizational identity rooted in an overarching ideological control. This also echoes Chatterjee's (2009) finding that acquisitions guided by a clear programme logic are more likely to succeed in integration. We complement this discussion by providing a concrete example of how a clear programme logic can be manifested in integration processes in practice, showing specifically how MCS function as the carriers of acquisition logic toward acquired employees.

5.3 How Familiarity, Complementarity, and the Sensegiving Vacuum Shape MCS Effectiveness

Having established the importance of the pre-acquisition phase and MCS as carriers of organizational identity, this section turns to the factors that shape how well that sensegiving actually works. Three such factors emerge from our empirics: the acquired employees' familiarity with formalized controls, the complementarity of the acquired operations, and what we term the sensegiving vacuum.

Firstly, the existing literature broadly holds that smaller acquisitions are easier to integrate than larger ones (Chatterjee, 2009; Rovit et al., 2004). However, our empirics complicate this view. ServiceCo has experienced repeated integration difficulties with smaller firms, where close-knit, entrepreneurial cultures have clashed with ServiceCo's more

formalized and corporate-like environment. Smaller organizations also tend to lack standardized operating procedures, making the transition into ServiceCo's structured ways of working more disruptive. This opens up for a discussion on the reasons why it might be more difficult to use MCS as sensegiving devices vis-à-vis smaller organizations relative to bigger ones. Our interpretation of the empirical findings suggests that it is not size per se that makes it more or less difficult to integrate a company. Rather, the size of the acquired corporation works as a proxy for maturity and familiarity with MCS and type of organizational culture.

Since ServiceCo's MCS serve as practical expressions of the ServiceCo Model, their effectiveness as sensegiving devices depends on employees having a sufficient frame of reference to receive and interpret them. Where that familiarity is absent, as one interviewee noted, "some people find the bureaucracy difficult... and unfortunately some people leave because of that."

This can be summarized by: the less familiar the acquired employees are with formalized controls, the harder the sensegiving. Therefore, we add a new perspective to the discussion, arguing that smaller acquisitions may be easier to integrate, as Chatterjee (2009) and Rovit et al., (2004) propose, in practical terms, but for MCS to function effectively as carriers of organizational identity, familiarity with formalized controls is essential. Since size works as a proxy for that familiarity, larger targets are in fact preferable from a MCS-based sensegiving perspective.

Secondly, we revisit our discussion with Larsson and Finkelstein's (1999) paper, where they suggest that acquisitions involving complementary operations tend to elicit less resistance. Our empirics support this, and this discussion attempts to add a sensegiving-based explanation for why.

In our case study of ServiceCo, it became apparent that a key to gain buy-in for the acquisition is to emphasize the following improved prospects of achieving the overarching vision of the company. This stems from expressions that employees in the sector tend to be vision-driven, such as "it [the vision] gives meaning to the work they do and shows how their contributions matter". In complementary acquisitions, it is easier to articulate how the acquired firm's competences strengthen ServiceCo's service offering and advance that shared vision, making the acquisition logic more credible and easier to embrace. Hence, complementary acquisitions facilitate the sensegiving around the acquisition logic, reducing the uncertainty and ambiguity around the purpose and intentions of their new employer.

Thirdly, even when the conditions above are favorable, there is an inherent ceiling on how quickly and completely sensegiving through MCS can unfold, illustrated by "for different

reasons you can only release certain information at certain times”. Legal constraints, particularly in acquisitions of publicly listed firms, restrict what information can be disclosed and when. Practical limitations in implementing MCS and the risk of cognitive overload mean that even without legal constraints, the full organizational picture cannot be communicated at once. Sensegiving therefore unfolds gradually, leaving a period in which acquired employees receive only partial cues about their new employer. We call this the sensegiving vacuum: a temporary but consequential gap in which employees, lacking sufficient organizational information, turn instead to rumour and fear to make sense of their situation. This connects directly to Kilmann's (1985) observation that uncertainty tends to activate employees' fears of losing meaning and purpose. Our finding suggests that this fear is not only an irrational response to change, but a predictable consequence of the sensegiving vacuum. Hence, this places a natural cap on the effectiveness of MCS as sensegiving devices, however well designed they may be.

6. Conclusion

This study set out to answer the research question: *How do serial acquirers use Management Control Systems to mitigate the hostile employment effect and maximize employee retention in the acquisition process?* Through an explanatory case study of ServiceCo - a knowledge-intensive professional services firm - we have reached three main findings that aim to advance our understanding of MCS, sensegiving, and acquisition integration.

