To Merge or not to Merge?

Why a SME merger attempt has been cancelled - a case study research

An explorative research into the impact responsibility accounting has on merger successes and particularly merger cancellations.

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“When you look at a deal and its structure looks like an octopus or spider, just don’t do it”

Timothy Sloan (Sloan, 2013)

Abstract – management summary

The merger and acquisition phenomenon is a widely researched academic domain. Despite extensive research into for example the reasoning behind this popular growth strategy for organisations. According to literature mergers or acquiring processes still fail 70% of the time. This explorative case study examines the merger processes more in-depth, by looking into the relationship between responsibility accounting and merger outcomes. The case study subjects indicate that a relationship can be expected between responsibility accounting and merger outcomes. Below, a management summary is given which provides an overview of the research purpose, research question and a summary of the most important results.

Purpose: academic literature has indicated numerous times that, despite the increasing research into merger and acquisition processes, 70% of all merger or acquisition trajectories still fails. The merger of the organisations selected for this study has been cancelled before ending the integration process, and reflects therewith one of those failed cases. By an in-depth analysis into the case study organisations involved, an interaction with the assignment of responsibilities is expected, as a contributing factor towards merger successes or failures. Therefore, the purpose of this thesis is to exploratively examine the existence of a relation between the establishment of a responsibility accounting mechanism and merger successes, and furthermore examines how the organisations involved should prepare and improve themselves for another merger attempt.

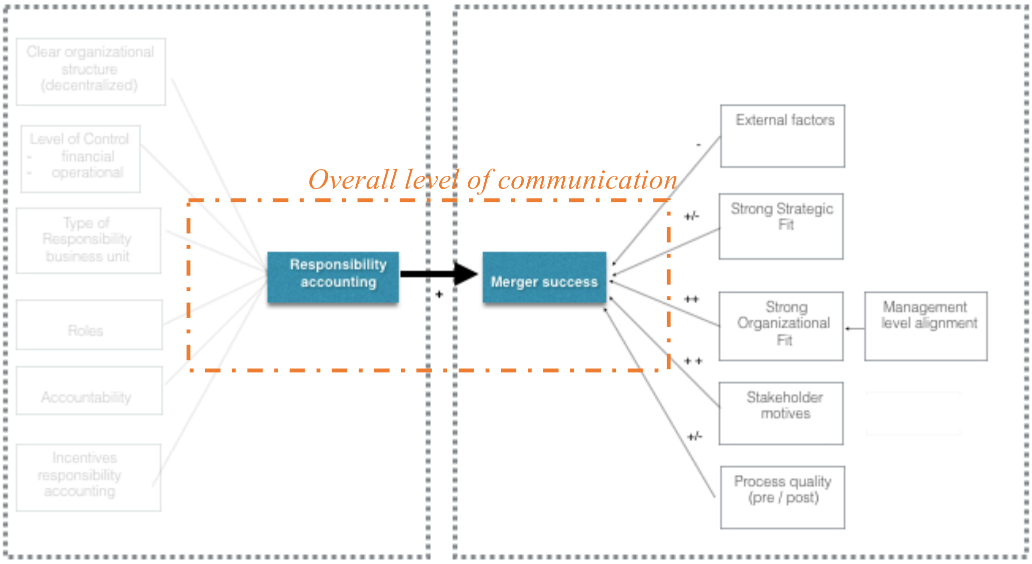
Research question: corresponding to the above stated research purpose and the increasing demand for further research into merger and acquisition trajectories, the following research question is formulated: *How does responsibility accounting influence a merger and acquisition process and how can the organisations involved cope with this?*

Results: this research has shown that multiple internal challenges and dilemmas are experienced by the merging case study organisations. The empirical interview data has shown that a combination of the interactions of these challenges have eventually caused the merger cancellation. One of the major challenges that has been experienced by the various interviewees is related towards the established responsibility accounting mechanism. As responsibilities were set "too high" throughout the organisation. Moreover, business directors felt restricted due to authorisation regulations. In addition, the case study research has shown that shareholders had a huge influence on the eventually merger outcome. This study has shown six bottlenecks that have been experienced during this particular merger attempt, and eventually have led to the merger cancellation:

- The height of assigned authorisation levels within the responsibility accounting mechanism
- Internal organisational problems such as increasing delivery times
- Low shareholder outreach
- The overall level of communication during the whole merger and acquisition process
- No clear vision (no roadmap) on how to proceed the entire merger and acquisition process
- The organisations involved had each their cultures. Something which requires different management styles

Overall, based on the above described bottlenecks it can be stated that in all probability organisational misfit (primarily focussed on the responsibility accounting system) have had a substantial cause in the merger cancellation. Especially due to the lack of linkage between the different management levels of the two organisations involved, and the assignment of authorities towards only the highest management levels, bottlenecks were experienced. Based on those findings, it can be concluded with precaution that responsibility accounting indeed has an effect on merger outcomes. Something which is shown in figure 0.1. Because if responsibilities were set right, probably some of the experienced bottlenecks could have been prevented. Figure 0.1 therewith emphasises the positive interaction a well-structured

responsibility accounting mechanism has on a potential merger outcome. Moreover, the model outlines additional experienced factors which have had an effect on the merger outcome. However, the exact impact each individual factor had cannot be depicted by this research.



Figurative symbols

- Identified relationship of a well set responsibility accounting mechanism on merger process successes.
- The investigated impact of several mediators on the two literary concepts; responsibility accounting and merger success.
- + | - | +/- A gradation of the impact the several mediators have onto the two literary concepts; responsibility accounting and merger success.
- A reflection of the needed level of communication throughout a merger process attempt.

Figure 0.1: Adjusted research model: a reflection of the in all likelihood expected effect of responsibility accounting on merger successes.

New findings within existing merger and acquisition literature: this research has shown that the management of especially SME organisations enhances the importance of both strategic and organisational fit. Additionally, the interviewees have pinpointed the importance of alignment of the organisational management layering, the corresponding management controlling mechanism and IT systems are also of high importance. Because if systems and organisational structures are aligned, a smoother integration process can be expected, and the merger failure rates can conceivably be reduced. These findings support the importance of the allegedly identified relationship of responsibility accounting on merger outcomes. Based on these new insights, new openings for further research propositions are identified. Those propositions are primarily focussed on a confirmation of the expected effect of responsibility accounting on merger outcomes. Research into the newly detected relationship increases the understanding of merger and acquisition processes further, and can ensure a decrease in merger failures in the near future. However, it should be noted that we are not certain if responsibility accounting is the right way of organisational structuring in SME organisations, especially in current economies where emphasis lies on agile work and lean management.

Methodology: this research can be described as a qualitative explorative case study design. The case study objects are chosen based on their ability to function as a measurement to assess whether an erroneous responsibility accounting mechanism can effect a merger or acquisition process. A theoretic framework is empirically tested by nine semi-structured interviews. This framework is based on an extensive academic literature review. With this framework, nine interviews were conducted by theoretical based interview guidelines to increase the process of the interview analysis and the overall research reliability and validity. Based on the interviews insights, the research model was adjusted.

Acknowledgements

Finally, the last puzzle piece of my education is finished. By the completion of this master thesis, I have handed in my final piece which leads towards my graduation as a Master Business Administration student at the University of Twente.

The central focus point of this master thesis *"To merge or not to merge",* was chosen based on my specialisation track: Financial Management and affinity with SME organisations. By combining both the theories of mergers and acquisitions with the management control domain, my passion towards the question on how to remain in organisational control, within SME organisations growth processes particularly, was successfully embodied in this thesis. A topic which has intrigued me since I have been working in our family business: the process of creating and maintaining an established level of management control within SME organisations.

Via this medium I would like to give thanks to Mr. Schuur and Mr. Kroon for the great supervision and more importantly, the valuable input they have provided during this master thesis project. Their supervision has been a great support for me during the writing and analysis process of my thesis trajectory, and during the assignment changes I had to deal with. Their feedback and input were extremely helpful. Therefore, they were important and indispensable during the final stages of my education.

Furthermore, I would like to thank the case study organisation for the opportunity they have given me by providing a problem statement in my area of interest. Hereby, a special thanks to the CFO and HRM manager, who have supported me time and time again and were open to questions, despite both of their busy schedules. Without them, a result in the form of this master thesis was not obtainable.

Finally, I would like to thank my family and boyfriend who helped me to successfully graduate at the University of Twente. They have supported me in hard times, and pushed me to go beyond my abilities.

Anne Goossen
Enschede, March 2017

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Glossary

M&A	Mergers and Acquisitions.
Organisation A*	Case study organisation established in the Netherlands
Organisation B**	Affiliated organisation established in the Netherlands
SME	Small Medium Enterprises

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* The name of the organisation is confidential, but can be retrieved by the researcher.

** The name of the organisation is confidential, but can be retrieved by the researcher.

Chapter 1: Research problem introduction

In the framework of completing my master thesis and thereby obtaining my master degree in Business Administration, I have conducted an explorative case study at two SME organisations in the Netherlands. With this research I have identified the linkage between the impact responsibility accounting uncertainties can have on merger processes. This potential connection is explored because as found in academic literature, still 70% of the M&A attempts fails and is therewith a costly growth method for organisations. Trough the identified linkage we have tried to find explanations of the high M&A failure rate, in an attempt to decrease this rate in the future.

This first chapter presents an introduction into both the research scope and provides background information into the two organisations involved. In this chapter the overall research aim is sketched and we elaborate on the problem statement. First, a brief introduction into both research objects is given in section 1.1. The problem description is given on in section 1.2. The objectives, research goal and corresponding research questions are discussed in the sections 1.3 and 1.4. This chapter ends by sketching both practical as well as the scientific relevance and moreover the deliverables this research yielded in section 1.5. An outline towards the rest of this thesis is drawn in section 1.6. By discussing the latter described topics, this chapter provides an introduction into the case study organisations their experienced management problem and based on those elaborations, the overall research approach is discussed. This chapter has high significance since it provides a framework for this research and more importantly, it shows the purpose and herewith motivates the urge of this particular study.

1.1 Research occasion – *an elaboration on the reasoning behind this particular research*

This study elaborates on a case-study research conducted in collaboration with two organisations. These two organisations were confederated since 2014 by the same management board. Despite this association, both companies were stand alone, independent juridical companies. However, there were several similarities regarding their overall management decisions and management accounting. For example, during the monthly management meetings the performances of both companies and related subsidiaries, were discussed and reviewed. Based on those organisational similarities, both companies were carefully watching and investigating the possibilities of creating more synergy between one another in the beginning of 2016 to aim at *creating both organisational as well as economical benefits*. This was important in order to keep ahead with competitors and combine the strengths and knowledge of both production companies to become a big mature player in the production industry. This could potentially help both companies strengthened their competitiveness and thereby survive in the current economy. Therefore, the original research focus as drawn in June of 2016 was to detect and identify expected pitfalls and dilemmas both organisations could face if they had chosen to continue the merging process. Hereby the main focus would be on the organisation of the overall management controlling instruments and on how to deal with the allocation of responsibility centers

However, the problem statement as described above, which is formulated in the period of June 2016 till July 2016, is no longer applicable. In June 2016, both companies and their joint investment group were as described above interested in a group oriented focus, with an eventual merger as result. During the second part of this master thesis project, which started in November 2016, unfortunately it became clear that the merger attempt, as both companies had envisioned, was no longer applicable. Despite the alignment both companies wanted to achieve in order to increase inter alia operational synergies, the merger incentives were cancelled. This decision is not seen as uncommon in the business environment nowadays, and is something which is frequently supported by literature. Academic literature has researched the M&A concept thoroughly, and has inter alia looked into the success and failure rates of M&A processes. A research conducted by KPMG has shown that 83% of the attempted mergers and acquisitions were unsuccessful in producing benefits for the involved organisations, even before or during the merger process (Kelly, Cook, & Spitzer, 1999). This high failure rate is supported by Haidenthaller (as referred by Alam, Khan and FareehaZafar, 2014), who state that almost 2/3 of all M&A attempts eventually fail. Based on the latter, it can be stated that besides the high interest of organisations towards the M&A concept, a merger or acquistion can be risky and has high failure rates.