Mediated Sensegiving and the Underemphasis On the Pre-Acquisition Phase

Perhaps the most significant empirical surprise of the study is that the pre-acquisition phase, rather than the post-acquisition phase as emphasized by the prevailing M&A literature, emerged as a decisive stage for employee retention (Christensen, 2011; Larsson & Finkelstein, 1999). The primary reason for this lies in the concept of mediated sensegiving. By aligning the acquired company's management team around a shared acquisition narrative during the pre-acquisition phase, ServiceCo enables those managers to act as proximate and credible sensegivers toward their own employees during the announcement and post-acquisition phases. Because the acquired managers have closer relationships to the sensemakers than ServiceCo's leadership does, their sensegiving is more personal, more trusted, and more effective. This challenges the consensus in the M&A literature that the integration in the post-acquisition phase is the single most important determinant of acquisition success (Christensen, 2011; Larsson & Finkelstein, 1999). Instead, we point to the preparatory alignment work conducted before the deal is completed and made public as the foundation on which all subsequent integration depends - therefore being an underemphasized phase, especially for acquisitions involving mediated sensegiving.

MCS as Carriers of Organizational Identity

Our study shows that ServiceCo deploys MCS not primarily as coordination instruments during the acquisition process, but as sensegiving devices through which acquired employees construct an understanding of their new employer. Administrative controls, cultural controls, reward and compensation controls, and cybernetic controls each communicate something about the identity, values, and philosophy of ServiceCo. Hence, the MCS are used to reduce the uncertainty and professional-identity clashes that hostile employment produces. Crucially, however, our study finds that the effectiveness of these operative MCS to overcome hostile

employment depends on them being anchored in a coherent ideological control: the ServiceCo Model. Granlund's (2003) case study of Unico and Proco provided an example where control systems were shaped by dominant individuals imposing disconnected controls top-down. ServiceCo's approach demonstrates the opposite: a standardized and decentralized organizational logic that lends meaning and coherence to every operative control deployed across the acquisition process.

Ultimately, this finding suggests that it is not the individual MCS that overcome hostile employment, but the degree to which they collectively express a coherent organizational identity and are grounded in an overarching ideological control.

Boundary Conditions for MCS-Based Sensegiving: Familiarity, Complementarity, and the Sensegiving Vacuum

Our study also identifies several factors that affect the effectiveness of MCS as sensegiving devices. First, the size of the acquired company is reinterpreted not as a predictor of integration ease in itself, but as a proxy for the acquired employees' familiarity with formalized controls. The less familiar, the harder the sensegiving.

Second, we echo Larsson & Finkelstein's (1999) finding that the complementarity facilitates acquisition integration. We complement this view by suggesting that complementary operations facilitate sensegiving by making the acquisition logic easier to convey credibly to vision-driven employees.

Third, and most significantly, the study introduces the concept of the sensegiving vacuum: a period during the announcement phase in which legal constraints and practical limitations prevent the full organizational picture from being communicated at once. Hence, this forces the acquirer's sensegiving to unfold gradually. In this vacuum, acquired employees fill the information gaps with rumour and fear rather than organizational cues to make sense of the new situation. This is consistent with Kilmann's (1985) account of how uncertainty activates fear leading to resistance. Hence, our finding of the sensegiving vacuum offers a view that the capacity of MCS-based sensegiving in acquisition processes is limited by its nature.

* * *

Ultimately, the title of this study - *Money for Nothing* - captures the fundamental risk that motivated the entire inquiry: that an acquirer pays for human capital that subsequently walks out the door. The findings of this study suggest that this outcome is far from inevitable. When

a serial acquirer deploys MCS as coherent sensegiving devices grounded in an overarching ideological control, and invests in mediated sensegiving before the deal is completed and announced, the MCS-based sensegiving becomes more effective. This, in turn, reduces the hostile employment effect and increases employee retention - and the acquirer can avoid paying money for nothing.

6.1 Limitations

Our study has several limitations. First, it examines sensegiving exclusively as a top-down process, tracing how ServiceCo's management constructs and communicates meaning toward acquired employees. We therefore do not account for how employees influence each other's sensemaking, including how existing ServiceCo employees shape newly acquired colleagues' understanding of the organization.

Second, the study is subject to survivorship bias. Since snowball sampling was initiated through ServiceCo's own network, interviewees were mainly those who remained post-acquisition. The perspectives of employees who left are absent, although they may have experienced hostile employment most acutely and could have added nuance to our findings.

Third, the empirical material draws on eight interviews within a single case organization, which limits generalizability. Studying serial acquirers across industries and national contexts could have strengthened the contribution.

6.2 Suggestions For Future Research

Since hostile employment is a concept coined in this study, we hope it can serve as a foundation for future research. Future studies could examine how acquired employees themselves perceive and experience it, beyond the management perspective shaping our study, exploring its intensity, duration, and individual moderating factors to enrich both the MCS literature and the broader acquisition integration field.