As both involved organisations were engaged and committed towards the merger process in the beginning of 2016, it did raise questions on why this merger has been cancelled in October of the same year, such as the reason of the cancellation of this merger, and if the potential organisational misfit regarding the responsibility centers (as the previous shown management question suggests) influenced the merger cancellation. By investigating the motives behind the merger attempt, in combination with the different phases of the merger process (pre-acquisition, transaction and the post-acquisition phase), this case study research shed light on a merger attempt and the reasoning behind the merger cancellation. This by identifying experienced challenges and bottlenecks. Based on those identified challenges and bottlenecks, the merger process can be mapped and recommendations can be made in order to give an advice on how to increase the overall succession rate of future mergers attempts. This is extended by looking into whether the expected potential organisational “misfits” between both companies, orienting primarily on the responsibility accounting mechanism, have had some effect on the merger cancellation. A proposition which has been made based upon the originally stated problem statement, as given by the management team in June 2016. This problem statement was primary oriented towards the structural alignment of both companies regarding their management accounting and responsibility accounting system in order to create synergies. So, besides analysing and evaluating the M&A process in general, the researcher looks into the question whether the responsibility mechanisms of both companies, also called potential organisational “misfit”, were a reasoning behind the merger cancellation.

1.2 Problem introduction

As indicated, the research focusses on exploring a merger attempt of an anonymous case study. By using this particular merger attempt, it can be analysed *why this particular merger attempt did not go through.* With this analysis, it can be researched if a merger cancellation is directly related to an unambiguous responsibility accounting mechanism. In order to conduct a complete and well-thought case-study research, an elaboration of the research field is needed. Therefore, this section looks into both merging organisations their interrelations. Hereafter, the problem statement encountered by the management board is discussed.

1.2.1 A description of the organisational solidarity between both organisations involved

This research reflects a case study research conducted in collaboration with two organisations, which are associated to one another, due to a same shareholder. Due to this particular association, both organisations have shared the same management board from 2013 onwards, something which is shown in figure 1.1. The financial director of both companies defined both companies as *“a potential group of 70 million revenues, with 320 employees in total”.* This would mean that they should outgrown the SME category when both organisations were combined, if one looks at the definition given by the European Commission (2015): *“the category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.”* (p. 3). However, both organisations still have had their own juridical groups, as reflected in figure 1.1, and can therefore be seen as individual SME companies. This juridical individualism of both organisations, can be justified by the fact that both companies differ in business. They produce different types of products and thereby address different markets and customers. However, it can be stated that despite the different markets they address, there are both organisational and management similarities. These similarities were one of the decisive reasons on why both organisations were looking into the merger possibilities.

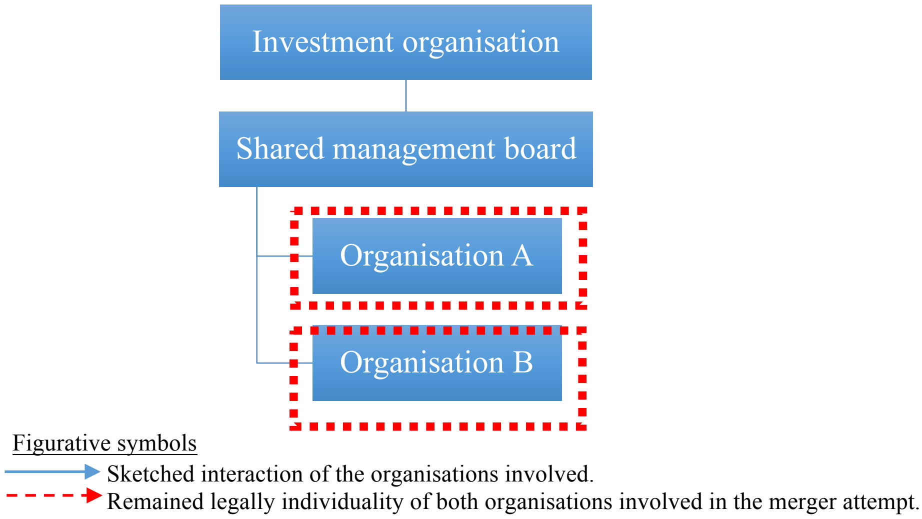


Figure 1.1: An anonymised organogram which depicts the association of both organisations.

1.2.2 Problem statement - *a management problem evolved in time*

Despite the fact that both companies were never one formal business group, they have shared the same management and supervisory board since 2014, as described above. Therefore, they have had the same shareholders to a large extent. Due to moreover these similarities in management, both companies have started some organisational changes and restructures in the beginning of 2016. They both were transitioning towards more professional and grown-up businesses, and likewise interested in business opportunities to increase and professionalize their businesses to aim at *a better reaction towards growth opportunities and increase potential synergy between both organisations*. However, merging two independent organisations is never an easy process. Something which is reflected by this particular case study, whereby the merger has been cancelled. In order to pinpoint the reasoning behind the merger attempt and its corresponding cancellation incentive, the management problem is briefly discussed in this section. An elaboration of this changing management problem over time increases inter alia the understanding of the expected relationship as central in this thesis; *whether responsibility accounting has had indeed any effect into this cancellation.* An orientation into the early stages of the merging process, and the incentives behind the collaboration of both organisations involved are of importance when trying to understand the case study problem description. This section starts with a situation sketch of the problem statement as provided by the management in June of 2016. From where the current problem statement is explained and the overall research direction is elaborated on.

Due to the shared management board and the following changes in leadership, both organisations involved were orienting towards a potential merger in the beginning of 2016. This merger could result in potential synergies between both companies due to the creation of both economic as organisational benefits, shared internal knowledge and an increased overall professionalization of both organisations. For example, trough an integrated supply-chain or by production module advantages. This could reduce the organisational complexity, but more importantly, could help both companies remain competitive. The entire merger attempt should potential have resulted in a group oriented business, as one of the board members has stated: *"becoming a big mature player in the production business in order to keep up with their main competitors".* So, due to the interrelationships of both the management board as well as the shared investment organisation, both companies were investigating the possibilities of a more group oriented business, with eventually a merger as result. According to the CFO in June 2016, the attempted merger raised questions on how to organize both businesses regarding their assignment of responsibility centers, regarding the allocation of activities and productions, and raises questions on how both internal as external deliveries between both businesses should be arranged. Based on this problem formulation, the CFO of both companies stated the following management question in June 2016: *"Both organisations were before 2014 DMS characterized driven companies, but due to the new implemented management board, we explore the option of working more as an integrated group. This all in order to create both organisational as economical advantages. The attempted synergetic approach, whereby both companies work and support one another, ask for some organisational changes. Therefore, the management question is; what are the effects of creating more synergy between both organisations their structures, the overall assignment of responsibilities and what are the challenges and dilemmas which could occur while take into consideration a new growth vision (CFO, 2016)?"*

Only four months after formulating the above stated management question, the attempted merger has been cancelled. Therefore, the original management question and problem statement, as stated above did become irrelevant for this thesis. There was no need anymore to explore the synergy opportunities, and no need for an analysis of the effects the organisational changes arising from the merger could have on the responsibility allocations. This sudden cancelation therefore caused a completely new angle for this research. Instead of looking at potential new corporate structures and the effects of new assignments of responsibility centers, this research is now focussed towards an evaluation of this merger attempt. This to explore and analyse the causational factors behind the cancellation, and furthermore look into opportunities on how to overcome a similar situation in the future. Based on this new perspective, several questions did arise such as for example: *on which facts is the cancelation based, and whether the problem statement as given in June 2016 has had an effect on the cancelation decision*. In other words, did the organisational uncertainties between both companies as sketched in the management question in June 2016 (the organisational differences in management accounting with a main focus on the responsibility accounting mechanism) cause the cancelation of the merger? Therefore, it is interesting to look into the following questions: what did cause the cancelation of the merger, does the case study organisation still have potential for future merger processes and what are key facets which need to be taken into account in order to increase future merger successes. Finally, the question does arise whether the overall responsibility accounting mechanism have had any influence on the cancellation?

1.2.3 Literary acknowledgements of the given problem statement by the management – *the increasing need of uncovering the failure causations of M&A trajectories.*

The merger collaborative where this research is focussed on, and the following cancellation is not a one time faced problem by the case study organisations, but is an acknowledged phenomenon in current academic literature. Especially the last 20 years, mergers happen more frequently. In 2015 a global record in M&A deals has been reached (Kengelbach, Keienburg, & Schmid, 2016). Kengelbach et al. (2016) explain this by the need and urge that nowadays organisations have to increase value and increase their organisational growth. This is supported by Rowe et al. (2008) and Jemison and Sitkin (1986), who pointed out that due to changing economic circumstances, organisations need to change their business strategy and correspondingly their organisational structure in order to survive. Due to the need of organisational innovation and organisational growth, organisations tend to *"experiment and* *implement organisational strategies such as continuous improvement, stretch targets, restructuring and reengineering"* (Rowe et al., 2008, p. 164).

There are different ways that can lead towards these desired organisational changes and/or innovations, for example by corporate restructuring. DePamphilis (2010) refers to the M&A process as a way to achieve corporate restructuring and stimulating organisational growth (either internal or autonomous). Primarily because of its growth opportunities, Pinto and Balakrishna (2006) acknowledge the M&A phenomenon as an important strategic tool that can increase the business and internationalization of an organisation. Therefore, M&A trajectories can help organisations respond towards the changing environment nowadays (Alam, Khan & FareehaZafar, 2014). The reasoning of Pinto and Balakrishna (2006) is similar to one of the two main acknowledged motives in academic literature for organisations that cooperate in merger processes. These two main motives are organisational growth and creating synergy, respectively. Due to those opportunities M&A processes entail, organisations can create value by facilitating new markets or by reducing costs. These increases in value have ensured that M&A processes have increased progressively in popularity over the last 20 years and are used worldwide. Kengelbach et al. (2016) however implied, that whenever organisations want to create value by their merger attempt, they need to practice and have a fully commitment towards the overall process *"as a strategic lever of the same sort as innovation or geographic or market expansion".* Kengelbach et al. (2016) furthermore refers to a previous research conducted by the Boston Consulting group, who acknowledged that *"companies that do their homework and practice disciplined post merger integration can indeed acquire their way to growth in both earnings and shareholder returns".* So, it can be stated that growing or expanding an organisation its business by the M&A phenomenon, requires lots of time and effort, but that it can create value.

The effort and difficulties M&A incentives entail is reflected by the fact that despite the great popularity of M&A trajectories in especially the last 20 years, a majority organisations that merge nowadays tend to fail or does not live up to the expectations of stakeholders (Jemison & Sitkin, 1986). Based on a study by Peng (2008), and moreover a research by Cameron and Green (2009), it can be stated that approximately 70% of the merger attempts fails nowadays. This high failure rate of mergers still today, explains the extensive attention of current M&A literature. Studies have already looked into the M&A phenomenon for decades in order to identify various reasons on why mergers fail, cancelled or why they succeed. When M&A processes happen, two different entities need to be taken together in order to form a new organisation. This involves significant challenges in terms of integration, because the more difficult corporate structures become, the more problems can arise. Based on these facts, many researchers have indicated that M&A trajectories can fail due to a misfit of strategy, corporate cultures, lack of planning or due to poor integration plans. However, regardless of all these studies into failed mergers trajectories, the percentages of failed mergers have stayed the same between 1999-2009. Especially the overall integration process has been designated as the most significant cause of merger failures, because only a *"few organisations pay proper attention to the integration process"* (Forbes, 2012). This process of organisational matching, has been categorized into strategic and organisational fit by academic literature. If both strategic, as well as organisational fit can be achieved between two merging organisations, organisations have potential a higher success rate in order to succeed a merger (Jemison & Sitkin, 1986). As well as any other M&A domain, the fit between the acquiring and acquired organisation has been studied a lot, but still the number of merger failures did not decrease. Therefore, it can be stated, that current academic literature has not yet pinpointed the bottlenecks and reasons behind a merger cancellation.

Looking at the first management question proposition given by the management in June 2016, it can be concluded that during the merger attempt, various issues came forward on how to regulate and control the management control system of both organisations. Such organisational uncertainties during a merger attempt are acknowledged by literature as one of the causes of a merger failure. For example, Nilson (2002) acknowledged that an undefined and not synergetic management accounting system could cause a merger to fail. Nilsen (2002) explains this by stating the following: *"one explanation for the high proportion of failed acquisitions is the difficulty of establishing a management control system (MCS) that will suit both the acquiring and acquired company"* (p. 41). This can be seen as a logical reasoning, because if you combine two separated entities, it impacts the structures and systems of both organisations, as both companies bring in their own cultures, structures and habits. These individual characteristics are also referred to as the overall organisational fit of both companies. Literature described organisational fit as something *"which influences the ease with which two organisations can be assimilated after an acquisition, can be assessed along a number of dimensions"* (Datta, 1991, p. 281). In combination with strategic fit, which is explained as *"synergistic benefits as determinants of acquisition performance"* (Datta, 1991, p. 281), these two types of "fit" represent the different phases of the M&A process. As strategic logic is needed in order to achieve a M&A project, where organisational behaviours lead to better performances and are therefore of importance (Straub, 2006).

The problem statement as given by this case-study, provides an opportunity to look into the specific reasoning behind a merger cancelation. Therefore, this research focusses on the identification of specific characteristics of a merger cancellation. This in a situation whereby both companies are located in the same industry, are associated by the same investment group, share the same management board, are active in same kind of business, deal with same kind of technologies, are in the same geographic location and have some overlapping markets. Furthermore, beside the identification of the merger cancellation reasoning, this research provides also an opportunity to look specifically into organisational fit issues during a M&A attempt. Because the problem statement as given in June 2016, insinuates multiple uncertainties and bottlenecks regarding both organisations involved their management controlling mechanisms, corporate structures and its related responsibility accounting. Therefore, a relation can be expected between the way responsibilities are assigned and merger successes. The above described problem statement is a "new" research area. The importance of this research area is underlined by Brahma (2011), who states that nowadays M&A literature need to look more into specific explanations on the effects organisational aspects, process descriptions and employee's interaction can have on M&A outcomes. The effect of responsibility accounting on M&A successes is something that is not yet explored in current studies despite the increasing urge of researchers, that state that especially strategic and organisational fit should be explored more in-depth regarding their role and influence within M&A processes.

1.3 Research questions

As underlined in the problem statement of this research, both literature as well as practitioners have acknowledged the fact that M&A processes deal with a high failure rate (70%). Something that is underlined by the case study organisations used for this thesis, whereby a promising merger has been cancelled. Therefore, as derived from both the problem statement and management question, it would be interesting to look into the following main research question:

How does responsibility accounting influence a merger and acquisition process and how can the organisations involved cope with this effect?

With this research question, the reasoning behind the cancellation can be explained, and the role of responsibility accounting can be assessed. In order to give an answer towards the main research question, several sub-questions need to be formed in order to provide a complete understanding of the M&A phenomenon, the different phases the M&A process contains, the management- and responsibility accounting phenomenon, but more important uncovering the current situations of both organisations: *the process which has been executed in order to merger both businesses, and an assessment of the experiences of key stakeholders.* Based on those information flows, the influence which responsibility accounting has had on the merger cancellation can be explored.

So, in order to gather all the necessary information and gain the necessary insights as described above, various sub-questions with different perspectives are drawn. There are theoretical sub-questions and practical data-collection questions formed in order to explore the actual business problem. These research questions aim to *give a structured advice towards the case study organisation by providing insights into the current experienced process, and by giving recommendations on how to overcome situations likewise in the future*. A proper and completed research can be achieved by investigating academic literature in both the M&A domain as well as into the management accounting concept with a main focus on responsibility accounting issues. These insights are extended by studying the already acknowledged problem area's and risks (failure and success factors) that organisations have faced during merger attempts. From there, a deeper understanding into the current research problem of both organisations involved is needed and therefore, information from both involved organisations is desired. To answer the main research question, the following sub-questions are formulated to ensure all necessary data that is required:

An elaboration on the Merger and Acquisition (M&A) phenomenon *(chapter 2)*

1. What is the M&A phenomenon and why do organisations use still M&A despite the high failure rate?
2. What are acknowledged lessons learned regarding M&A routes and what are the key factors for a successful M&A?
3. How are the management accounting and related responsibility accounting concepts related to the M&A process?

An elaboration into the importance of management accounting and its link with the responsibility accounting concept *(chapter 3)*

4. What is management control and how does it interact with responsibility accounting?
5. What are key concepts of responsibility accounting?
6. How does responsibility accounting relate to organisational changes or also known as corporate restructuring?

Proposed theoretic framework – a theoretical synthesis *(chapter 4)*

7. How can, based on both the examined M&A literature as well as on responsibility accounting literature, propositions and a theoretic framework be developed which can explain a merger failure or success?

Empirical case study analysis *(chapter 5)*

8. Which internal challenges and dilemmas have both the case study stakeholders experienced during the merger attempt?
9. To what extent can the identified challenges based on this case study, be traced back to the undefined management accounting synergy? In other words, in what way does an organisational misfit influence a merger outcome?

Conclusion and discussion *(chapter 6 and 7)*

10. How to overcome merger challenges in the future, and in like manner, how should the case study organisation be adjusted in order to ensure a merger success.

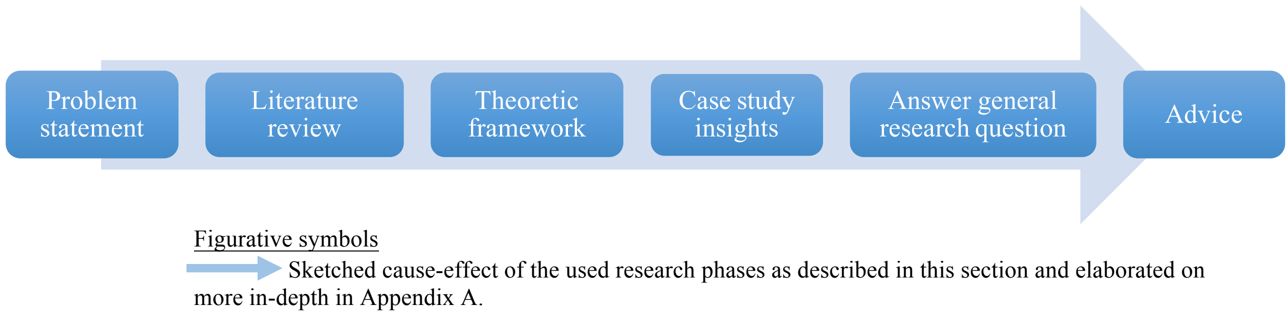


Figure 1.2: An overview of the sub-question reasoning.

Figure 1.2 reflects the order in which the different sub-questions are addressed and shows the cause-effect that the different sub-questions have on one another. Therefore, the given sequence of sub-questions described above, needs to be followed to ensure a valid and well constructed advice. Therefore, first theoretical sub-questions need to be answers based on the two independent academic literary domains. Based on these literary underpinnings a theoretical framework is formed. This framework is used for the explorative case study analysis. With the practical case study insights, an advice towards the case study organisation can be given and correspondingly, the general research question can be answered. Finally, the scientific contribution of this research can be elaborated on by discussing the experienced practical dilemmas and problems that were found in the merger process which is central in this thesis.

1.3.1 Research approach – *a brief elaboration of the chosen methodology*

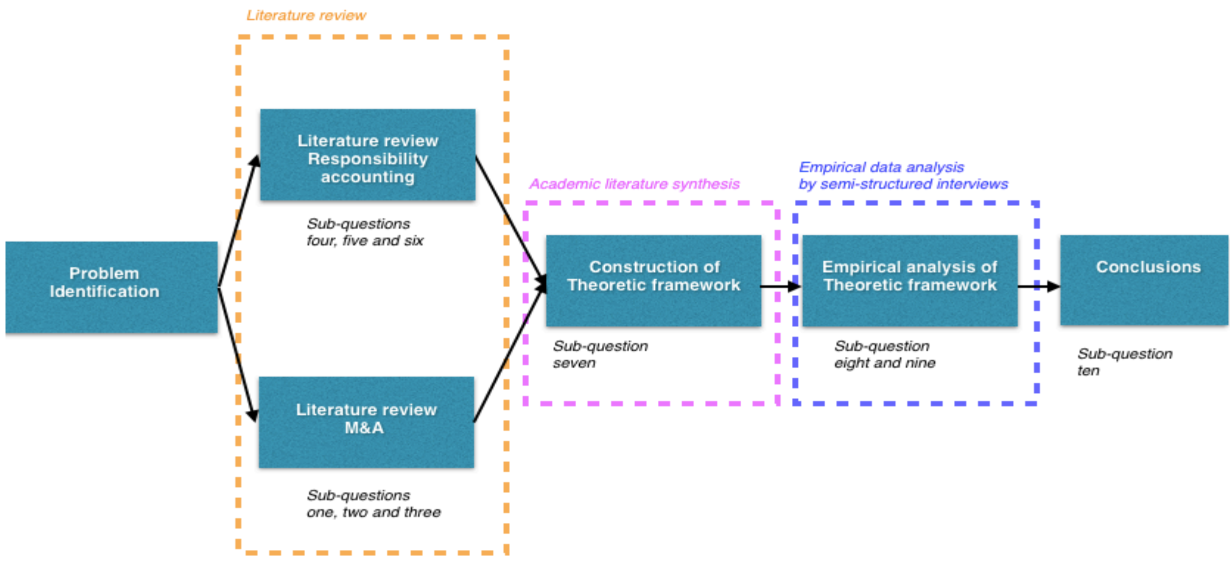
Looking at the problem statement and derivative research questions stated above, it can be concluded that the best way of designing this research, is by doing qualitative field research. Because a quantitative research would not provide the necessary insights on how the key stakeholders of both research objects have experienced the executed M&A process, and therefore important information could potentially be missed. One way of conducting a qualitative field research, which is widely recognized in academic literature, is by performing a case study. With a certain research design, researchers can get an in-depth understanding of a particular case and its related circumstances. Due to that characteristic, a case study is a perfect method for exploring experienced management problems by empirical data, which can lead towards further research propositions (Babbie, 2007). An exploratory case study can be designed in several ways. A researcher can observe a certain phenomenon, conduct in-depth interviews or form a focus group, where interviewees analyse a certain topic together (Babbie, 2007). This section discusses the established research design. A more in-depth elaboration of the used research methods and overall research design can be find in Appendix A, that discusses the methodology justification in more detail and ensures the research traceability, which increases the overall research validity and reliability.

In general, it can be stated that in order to answer the different sub-questions as formulated above, several research methodologies need to be used. The used methodologies can be divided in two main research methods: *a literature review and semi-structured interviews.*

The research started with performing a systematic literature review. An examination into two independent literary domains has been performed: a literature review into the M&A domain in combination with a literature review into the management accounting domain with primarily focus on responsibility accounting. This all based on frequently cited academic articles, originating from quality finance and management journals as well as from management accounting books. Both independent literature reviews have ensured the necessary in-depth-knowledge on both the fields of M&A trajectories as well as on responsibility accounting. Overall, it can be stated that the research method academic literature review is used for answering the sub-questions 1 to 6. Together, these six questions have formed a theoretical synthesis, which is summarized by a theoretical framework in the fourth chapter of this thesis. This theoretical framework is a theoretical elaboration on the existence of the expected relationship between responsibility accounting assignments and merger outcomes. The model as presented, can therefore be seen as the answer towards the seventh sub-question.

The empirical data is primarily collected by *semi-structured interviews*. This particular data collection method, is chosen because of its good fit for case study research with a limited amount of respondents (Yin, 2009). The conducted semi-structured interviews were formed, based on the interview stages compiled by Kvale (as referred by Babbie, 2007): *thematising, designing, interviewing, transcribing, analysing, verifying, reporting*. Both the independent literature reviews as well as the summarizing theoretic framework have been used as a base for the initial interview questions, as reflected in Appendix B. Based on the formed theoretical framework, open ended questions were asked related to both the M&A and responsibility accounting domains. The open-ended questions were selected to ensure as much in-depth information possible about the merger attempt and the experienced challenges, e.g. opinions, experiences and more extensive knowledge. This approach is chosen because it ensures an equivalent empirical data collection process and therefore increases the research reliability. As the research is based upon a case study, the interview respondents were selected from both research organisations involved because the main objective of the research is: *gathering information about the problems and dilemmas both organisations involved have faced during the merger attempt, and hereby collecting opinions on how to overcome these problems in the future.* The respondents were selected and sampled, based upon their position within both companies and based on their known involvement in the merger attempt.

The overall research design is summarized in figure 1.3. This figure shows the importance of the two separate literature reviews (elaborated on in chapters two and three) for a continuation of the complete case-study. The two independent literature reviews are combined and used in the fourth chapter, where a synthesis is made based on each domain its major conclusions. This synthesis is made in order to uncover a potential linkage between both literary domains and uncovering the expected relationship as suggested by the case study organisations. Based on this analysis, a theoretic framework has been build, which is tested by the practical case study organisations involved. Those findings as identified by the theoretical model are analysed in chapter five. Conclusions are drawn in chapter six and both the theoretical findings as well as empirical findings are placed next to one another, from where the existence of the expected relationship between responsibility accounting and M&A outcomes is elaborated on.



Figurative symbols
Sketched interaction of the different research methodologies to one another.
Literature review demarcation.
Academic literature synthesis demarcation, based on the two independent literary reviews.
Empirical data analysis demarcation, testing the theoretical framework by semi-structured interviews.