Future research could also incorporate hostile employment as a risk factor in acquisition valuation models, given that its severity may influence expected transaction value, particularly in knowledge-intensive firms where value leaves with employees.

Finally, deeper investigation of mediated sensegiving, especially cases where the mechanism breaks down, could illuminate the boundary conditions of our model and clarify why the pre-acquisition phase matters.

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8. Appendix

8.1 Appendix 1: Interview Overview

Interview	Role	Company	Length	Date	Location
1	Group M&A	ServiceCo	44 min	05-02-2026	ServiceCo HQ
2	Group M&A	ServiceCo	44 min	05-02-2026	ServiceCo HQ
3	CHRO	ServiceCo	49 min	05-02-2026	ServiceCo HQ
4	Integration Manager	ServiceCo	51 min	20-02-2026	Microsoft Teams
5	Regional M&A Manager	ServiceCo	56 min	26-02-2026	Microsoft Teams
6	Expert 1	AudtingOne	45 min	05-03-2026	Microsoft Teams
7	Expert 2	RetailOne	33 min	13-03-2026	Microsoft Teams
8	Integration Manager / Previous CEO	ServiceCo / AcquiredCo	58 min	31-03-2026	Microsoft Teams

8.2 Appendix 2: Example Interview Guide

Introduction

- Could you briefly describe your background and your current role at ServiceCo?
- Which acquisitions have you been involved in?
- How are you involved in acquisitions and post-acquisition integration processes? At what stage do you get involved, which efforts are made and what are their purposes?
- Can you describe through a general and chronological lens an acquisition? Perhaps even a successful and an unsuccessful one?

The Integration Process and Its Stages

- What are the biggest differences between ServiceCo and the acquired companies that usually have to be bridged?
- Do the integration processes usually differ? If so, in what ways?
- Are there any variables and indicators that influence the approach taken in the integration process? For instance, we have understood that there is a cultural assessment that determines some of the efforts to integrate the cultures.
- What role do previous managers or owners play during the integration phase? Do they usually continue their roles at ServiceCo?

Retention of Acquired Elements (here, elements means acquired employees, as well as other eventual assets)

- What are usually the elements (values, employees, assets, know-how etc.) of the acquisition that you want to retain and what are the elements that you usually want to discontinue?
 - Follow-up: How do you determine that you want to keep or discontinue those elements?
 - Follow-up: Which measures are undertaken to achieve the retention of the desired elements and the discontinuation of the undesired elements?
- Which are the most important aspects of the integration process to safeguard that the employees want to stay at ServiceCo?
- What are the initial responses among the acquired employees to the acquisitions?
 - Follow-up: How are any potential concerns amongst the employees addressed?
- From your experience, what tends to cause key people or critical capabilities to disengage or leave?

Management Control, Goals, and Alignment

- How do you try to “form” the acquired employees into ServiceCo’s culture and to strive towards ServiceCo’s objectives?
- How are expectations, goals, or performance targets set, worked with and followed up towards employees in acquired companies? Do any follow with the acquisition? Are the goals set collaboratively with the employees or are they set top-down?
- How clear are individual versus collective goals following an acquisition?
- How do these individual or group goals relate to ServiceCo’s overall objectives? Is this alignment achieved and worked towards, and if so, in what ways?

Trust and Autonomy

- How is trust established between ServiceCo and the acquired employees?

- How are acquired employees given space to continue working in their own way, if at all? What are the biggest differences?

Learning

- Are there structured routines, evaluations, or forums for reflecting on what worked and what did not?
- To what extent does experience from past acquisitions influence how new integrations are handled?
- How has the acquisition turned out so far? How many have left and what is the sentiment among the acquired employees?

8.3 Appendix 3: Use of GenAI

Throughout the writing of this thesis (19/1-2026 to 11/5 2026), the authors made use of artificial intelligence tools strictly for linguistic purposes, including improving grammar and the flow of the written text. The two tools employed were Claude Sonnet 4.6 (developed by Anthropic, accessible at <https://claude.ai/>) and ChatGPT 5.5 (developed by OpenAI, accessible at <https://chatgpt.com/>). This use was carried out in accordance with the AI usage guidelines of the Stockholm School of Economics.

At no point were these tools involved in the processing or interpretation of our empirical material. Throughout the entire process, we retained full responsibility for all analytical and interpretive work. Where AI suggestions were accepted, each one was individually reviewed and adjusted to ensure it accurately reflected what we intended to communicate.

We are aware that these types of tools carry certain risks. Rephrasing suggestions may, if accepted without careful consideration, subtly alter the meaning of a sentence in ways that do not align with the original intent. To prevent this, all AI-generated suggestions were seen as optional feedback rather than corrections, and no changes were implemented without conscious evaluation by ourselves.