Figure 1.3: Conceptual research model.

1.3.2 Purpose of this research

As mentioned in the problem statement, M&A trajectories are used as a strategic tool in order to enhance organisational growth and stimulate an organisation its business. However, over 70% of the merger attempts fail. Since October 2016, the case study organisations involved belong to the category of failed merger attempts, as their merger has been cancelled. Despite the merger cancellation, the case study organisation still has the urge to grow autonomous and is still interested in merger opportunities. Therefore, the cause of this merger cancellation and how the case study organisation should overcome a same situation in the future is questioned.

In order to increase the success rate of M&A processes and reduce the failure rate of potential new merger undertakings by the case study organisation, it can be stated that the purpose of this research is studying the motives and most important reasoning behind the merger cancellation. This is investigated by identifying and understanding the merger process in general, and by gaining an understanding of the challenges key stakeholders have experienced, with an emphasis on organisational fit issues between both companies. In other words: the purpose of this research can be described as *enlarging the understanding of the relation of organisational challenges related to the overall responsibility accounting system and a merger cancellation.* Something which is earlier designated as a potential driver of the cancelation, because in June 2016 there were several uncertainties about those organisational aspects. This emphasis is made in order to assess whether these organisational misfits relate to the assignment of responsibilities, were the main drivers of the merger cancellation, or whether other elements have contributed to the cancellation. Based on these obtained insights (lessons learned), recommendations on the merger process in general, and for the various stakeholders are made. Based on those recommendations, the case study organisations involved gain more in-depth insights on how to handle another merger attempt in a more successful way.

1.3.3 Delimitations made within this case study research

Due to the limited time frame of this research, and the broad scope of both the M&A as well as the responsibility accounting literature domains, the quality of this research can only be secured when some delimitations are drawn. The delimitations made for this research have reduced the scope of this research, and have resulted into a more focused exploration into the merger cancellation. It has led to an identification of the dilemmas and challenges both organisations involved have faced. Based on those delimitations, it can be determined that this research focusses on the overall M&A process executed at the involved case study organisations. This research provides an overview of the whole merger process and executed activities, and identifies the challenges and bottlenecks which have been experienced.

In addition, this research emphasises the effect responsibility accounting and the organisational administrative design has had on the merger process. This specific focus on the organisational fit between both companies is chosen based on the first management question provided by the management board in June 2016, where they have asked the researcher to look into a potential new corporate structure in order to enhance synergy creation. With these analyses, the researcher tries to identify a linkage whether the experienced organisational misfits have had an effect into the merger cancellation and tries to identify to what extent other factors had a role in the cancellation. Together, it can be stated that this research explores the effect of responsibility accounting on a merger process and thereby identifies challenges and opportunities on how to overcome a merger cancellation in the future.

1.4 Defined research goals

For this research, there are several ways to define the research goals. First of all, it can be stated that each of the sub-questions shown in section 1.3, can be seen as an objective and therefore as a research goal on its own that needs to be addressed. This because each of the formulated sub-questions is needed in order to give a good advice towards the case study organisation, something which is presented in figure 1.2 and figure 1.3. Figures which reflects the cause-effect the questions have on each other. The first questions have meaning as guideline for the systematic literature review. Those literary questions provide the necessary insights into both the M&A concept as well as the management accounting concept with a primary focus on responsibility accounting. Theoretical insights are needed in order to continue the explorative case study with a validated theoretic framework. The second batch of research questions are needed to identify the different dilemmas and bottlenecks both organisations involved have faced during the merger attempt. Those questions are building stones for the final advice, due to the empirical data these questions deliver. Based on these two different sets of sub-questions, an answer for the general research question can be formed, as well as a contribution towards academic literature can be made. Due to the given problem statement and formulated general research question, it can be concluded that the main research goals of this research can be determined in two general categories. The first goal can be defined as the practical output this research provides, and the second goal can be defined as the scientific output of this research, which contributes to the already existence scientific literature.

The practical goal of this research is: obtaining insights into the merger attempt and identify experienced dilemmas and challenges. By identifying these challenges and dilemmas, recommendations can be made for the case study organisation on how to overcome a comparable situation in the future when a merger needs to be cancelled. This research therefore gives insights into the facets the management board has account for during a new merger attempt. For this practical research goal, the focus will primarily be on organisational fit aspects with a focus on responsibility accounting, and on how the case study organisation should adjust their corporate structure in order to succeed another merger attempt.

The scientific goal of this research on the contrary is: contributing to existing M&A literature by the identification of practical challenges and dilemmas SME organisations face during a merger process with a focus on the effect responsibility accounting has on merger successes. Literature has already investigated a variety of failure and success factors, but in recent years the amount of failed M&A trajectories have not yet reduced. Therefore, it can be concluded that there is a lack of academic literature regarding in-depth knowledge of failure specific M&A characteristics.

1.5 Research relevance

This research has both practical as academic goals, as shown in section 1.4. Due to these two different outlooks, it can be stated that this research also has both a practical as scientific relevance.

The *practical relevance* of this research focusses on providing an advice towards the case study organisations involved by providing insights on how their previous merger attempt has been done, and by giving recommendations on how to overcome a comparable situation in the future. These insights are obtained by identifying the dilemmas key stakeholders have encountered. These insights lead to recommendations of how the case study organisation can overcome these dilemmas with a primary focus on the responsibility accounting. Therefore, the practical relevance can be defined as: *providing recommendations and/or practical guidelines for the case study organisations involved which could support them during a future merger attempt.*

The *academic relevance* on the other hand is mainly focused on providing practical case study insights by the identification of experienced failure and success factors. A numerous amount of failure cases has been identified, but literature is still ambiguous and M&A processes still show a high failure rate. Especially the organisational fit element has been scarcely studied because it is an upcoming research area. Therefore, the academic relevance can be defined as *providing new in-depth insights into particular failure and success factors two involved SME organisations have faced during a M&A trajectory. Hereby a special focus has been on the organisational fit and the effect organisational misfit in the form of responsibility accounting have had on the merger process.*

1.6 Outline of the thesis.

This section discusses the structure in which this thesis is composed. First, an introduction into the problem and context of this research is given in chapter one. The problem statement, research questions, a general description of the research methodologies, research goals and research relevance are elaborated. In chapter two a systematic literature review into the M&A phenomenon is described. This systematic literature review describes the concept of mergers and acquisitions (M&A), the different motives organisations can have when entering M&A trajectories and elaborates on the different phases of the merger process and has identified the most common failure and key success factors obtained by academic literature. In chapter three, the literature review focuses on the management accounting domain with a primary focus towards the responsibility accounting concept. The core elements of the responsibility accounting concept are underlined, and the overall importance of organisational control is elaborated on. Together, these literary underpinnings described in both chapters two and three, are presented in the theoretic framework as given in chapter four, which has formed the base during the continuation of this research. Chapter five presents the practical (empirical) case study insights, followed by chapter six which provides an answer towards the research question and likewise shows an advice towards the involved case study organisations. Finally chapter seven provides a discussion about the research findings this research has provided, from where the overall research limitations and further research recommendations are elaborated on.

Chapter 2: Mergers and Acquisitions - a theoretic elaboration on this strategic management tool.

This chapter elaborates on the concept of Mergers and Acquisitions, further called M&A, and intertwined domains. As the M&A domain is wide and extensively researched, a fully captured literature review into this domain is not possible. This chapter therefore presents the major theories available in M&A literature, related to the research context. In order to provide a clear oversight of the M&A domain, the first sections provide an introduction into this frequently used phenomenon. After the general depiction of the M&A phenomenon, a more in-depth analysis of the M&A process and expected failure and success factors are discussed. Especially those last sections are used as main input for the theoretical model, as drafted in chapter four. As the research design is arranged in such a way that the independent literature reviews into both the M&A and responsibility accounting domains are synthesised in chapter four. Especially the literary underpinnings available regarding the execution of a M&A trajectory were used as input for the in chapter four created theoretical model, and can therewith be seen as constructive towards the theoretical synthesis as shown in chapter four. The main influencing factors of the M&A domain are processed in the theoretical model, which therewith depicts whether the expected relationship of responsibility accounting on merger successes exists, and can be supported by academic literature.

So in general, it can be stated that this chapter starts by giving an introduction into the M&A concept, based on its definition, the different classifications of M&A trajectories and the different motives organisations can have. The sections 2.2 and 2.3 discuss more in-depth the different motivations organisations can have when entering a M&A process, and discuss the different classifications and forms of a M&A trajectory. The body of this chapter can be seen as the breakdown of the M&A process into a diversity of phases, acknowledged by literature, as shown in section 2.4. Finally, previously identified key success and failure factors of the M&A concept, acknowledged by literature, are elaborated on in chapter 2.5 and 2.6. From there, the importance of organisational fit and strategic fit is shown in section 2.7. Based on the above presented sections, section 2.8 outlines the relation of management accounting on M&A processes. Finally, section 2.9 presents a summary of all discussed literature, and will distinguish those theories which are used in order to answer the research question. Hereby, section 2.9 provides answers for the first three sub-questions.

2.1 The M&A phenomenon – *a concept exploration.*

“In today’s intensely competitive business environment, mergers and acquisitions have become a common strategic tool for achieving corporate growth, and they can even be the key to victory in the marketplace” (Yu & Yang, n.d.)

The statement above, as given by Yu and Yang is inter alia supported by McDonald, Coulthard and de Lange (2005) who also acknowledged the fact that M&A trajectories are a popular method for organisations to achieve organisation growth and appeasing stakeholders all over the world. In like manner, Pinto and Balakrishna (2006) have stated that M&A trajectories have become a strategic tool in order to cope in nowadays competitive economic circumstances. Especially in the last 20 years, the amount of M&A trajectories have increased greatly (Dutta, 2011) and herewith the importance within organisations of this strategic tool is once more acknowledged. A reason for this increased importance is given by Alam et al. (2014), who state that M&A are an important strategic management tool with the ability to respond on nowadays economic environment. As most of the organisations have to expand their business, and *“many firms have no alternative but to merger, acquire or be acquired”* (Alam et al., 2014, p. 3). By enhancing organisational growth, both merging organisations their strengths can be combined. Therewith M&A can for example increase shareholder returns, can increase operational efficiencies and can realise organisational growth (Dutta, 2011; Alam et al., 2014). This is supported by Gaughan (2007) who state that organisational growth is one of the most well-known motives behind a M&A. He acknowledged that companies need to make the choice of either grow organic, or grow autonomous by M&A processes: *"Mergers come and go, depending on the economic health and emotional state of mind in the corporate world"* (Galpin & Herndon, 2007, p. ix). In other words, it can be stated that M&A trajectories are nowadays used as a strategic and an operational mechanism in order to combine both business and strategic goals. It can therefore be seen as a strategic mechanism which increases the chance of survival in nowadays competitive economy (Galpin & Herdon, 2007; Alam, Khan & FareezhaZafar, 2014).

M&A is a broadly and fragmentised domain in academic literature (Larsson & Finkelstein, 1999; Pinto, & Balakrishna, 2006). This probably due to the fact that the M&A concept has been part of multiple academic domains such as organisational behaviour, strategic management and corporate finance literature (Zollo & Meier, 2008). Over the last 20 years, extensively research into how M&A trajectories functions, the effects on organisational productivity, ownership structures, organisational changes and employee impacts has be done (Appelbaum & Shapiro, 2007). Especially in the last couple of years, academic have looked into different fields; e.g. strategic management, economies of scale, acquisition performance, human resource management in order to combine those insights (Larsson & Finkelstein, 1999). A reason for this increasing research into the M&A concept is given by Gaughan (2007), who implicate that this is due to the increasing complexity of M&A transactions and because of nowadays economics. Looking at the research question and problem statement as elaborated on in chapter one, questions do arise on what is a M&A, which forms (qualifications) are commonly accepted, and how does the phenomenon works? Mergers and Acquisitions, or also called in literature M&A, are interchangeable concepts and important corporate restructuring tools (Alam et al., 2014). It is a broad and wide concept, and a predefined definition is not yet given. As shown by their model, Nakamura (as retrieved by D'Onofrio, 2015) showed that M&A trajectories can cover a variety of forms. From either joint ventures, to an absortion merger. In other words, both mergers as acquistions can been seen as alliances of two organisations (Alam et al., 2014).

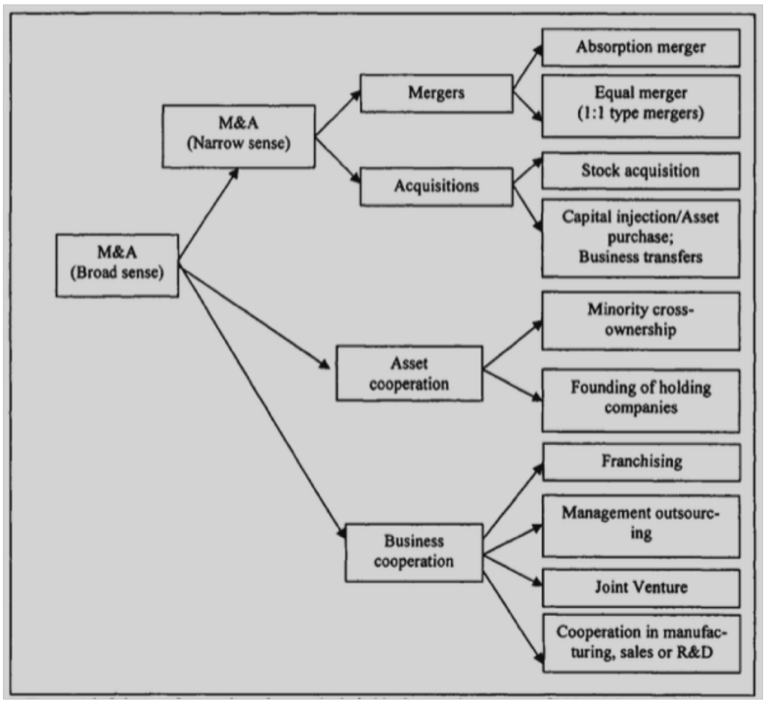


Figure 2.1: An exposition of the greatness of the M&A concept by Nakumara. Figure retrieved from D'Onofrio (2015).

This complexity and broadness of the M&A concept is once more acknowleded by Clayman, Fridson and Troughton (2012) who state that M&A trajectories involve multiple risks and complex activities, whereby the main results can be seen as *"two companies together are of more value than those two companies when they are separate entities"* (Alam, Khan, & FareehaZafar, 2014, p. 1). As business combinations arise in different forms and in different compositions, a distinction can be made between mergers and acquisitions. Alam et al. (2014) made a distinction between merger and acquisitions by stating that whenever organisations are similar, they merger. On the contrary, acquisitions can be defined as a target organisation who acquires, in most cases a weaker target organisation. This all in order to overcome each others weaknesses and strengthen each others strengths. It can be stated that the way a transaction has been made and the level of integration, distinguishes a take-over of being either a merger or acquisition (Roberts et al., 2003). Literature lacks a clear established definition for both the M&A concepts, and both concepts are often used together in literature (Straub, 2006). The multiple definitions available however imply various similarities and therefore, in this section several definitions are given in order to explore the M&A concept.

An acquisition, refers to the purchasing process *"of some portion of one company by another"* (Clayman et al., 2012, p. 412). This is in like manner with the definition given by Koi-Akrofi (2016). Koi-Akrofi (2016) states that an acquisition normally *"involves purchasing the assets and stock of the acquired company"* (p. 150) whereby the target firm might be absorbed by the acquiring firm, which is in most cases the largest organisation (Alam et al., 2014). This can be done by inter alia cash deals, issuing of new shares, using swaps or by a mixture of the latter. Another major distinction between a merger and an acquisition is the fact that with acquisitions, a negotiation process is not customary. This because one organisation buys the other organisation (Roberts, Wallace, & Moles, 2003).

A ***merger*** on the other hand can be classified as *"two corporations in which only one corportion survives and the merged corporation goes of existence"* (Gaughan, 2007, p. 12). In other words, a merger is the absorption of another organisation in order to become one, whereby the name is used of the surviving organisation (Clayman et al., 2012; Alam et al., 2014). Hereby, both organisations are usually *"equal in size and stature"* (Alam et al., 2014, p. 2). This is in like manner with Koi-Akrofi (2016), who states that *"a merger is the joining together of two corporations in which one corporation transfers all of its assets to the other, which continues to exist. In effect one corporation consumes the other, but the shareholders of the consumed company receive shares of the surviving corporation"* (p. 150). The amount of integration depends on whether a merger is statutory or subsidiary. A statutory merger suggests a merger whereby one of the organisations is eliminated and its related assets and liabilities become an integral part of the acquiring organisation. A subsidiary merger on the other hand is a merger whereby *"the company being purchased becomes a subsidiary of the purchaser",* or also called acquired organisation. (Clayman et al., 2012). According to Manne (1965), the usage of mergers is the most efficient way of structuring corporate takeovers.

So, based on this section it can be concluded that both mergers as well as acquisitions are widely researched topics. However, despite this extensively research, they do not have a determined definition. Looking at both mergers as well as acquisitions their characteristics, it can be stated that they both deal with organisational restructuring and organisational takeovers. By treating them as equals, which is done by academic literature, misunderstanding can hopefully be avoided. So for this thesis, both mergers as well as acquisitions are used as interchangeably concepts.

2.2 Elaborating the classic classifications of Mergers and Acquisitions

In academic literature, M&A trajectories are used as an overreaching definition of all activities which are associated with either a merger or acquisition. As both mergers and acquisitions are applicable in different situations and environments, they are classified into multiple types. Several researchers typed M&A into three categories: *horizontal, vertical and conglomerate mergers,* which among other things reflects their value chain (Gaughan, 2007; Dutta, 1999). Some researchers such as for example Clayman et al. (2012) complement these three main categories by two other additional perspectives: *geographic and stakeholder perspective*. In this section, each of these different classifications will be discussed briefly.

A horizontal merger can be typed as two merging organisations into the same line of business (Clayman et al., 2012; Gaughan, 2007). In other words, a horizontal merger is a merger between two competitors in the same industry, whereby both parties have a lot of knowledge about the other business (Moeller & Brady, 2014). Due to its nature, a horizontal merger can have impact on an industry, if for example two large competitors merge (Dutta, 1999). One of the main motivations for these kind of mergers is the creation of economies of scales. This implies that costs can be saved due to for example *"consolidations of operations and elimination of duplicate resources"* (Clayman et al., 2012, p. 410). These cost savings or also called synergies, can be created due to an overlap and redundancies between the two competitors, e.g., double factors and excessive staff (Moeller & Brady, 2014). Furthermore, horizontal mergers can, as stated by Gaughan (2007), cause a higher level of experiences and higher amount of market shares.

A vertical merger can be described as a merger form whereby the acquiring organisation buys out a targeted organisation (the organisation that is acquired) which is located in the same production chain, e.g. a supplier (Clayman et al., 2012; Moeller & Brady, 2014). It can therewith be seen as an anticompetitive merger (Dutta, 1999). In other words, vertical mergers are *"combinations of companies that have a buyer-seller relationship"* (Gaughan, 2007, p. 13). According to Moeller and Brady (2014) *"there is often less common knowledge between the two companies in a vertical deal".* Hereby, cost savings can be made, and more control on quality, distribution or procurement can be achieved within the supply chain.

Finally, organisations can choose for ***a conglomerate merger***. Nowadays, this form is the most uncommon merger form, as it is *"fallen out of flavour with shareholders and financial markets"* (Moeller & Brady, 2014). With a conglomerate merger, an acquiring organisation buys out a target organisation which has no relation with their core business. In other words, the target organisation is not a direct competitor and does not have a direct buyer-seller relationship (Gaughan, 2007). The focus of this type of merger is on creating diversification and based on strategic rationalization (Moeller & Brady, 2014). Due to the creation of diversifications, organisations try to reduce business risks. As diversification can reduces an organisation its CF volatility and can increase their economies of scope (Roberts, Wallace, & Moles, 2003). However, a conglomerate merger can also bring additional risks to an organisation, as it brings new products, services and new markets towards an organisation (Roberts et al., 2003).

Besides these three classifications of M&A trajectories, primary based on the value chain of both organisations involved, several literary sources have described other characteristics in which a M&A can be classified on. Each of these classifications depend on different motives and factors. For example, the distinction between ***domestic and cross-border mergers*** (Clayman et al., 2014; Gaughan, 2007). Hereby mergers are categorized based on their geographical characteristics, whereby domestic mergers refer to mergers who are done with two firms located in the same country/economical environment. Cross-border mergers on the other hand, as the name already suggested, are mergers who take place between two organisations involved in two different countries/economies.

Furthermore, a merger distinction can be made in the way transactions are made, either hostile or friendly. ***A hostile takeover*** can be defined as a takeover whereby the targeted organisation and its management are against the acquisition (Clayman et al., 2014; Roberts, Wallace, & Moles, 2003). On the contrary, ***a friendly takeover*** is an agreed acquisition whereby the target organisation is willing and endorses to be acquired (Clayman et al., 2014; Roberts et al., 2003).

It is of high importance for organisations, to know in which type of M&A classifcation they are involved. This because it determines moreover the strategy they have to follow. However, finding the right classification is found as a hard thing to do for organisations. A research by Harding and Rovit (as referred by McDonald et al., 2005) shows for example that only one in three CEOs had a clear vision for their M&A attempt.

Value chain classification	Geographic classification	Shareholder classification
Horizontal merger	Domestic merger	Friendly merger
Vertical merger	Cross-border merger	Hostile merger
Conglomerate merger		

Table 2.1: Summarized most popular / most common M&A classifications. Table is based on the theories of Clayman et al, 2014; Gaughan, 2007; Roberts et al, 2003; Moeller & Brady, 2014.

Overall, it can be stated that there are several forms in which M&A can be categorized. The choice of merger classification depends moreover on the motive an organisation has. However, each of the different types of classifications as discussed in this section, can been traced back to the three main categories, as stated in table 2.1.

2.3 M&A motives – *an elaboration on why companies enter a M&A process*

Why do organisations merger or make an acquisition? That is a question which is asked frequently in academic literature. M&A trajectories are made all around the world, in all kind of economies and by all types of organisations. But why do companies with different corporate cultures, corporate values and different systems want to merger or want to acquire another party? This section looks into the different strategic and financial motives organisations can have when proceeding a M&A process.

As there are many different ways on proceeding a M&A trajectory, correspondingly organisations can have a variety of motives. The importance of these different motives in a M&A process is inter alia underlined by Clayman et al. (2014). Clayman et al. (2014) have indicated that these motives can explain and evaluate the rational behind a M&A trajectory and are important for the strategy implementation: *"Motives are interrelated and there are typically several motives, both acknowledged and tacit, behind any given merger"* (p. 413). However, some of these motives are dubious and cannot be rational justified (Clayman et al., 2014). Both research institutes such as for example KPMG, as well as literature, have looked into the variety of motives organisations have when proceeding a M&A trajectory, and the composition of it. For example, a well known and excepted study by KPMG (1999) has identified several motives of companies who engaged a M&A process. The key motive they identified was creating access to new geographical markets (35%), followed by maximizing shareholders their values (20%), an increase of market shares (19%), acquire new products and or services (8%), and finally increase the control in supply chains (7%) (KPMG, 1999). A research conducted 12 years later showed that the motives did not change over time. Once again, the most important reasoning was identified as *"increase market share, geographic growth, expanding into a growing sector, cost synergies, investment opportunities, enter a new market"* (KPMG, 2011, p. 8).

These described incentives for organisations to proceed in a M&A process are supported by literature. Gaughan (2007) for example states that M&A trajectories are usually carried out with both strategic as well as with financial / performance enhancing incentives. The biggest motives as cited in literature for a M&A attempt is organisational growth. Also known as autonomously expansion of an organisation its business, the creation process of synergy, and therewith increase an organisation its financial performance (Gaughan, 2007; Cameron &

Green, 2009). As stated by Gaughan (2007) *"one of the most fundamental motives for M&A is growth"* (p. 117). This ***Organisational growth*** can either be done within an organisation its line of business or in the same geographical circumstances, as already discussed in previous section. On the contrary an organisation can also enter a M&A trajectory in order to diversify their business. Something which *"allows the company to move into other lines of businesses"* (Gaughan, 2007, p. 14). Hereby organisations have the choice to do this growth internal, or do by a M&A trajectory (Gaughan, 2007). A growth by M&A results usually in a more rapid growth process, but on the contrary creates more uncertainties (Gaughan, 2007). Because of these rapid growth possibilities, Yu and Yang (n.d.), researchers from PWC, acknowledge that the usage of M&A processes is a strategic tool for organisations in order to achieve organisational growth. The importance is underlined by Alam et al. (2014). They state that by M&A trajectories, successful organisations can grow harder than their competitors by combining the experiences and strengths of both merging organisations. Therewith it can be stated that M&A trajectories are powerful growth tools, which can be used in all types of industries and organisations. Clayman et al. (2014) also acknowledge the restructuring ability of M&A trajectories. They imply that restructuring of organisations is mostly done in order to achieve a change in strategic focus, to enhance organisational synergies or due to financial motives (Clayman et al., 2014).

In addition to these growth incentives which can drive M&A processes, or also called the global expansion incentive, organisations can gain ***economic benefits (synergies)*** such as economies of scale or economies of scope, depending on the type of merger. In other words, organisations merge or acquirer with as purpose, *an increase of the performance* (Appelbaum et al., 2000). In literature, this is also called the 2 + 2 = 5 effect, whereby two companies increase their combined competitive advantage and increase therewith their combined value, also called synergy (Appelbaum et al., 2000; Gaughan, 2007). Gaughan (2007) identifies two types of synergies, who are acknowledged widely in academic literature: operating synergy and financial synergy. Operating synergy refers to both *"revenue enhancements and cost reductions"* (Gaughan, 2007, p. 124). Financial synergies on the other hand refers to the *"possibility that the cost of capital may be lowered by combining one or more companies"* (Gaughan, 2007, p. 124).

Besides these operating (cost reduction and revenue increases) and financial gains (better excess to capital markets which results e.g. in a lower cost of capital), an organisation can benefit from M&A trajectories due to improvements of the ***general management***, improvements of ***R&D departments***, an ***improved distribution of resources***, and ***tax incentives***. In other words, as Alam et al. (2014) describe, organisations who engaged a M&A process make use of each other their strengths and capabilities which correspondingly results in increasing market shares and an increase in provability. Haspenslagh and Jemison (1991) state that those created synergies are the results of the interaction between both companies. They emphasize the fact that the general management level is responsible for identifying and demonstrating these benefits: *"how it can improve the firm's competitive position and create value, e.g., sharing resources between the firms, transferring skills among the business functions, improving the general management of the company, or providing the firms with more muscle in its markets or with suppliers"* (Haspeslagh & Jemison, 1991, p. 7). The latter described categories (growth, economic and general management incentives) are in like manner with the so called stakeholder motives given by Johnson, Whittington and Scholes (2009) who pinpoint three other motives categorisations: *strategic, financial and managerial motives.* Hereby the strategic motives concern the overall improvement and increase of business, financial motives concern an increase of financial resources, and finally the managerial motives are related to the self-interest of stakeholders.

In spite of the classifications as stated above, Desai & Joshi (2016) state that academic literature has shown that there are two other frequently mentioned reasoning behind M&A trajectories: gain efficiency benefits (or in other words, creating economies in scale and in scope) and increase the strategically rationale of the organisation. As M&A trajectories enable organisations to make structural changes. Alam et al. (2014) have extended these rationales, by stating that also the speculative rational, management failure rational and the political rational are important incentives behind a M&A trajectory. They therefore need to be taken into account when evaluation or identifying the motives behind a merger or acquisition. In likewise, Clayman et al. (2014) provide a categorized overview of the most common motivations organisations use, in order to determine whether or not a M&A process should be executed. These categories are similar as the motives described in the latter, but categorized into three different domains*: creating value for an organisation, incentives for cross-border mergers and dubious motives,* as shown in figure 2.2.

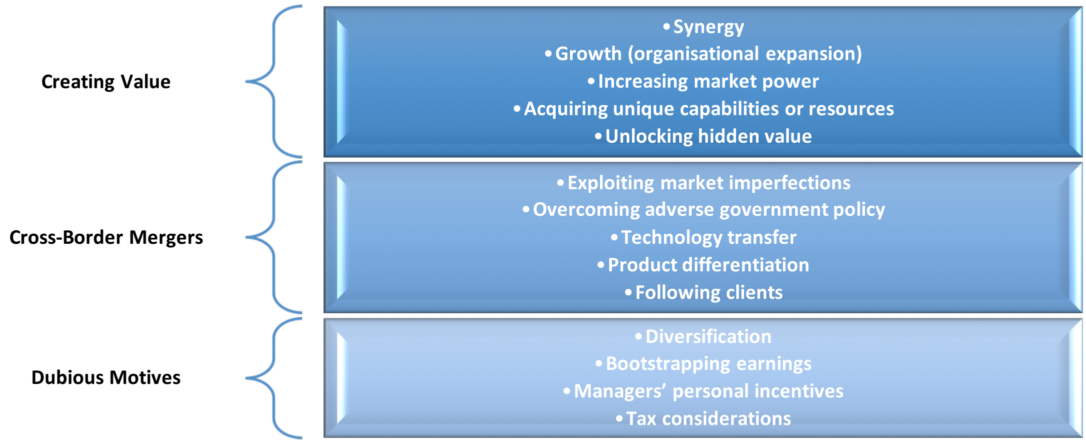


Figure 2.2: Summarized motives for a merger or acquisition. Figure retrieved and combined by both the theories of the CFA institute (n.d.) and Clayman et al. (2014).

The above discussed categorisations are similar as the distinction in M&A motives as given by Peng (2008). He categorized the incentives into the following categories: (1) ***Synergistic motives*** which implies "*the most frequently mentioned industry-based rationale is to enhance and consolidate market power"* (p. 273). (2) ***Hubris motives*** on the contrary *"refers to managers' overconfidence in their capabilities"* (3) ***Managerial motives*** are referred to as the *"self-interested actions such as empire-building guided by informal norms and cognitions"* (p. 275). Each of these categories have according to Peng (2008), different effects on the value. According to Peng (2008) synergetic motives are most likely to increase value of a M&A. On the contrary, Peng (2008) states that both hubris as well as managerial incentives can decrease a M&A its value.

In sum, it can be stated that there is a wide variety of motives and classifications in academic literature available on why organisations engage M&A trajectories. However, there are multiple similarities to detect regarding these different classifications. All researchers acknowledge the importance of both the creation of synergies and the ability to enhance and stimulate autonomous growth by M&A trajectories. Both can lead to a better competitive advantage in nowadays changing economic circumstances, and can be an explanation of the extensively usage of M&A trajectories in the last 20 years. Besides these two acknowledged reasons, researchers have found evidence that companies use M&A trajectories in order to enter new markets, and the fact that certain processes can increase the shareholders value due to e.g. cost reducing, cross-selling of products, tax advantages or by diversifications. Finally, a merger or acquisition can result in risk reducing and can result in a better spread of risks. However, managerial and hubris motives can on the contrary decrease the overall value.

2.4 The M&A process – *determining the variety in phasing*

As M&A trajectories are a 20-year researched and well proven concept, many researchers have studied the process of M&A. Based on those studies, it can be stated that literature has acknowledged the fact that an M&A process can be defined in several phases. Looking at the overall M&A process, it can be stated that there is variety in classifications of the phases available in M&A literature. Something which is among others acknowledged by Koi-Akrofi (2016) who state: *"M&A process from M&A literature is described differently by different authors"* (p. 49). However, there are several theories to detect which are widely used and acknowledged (Haspeslagh & Jermison, 1991; Angwin, 2007; Lasserre, 2003; Clayman et al., 2014). These theories have identified the following three stages within the M&A process:

1) The pre-acquisition phase
2) The transition phase
3) The post-acquisition phase

These three phases are also known as the planning, implementation and integration phases of a M&A process (Picot, as referred by Sedlacek, Konecny, & Krizova, n.d.). Researchers as for example Alam et al. (2014) have extended these three phases by stating that before entering a M&A process, another stage can be identified*: the inception phase*. Hereby the rational behind the M&A strategy is defined, and the overall feasibility is checked (Alam et al., 2014). When the feasibility ckeck is completed, a "go" can be given, and both organisations have a proper idea on how *"to take things to the next level"* (p. 7). The acquiring organisation can commit themselves towards the M&A trajectory and can start funding their resources (Alam et al., 2014) and startegic planners and implementation teams become active.

The first acknowledged M&A phase, ***the pre-acquisition phase,*** can be described as the phase whereby potential candidates are being evaluated and screened, and the overall goal of the acquisition is formulated. According to Lasserre (2003), this phase consist out of three elements. First the value creation need to be determinated such as for example an identification of the potential synergies can be made. In het second place, a target should be selected. Finally, a due diligence analysis needs to be executed and a valuation needs to be made. In same manner, Alam et al. (2014) acknowledges the importance of screening potential M&A candidates, in order to start planning and start trust building from an early stage on. Hereby the acquiring organisation needs to make their criteria clear, of what to expect from the M&A (Alam et al., 2014).

The second phase, or also called ***the transaction phase***, is the phase whereby the actual deal is made, contracts have been signed and money (the purchase amount) has been transfered. Hereby the legal transaction of one organisation to another organisation is central, and key shareholders need to be aligned. In other words, it is the phase whereby negotiations are finished, and organisations start working together in order to enhance a smooth integration.

Finally, the third phase is known as ***the post- acquisition phase.*** This phase can be described as the phase whereby both companies need to be integrated. In order to ensure a smooth integration phase, an integrationplan needs to be set based on changes in activities, changes in organisational structures, the different cultures of both companies, and different rules needs to be set on how to control the post integration process (Koi-Akrofi, 2016). According to Lasserre (2003) this phase consits out of three phases; 1) integration framework 2) transition management 3) strategic consolidation. In general, it can be stated that there are different integration possibilties available. One of these researchers are for example Alam et al.

(2014), who acknowledge three different types of merger integration: *vertical integration; horizontal integration; conglomorate integration*. As can be concluded, these integration classifications refer to the types of M&A classifications as elaborated on in section 2.2. Hereby vertical integration refers to an integration along the supply chain of both companies, horizontal integration referes to a M&A trajectory of two organisations in the same industry and a conclogormate integration refers to an acquistion *"of unrelated companies that continue production in unrelated sectors"* (Alam et al., 2014, p. 6). As Haspeslagh and Jemison (1991) state, a standard integration approach cannot be made as *"important differences exist and trade-offs must be made"* (p. 7).

Since 1999, more extensive research has been conducted into the different phases of the M&A process, and experiments have been done with those phases and different sequences. Hereby researchers have build upon moreover the stages identified by Haspeslagh and Jemison (1999) as displayed in table 2.2. As each type of phasing has its own characteristics and therefore *"it is important for companies to manage the transition from pre-closing to post-closing"* (Gomes et al., 2013, p. 16).

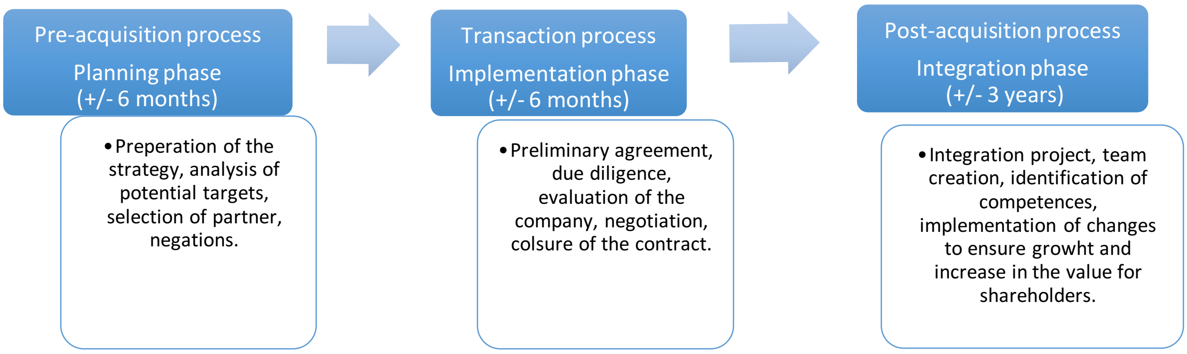


Table 2.2: Diagram of the merger and acquisition process's phases. Table based on the theories of Sedlacek, Konecny, & Krizova (n.d.) and Haspeslagh & Jemison (1991).

There are also other researchers like Kim and Olsen (1999), Yu and Yang (n.d.) or Galpin and Herndorn (2007), who identified other phases. Looking at their phases, it can be concluded that each of their models have similarities regarding the three acknowledged phases as shown in table 2.2. The differences moreover depend on how extensively researchers elaborate the several phases. Yu and Yang (n.d.) for example have identified four stages, in which the complex M&A process can be divided. Hereby they note that organisations need to keep in mind that there is not an on-size-fits-all procedure applicable. According to them, *"corporations must first develop a comprehensive understanding of the key M&A processes, taking into account internal motives and external factors, and then select the type of M&A that accords best with their own motives"* (Yu & Yang, n.d.). Three of their identified steps are pre-merger orientated and only one has the focus on the post-merger phase. As shown in figure 2.3, first organisations have to make a strategic planning. Based on the foundations of the strategic planning, a valuation can be made and negations between both parties can start. Finally, the merger can be executed whereby contracts, performances and integration possibilities can be discussed. *"The factors to consider for M&A strategies are very complex. To implement a deal successfully, the principals must first consider the motives for the transaction, then develop a strategy that can meet their expectations, and they must also pay close attention to factors that could turn into major deal breakers."* (Yu & Yang, n.d.).

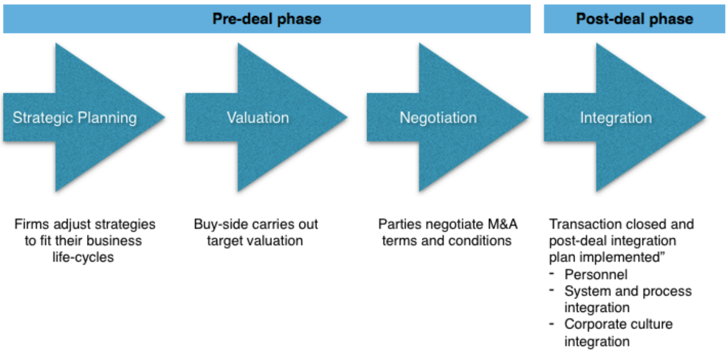


Figure 2.3: A depiction of the M&A phases as identified by Yu and Yang (n.d.). Figure retrieved and adapted from Yu and Yang (n.d.).

Another model is provided by Galpin and Herndorn (2007). They have developed the Deal Flow Model, as depicted in figure 2.4. This is a model that has conceptualized the deal process of a M&A trajectory by identifying six fundamental stages. The first stage, **formulate** can be described as the stage whereby *"the organisation must set out its business objectives and growth strategy in a clear, rational, and data-oriented way"* (p. 10). The second stage, **locate**, relies on the strategic template which needs to be set in order to achieve a logic and focused path. The third stage reflected by this model, is **investigate**. During this stage both organisations rely on a complete due diligence in order to investigate both organisations, and understand all details of the definitive agreement. The fourth step, **negotiate**, refers to the actions which need to be made in order to successfully reach an agreement. The fifth step **integrate**, is the *"actual process of planning and implementing the organisation's processes, people, technology and systems"* (p. 18). Finally, the sixth stage of the deal flow model (**motivate**) as proposed by Galpin and Herndorn (2007) is oriented towards a maximization of the value for both organisations. Once an integration between both companies is achieved: *"management's responsibility shifts to the demands of propelling the organisation forward in order to achieve ongoing performance improvements"* (Galpin and Herndorn, 2007, p. 19). According to Galpin and Herndron (2007), each of their established steps need to be executed linear as the six stages are interlinked. Comparing these phases with the phases as reflected in table 2.2, it can be stated that formulate, locate and investigate are together the pre-acquisition phase, negotiate can be seen as the transaction phase, and the final two steps integrate and motivate, can be identified as the post-acquisition phase (Koi-Akrofi, 2016).

"Acquisition integration is not a discrete phase of a deal and does not begin when the documents are signed. Rather it is a process that begins with due diligence and runs through the ongoing management of the new enterprise." (Galpin & Herndron, 2007, p. 19)

Figure 2.4: The M&A phases depicted by The Deal Flow Model from Galpin and Herndorn (2007). Figure retrieved from Galpin and Herndron (2007).

Looking at the different proposed M&A process descriptions discussed in this section, it can be stated that each of the models has it own advantages and disadvantages. However, there is a lot of similarity to detect into the repeated return of the three phases as identified by among others Haspeslagh & Jemison (1991); *pre-acquisition, transaction and post-acquisition phases.* Each of the models contains a variety of the widely acknowledged three phases of M&A who are separated by the *"completion data, the formal transfer of ownership of the target company to the new owner"* (Gomes et al., 2013, p. 16). This lack of consensus regarding the amount of established phases, is inter alia reflected by the fact that there are no clear boundaries on *"when an acquisitions begins or concludes, or the number and characterization of the phases within the process"* (Gomes et al., 2013, p. 16). In order to fill this literary gap, Gomes et al. (2013) have conducted an extensive literature review into the critical success factors which can be assigned to the two most important phases of a M&A process. They found several critical success factors which could be assigned towards specific phases. According to Gomes et al. (2013), the biggest challenges for organisation is information asymmetry. As it guarantees a smooth transition from the pre-acquisition to post-acquisition. Hereby Gomes et al. (2013) refers to the fact that *"neither firm has complete knowledge of the other before acquisitions, and yet choices and actions have to be taken in advance of complete information"* (p. 16). On the contrary, the post-acquisition success factors are mostly related to managers their actions, as the financial and legal aspects are almost in all cases well handled (Gomez et al., 2015). Table 2.3 shows an elaboration into the most critical success factors identified by literature.

Pre-mergers Phase Critical success factors	Post-merger Phase Critical success factors
Choice and Evaluation of the strategic partner	Integration strategies
Pay the right price	Post-acquisition leadership
Size mismatches and organisation	Speed of implementation
Overall Strategy and Accumulated Experience of M&A	Post-merger integration team
Courtship	Communication during implementation
Communication before the merger	Managing corporate and national cultural differences
Future compensation policy	

Table 2.3: An overview of the success factors divided to the main merger phases. Table retrieved and adapted from Gomes, Angwin, Weber and Tarba (2013).

Until this study by Gomes et al. (2013), M&A literature did not look extensively into the connection of both the pre- and post-acquisition phases. Gomes et al. (2013) were the first who identified important relationships between both phases. For example, the relationship between *"the choice and evaluation of strategic partners at the premerger stage should consider also the integration strategy at the post merger stage"* (p. 28). Another identified relationship between both the pre-merger and post-merger phase, is the relation between the choice and evaluation of strategic partner, organisational sizes, organisational mismatches in the pre-merger stage and the implementation speed in the post-merger phases. According to Gomes et al. (2013) this lack of understanding between the two phases is an explanation of the high failure rate of M&A trajectories. Firms engaging in M&A processes make decisions which are affected by path dependency, and therewith the different phases interact (Gomes et al., 2013) According tot them *"there is limited and compartmentalized understanding of the complex acquisition process, since the various streams of research on acquisition activity are only marginally informed by one another"* (Gomes et al., 2013, p. 30). When a structured integration process is well managed, an organisation can achieve significant results (Galpin, Herndon, 2007, p. 6). An organisation can for example effectuate a faster integration, decrease of their costs, can create executive alignments, can achieve beforehand projected synergies, can protect their productivity, can be more customer focused and finally can response more effectively. This is supported by a study conducted by KPMG. In this study an interviewed Vice President has stated *"if we had a clear integration plan then we would have seen the benefits quicker"* (Tiemann, et al., 2011). Furthermore, Koi-Akrofi (2016) has identified that the integration phase of a M&A process is identified as a critical stage, and therewith contributes to M&A failures. This is supported by Jemison, and Dollinger (as referred by Koi-Akrofi, 2016) who have identified the post-merger process integration as an essential success factor during M&A processes. Koi-Akrofi (2016) explains this by the high impact human factors have within this phase, such as for example cultural differences and a lack of communication. This is supported by Galpin and Herndron (2007) who state that difficulties within the integration process of both companies is often due to peoples involved. In addition, Koi-Akrofi (2016) has identified another factor which increases the risks of a merger failure. He saw that *"in most cases, there is so much pressure on management to roll out strategies immediately after the deal is sealed to announce their presence as an entity, and if prior proper planning is not done, it may lead to disaster"* (p.155).

So, in sum it can be stated that academic literature is ambiguous regarding the phasing of a general M&A process. However, it can be stated, that almost all academic literature has based their theories on the three phases provided by among others Haspeslagh and Jemison (1991): *pre-acquisition, transaction phase and the post-acquistion phase*. These three phases are therefore used in this research as the basic guidelines for the M&A process.

2.5 Why do M&A trajectories fail – *an identification of the lessons learned*

M&A trajectories involve complex structural changes, and can therewith involve many issues. As mentioned earlier, academic literature has acknowledged that a majority of all M&A attempts fails. For decades, researchers have looked into the question why mergers fail, but despite the popularity of M&A research, still 70% of all M&A attempts fail (Peng, 2008; Cameron & Green, 2009).

Looking at academic literature, it can be concluded that there is a lot of ambiguity on merger failure causations. As briefly shown in section 2.4, lot of research has been done into failure causes of M&A processes. Bradt (2015) for example suggests that the reason why merger deals do not work, and fail to succeed can be explained because of *"mismanagement of risks, price, strategy, cultures, or management capacity"*. In addition, Perry and Herd (2004) have acknowledged that within M&A processes different risks are applicable. For example, the risks of not creating synergies, the risks of two opposite corporate cultures, and the risks of unclear strategies. Sherman (2011) complement those risks by stating that a typical mistake within a M&A process is the lack of detailed planning and a too small time-frame. Something which can cause problems due to haste and carelessness. This in like manner with Gadiesh and Ormiston (as referred by Mcdonald et al., 2005) who have identified five specific causes which can result in failed M&A trajectories. They belief that a poor and not well defined strategic rational, a mismatch of different cultures, difficulties in communication, a poor integration planning and pricing differences enhance the overall merger failure rate. Furthermore, it can be stated that *"the lack of management prudence"* (p. 174) or in other words, managers who take too high risks, can also be a reason why mergers fail (Dutta, 1991). A research later done by the Harvard Business School has additionally looked into the reasons why mergers fail, and came to the conclusion that most mergers failures are located in the execution phase. They have located the following nine deadly sins within the execution phase (Harvard Business School, as refereed by Dutta, 1999, p. 174): *no guiding principles, no ground rules, sweating on the details, poor stakeholder outreach, overly conservative targets, integration plan not explicitly determined in financials, disconnected cultures, keeping information to close and finally allowing wrong changes to plan.*

Besides the research conducted by the Harvard Business School several other researchers have looked into this interesting question: *why do such high amounts of M&A trajectories tends to fail?* For example, a research conducted by Steger and Kummer (2007). They have identified that M&A trajectories inter alia fail due to the following reasons: *unrealistic expectation, (over) confidence, promoters and external advice, distrust and finally the group dynamic*. In addition, Lynch and Lind (as referred by McDonald et al., 2005) have identified that moreover *cultural clashes, slow post-acquisition integration and a lack of strategic risk management* have caused merges to fail. This is complemented and extended by Straub (as referred by Desai & Joshi, 2016) who has acknowledged that *"inefficiencies or administrative problems are a very common occurrence in a merger which often nullifies the advantages of the merger"* (p. 7892). As given by Bradt (2015) *"the game is won or lost on the field of cultural integration"*. He based his statement on a study which has focused on the worst M&A trajectories, found in history. Based on his examination of those case studies, Bradt (2015) identified three lessons learned:

1) Clearly define the specific value that will be created from the merger
2) Fully integration of the two businesses
3) Ensure cultural compatibility

Gupta (2012) supposed that all of the above sketched failure causes can be the result of a broader perspective. Gupta (2012) states that *"there are basically two broad issues responsible for success or failure of M&A transactions"* (p. 66). These two issues can be described as "fit" as well as "process" issues. This is in like manner with the conclusions of Lassere (2003). Lassere (2003) recognized theories of both academic as well as practitioners, who imply that successes but also the failures of M&A processes contain always the following two aspects:

1. The ***quality of the pre-acquisition process***: how companies determine the M&A continuation decision, and how the value and negotiate the deal.
2. The ***quality of the post-acquisition process***: the integration management. This process is considered as the most important source of either merger success or failure, as already discussed previously.

Merger and acquisition phase	Type of problem / cause of failure
Pre-acquisition phase:	➢ Poor strategic fit (mismanagement of new strategy) ➢ Lack of strategic risk management ➢ Lack of detailed planning ➢ To small time frame (can let to haste and carelessness) ➢ Incomplete pre-acquisition screening ➢ An overestimation of potential value creation (Mismanagement of prices) ➢ Unrealistic expectation (over confidence) ➢ Quality process – poor decision making process
Post-acquisition phase:	➢ Poor organisational fit ➢ Poor/slow integration planning ➢ Failure in managing the multiple stakeholders their interest ➢ Quality process – poor (slow) integration ➢ Inefficient or administrative problems (not explicitly in the financials) ➢ Cultural integration (lack of ensure)
No specific phase failures	➢ No synergy creation (or overestimation positive outcomes, to high expectations) ➢ Difficulties in communication ➢ Poor cultural compatibility ➢ Keeping information to close ➢ Distrust ➢ Management capacity (lack of management prudence) ➢ Keeping information to close ➢ Allow the wrong changes to happen ➢ No guiding principles and or rules ➢ Poor stakeholder outreach (group dynamic)

Table 2.4: A resume of the main causes which contribute to M&A failures. Table based on the in previously sections elaborated academic literature.

2.6 Success factors of M&A processes – *which factors increase the success of a M&A attempt.*

Besides the extensive research done into the causes of merger failures, academic literature has also acknowledged several success factors. Especially in the last 20 years, research on how to achieve M&A successes have increased tremendously in like manner as the research into failure causations. Section 2.4 has shown already shown an overview of success factors defined by each of the main merger phases. Those success factors are extended by for example a research by KPMG (1999), who has identified six key activities which can support organisations during M&A trajectories. These success factors are classified into two different categories, hard keys and soft keys. The hard keys are explained as activities which need to be achieved during the pre-deal phase, such as for example *"synergy evaluation, integration project planning and due diligence"* (p. 2). According to KPMG (1999) well identified synergies can for example increases the merger success rate with 28%. The soft keys on the contrary are important regarding cultural differences, such as for example the impact decisions can have on personnel. KPMG describes these soft keys as among other things the selection process of a well equipped management team, resolving cultural issues and the process of an established communication plan. A new introduced management team can for example *"reducing the organisational issues created by uncertainty",* and eliminating cultural issues can increase the likability of a successful deal with 26% (KPMG, 1999). A later study by KPMG (2011) complements these previous findings. In this research several incentives which acquiring managers would change a next time are identified. For example, a better due diligence, a more comprehensive planning, faster implementation / integration of both companies, and finally an increased the attention towards HR and cultural matters (Tiemann et al., 2011, p.19). The importance of integration within a M&A process is once more supported by with Hill and Weiner (2008), who state that *"the integration process seems to be holistic, fluid and well executed."*. This is supported by a quote of one of their interviewees interviewed by Tiemann et al. (2011) who stated: *"we would integrate the businesses quicker and dispose of redundant assets faster"* (p. 19).

So, it can be stated that a M&A trajectory has a higher chance of succeeding, if the organisation and its management have some experiences. (Alam et al., 2014). This is complemented by Epstein (2005) who acknowledged six determinants for a successful completion of a M&A project (p. 41):

1. *Strategic vision and fit*: an organisation should set a clear vision and long-term strategy in order to create competitive advantage. Furthermore, an organisation should look for potential synergies into "size, geography, people or services" (Epstein, 2005, p. 41)
2. *Deal structure:* determination of the price and way of financing.
3. *Due diligence:* a review into the compatibility of the target organisation by e.g. their assets, liabilities, culture, expenses, organisational fit.
4. *Premerger planning:* During this period, the integration process is formulated and key decisions are made on for example type of leadership, organisational structure, and determining the timeline. It is important to establish clear roles and responsibilities for those involved in the integration process.
5. *Post merger integration:* the strategy of both the new organisation and the integration process must be clear and the new organisational structure must be well defined.
6. *External factors*: distinguishing external factors which could damage both short- as long term merger value.

These six elements, are extended by Bradt (2015). He identifies that a key factor towards a successful M&A trajectories is the merge and alignment of the different cultures. According to Bradt (2015) a *"successful approach is to pick one culture as the host culture and merge the other culture into it"*. Corporate culture can therefore be seen as competitive advantage mechanism, and if it is not set correctly, it could be the *"root cause of any merger's failure or success"* (Bradt, 2015).

In sum, it can be stated that besides all failure factors described in the previous sections, this section has shown that academic have identified also success factors which the management of a merging organisation should take into account. These success factors are traceable towards the three main phases of the M&A process, and are therewith intertwined with some of the aforementioned failure causes. Within the pre-acquisitions phase, the success factors were focussing on the potential alignment of both companies, on both strategic as well as preliminary organisational aspects. Where on the contrary during the post-acquisition phase, the success factors were orienting towards a fully and well structured integration process. Cameron and Green (2006) have underlined the importance of organisational alignment once more by stating one of their learning points, *get the organisational structure right.*

2.7 The importance of organisational and strategic fit

As can be concluded based on the discussed literature in the sections above, literature has distinguished the M&A process into two main phases: the pre- and post-acquisition phases. Hereby the *"*fit" of the two merging companies is of high importance and the misalignment of two merging organisations is the most acknowledged reason on why merger trajectories have failed. As the strategic and organisational fit between two organisations determines among others the achieved amount of synergy (Haspeslagh & Jemison, 1991). Because when merging two organisations, differences can occur on how businesses are let and how businesses are organized.

As stated by Carmeli, Gelbard and Geven (2010), the concept of "fit" is in both strategic as well as organisational literature a long and extensively researched area. Hereby research into organisational fit is mostly orienting towards the inter-organisational relations or also called internal fit. Strategic fit is on the other hand, meant as the relationship between the organisation and their stakeholders, and is therefore also called the external fit (Carmeli et al., 2010). This relation of both organisational fit as well as strategic fit on a merger its success is something which is acknowledged for decades.

Looking at the characteristics given by each of the different M&A phases, it can be stated that strategic fit has a lot of similarities with the pre-acquisition (planning) phase, and organisational fit has a lot of similarities looking at the post-acquisition (integration) phase (Peng, 2008; Lassere, 2003; Gupta, 2012). Peng (2008) and Lassere (2003) furthermore show in both their studies that reasons for M&A failures can either be traced back towards the pre-acquisition or towards the post-acquisitions phase. One causation Peng (2008) acknowledged, which enhances M&A failures is an *"inadequate screening and failure to achieve strategic fit"* (p. 276) during the pre-acquisition phase. Hereby Peng (2008) explains ***strategic fit*** as *"the complementarity of the partner firm's hard skills and resources, such as technology, capital and distribution channels"* (p. 276). In other words, strategic fit is the correlation between both organisations their business strategy. According to Peng (2008), this strategic fit issue always occurs in the pre-acquisition phase. Strategic fit is by Datta (1991) described as the *"synergistic benefits as determinants of acquisition performance"* (p. 281) and is therewith an *"effective match of complementary strategic capabilities"* (Peng, 2008, p. 276). In other words, strategic fit can be described as to what extent the acquiring organisation its strategy corresponds with the corporate strategy of the targeted organisation (Jemison & Sitkin, 1986). The way these two corporate strategies fit, is moreover reflected in the creation of synergies. The higher the strategic fit is between both merging organisations (how well do both companies complement each other), the better synergies can be achieved. Therefore, Nupponen (1995) states that strategic fit is a great method for the evaluation of potential synergies.

Organisational fit on the other hand is described as something *"which influences the ease in which two organisations can be assimilated after an acquisition"* (Datta, 1991, p. 281). This is in like manner with the definition given by Peng (2008), who state that organisational fit is the closeness (or also called match) of the two merging companies on primarily their systems, structures, practices and cultures. Because when combining two individual companies, it is evident that issues arise and the more similarity between both organisations can be detected, the better the organisational fit will be. According to Peng (2008), especially during the post-acquisition phase, numerous integration problems may pop up. In other words, organisational fit can be described as the extent to which both companies match in size, culture, administrative systems, management styles, structures, demographic elements or practices and it therewith implies the way a potential integration of both companies can been proceed (Datta, 1991; Jemison & Sitkin, 1986). This because the higher the organisational fit is between both merging organisations, the less integration problems are expected. The importance of organisational fit is among other things underlined by Bradt (2015). Based on his identified lessons learned, it can be concluded that both cultural and systematically compatibility can be seen as a form of organisational fit (Bradt, 2015). Carmeli et al. (2010) even state that the internal fit, also called organisational fit, can be a key in achieving a sustainable competitive advantage.

The clear made distinction between strategic fit and organisational fit whereby strategic fit is seen as the fit of the strategic reasoning, and the organisational fit has been described as the administrative and cultural fit, is not something on which all researchers agree on. There are for instance researchers who acknowledge the fact that strategic fit and organisational fit need to be combined, or at least should not ignore each other. Carmeli et al. (2010) for example conducted a reserach into the strategic fit concept, and took hereby organisational fit into account. Their research has shown that there can be made a distinction between internal and external strategic fit, and moreover internal strategic fit can been seen as a form of organisational fit. In other words, they acknowledged an interaction of both "fit" domains. They formulate this as following: *"while internal fit is of importance, by itself it is little value unless the organisational system as a whole is aligned with its external competitive environment"* (Carmeli et al., 2010, p. 340). This linkage is once more acknowledged by Datta (1991), who state that besides paying attention to strategic fit, it is also of importance to consider organisational fit, which is described as the similarity in cultures, systems and structures. Datta (1991) concludes that due to differences in culture, system, structures or management styles the M&A performance can be negatively affected. However, despite the importance of organisational fit, 80% of nowadays acquiring firms does not analyse the organisational fit. If organisations can come to an agreement on both a strategic and organisational fit, Jemison and Sitkin (1986) opine that a M&A outcome should be more successful.

In sum, it can be stated that there are a lot of failure causations detected by literature. These failure causations are mostly caused by organisational and strategic fit issues, which are located into both the main phases of the M&A process; the pre- and post-acquisition phase. For example, a case study by Moilanen (2016). This research has indicated that several issues can be traced back to the pre-acquisition and integration (post-acquisition) phases. However, in current literature, the clear made distinction between strategic and organisational fit issues and the different M&A phases are questionable. More and more researchers state that there should be a relation and interaction between those domains. As from the start, organisations need to look into the overall compatibility of organisational structures and systems. Based on this, it could indeed be interesting to look into which impact responsibility accounting has as described in the problem statement in section 1.2. as it is a controlling mechanism, which is seen as the interface between an organisational structures and strategy.

2.8 The linkage between M&A literature and the management accounting phenomenon – the integration of two merging companies

As the identified failure and success factors of past M&A processes already have indicated, a lot of the identified factors are caused by the fact that merging organisations need to be integrated to one another. Literature has acknowledged that this integration should both been done through strategic but more importantly by organisational fit. Something which is identified as hard to achieve for most merging organisations. For example, a research instated called IPM, has acknowledged that the integration of merging organisations, is for every organization a difficult process. As both companies have different cultures, workforces, and different processes which need to be combined while daily operations continue (IPM, n.d.). This is in like manner as Moilanen (2016) its reasoning, who state that during a M&A process, two companies with their own reasoning, their own cultures, their own strategies but more importantly their own controlling mechanisms need to be aligned. By combining those different companies and correspondingly their stakeholders, different aspects such as the overall organisational control need to be considered and adjusted. Therefore, Doherty, Ferrer and Rinaudo (2016) state that an organisation its internal organization is one of the most important contributing factors which can enable M&A successes. Organisations not only need a well composite team who looks into potential M&A targets, but organisations should also take into account an organization its design and structure (Doherty et al., 2016). Their study has shown that organisations were most of the time able to identify potential targets, were able to evaluate their acquisitions, were able to conduct due diligence, but the problem was often located during the integration process of the merging companies. According to Doherty et al. (2016), *"managers must set clear and consistent expectation of the different organisational groups involved, including an explicit mandate for the M&A team, as well as roles and responsibilities for the corporate-strategy group, interested business units and key support functions"*. If this is not done correctly, and clarity is not made it can hinder a M&A success. Hereby the aspect of organisational control can be seen as *"all processes and tools that are used to steer what another person, group or organization will do"* (Moilanen, 2016, p. 25). However, despite the fact that these management accounting systems are seen as an important mechanism for organisations to increase the understanding between one another during the integration process, this is still a scarcely research area in academic literature, (Busco et al., as refereed by Moilanen, 2016). As Jones (as refereed by Moilanen, 2016) state, during M&A trajectories organisations need to adjust their new subsidiary within their management control system. Because performances need to be measured and they need to be steered into a certain direction/strategy. The level of integration depends on various aspects such as for example the reasoning behind the merger, the level of operations which needs to be integrated, the overall organisational fit and finally the required level of control (Moilanen, 2016; Nilsen, 2002). Moilanen (2016) states that an optimal control of an acquired organisation can only be achieved if the management control systems are integrated. By the integration of management control systems, both companies can be steered towards the desired direction and can be monitored in like manner. Moilanen (2016) implies that due to difficult organisational structures a deeper level of integration is needed. Consequently, the controlling mechanisms and strategic planning need to be integrated more in-depth. In her study, Moilanen (2016) found out that *"formal structures do not just change behaviour, but the softer elements of an MCS affect how people interpret the changes in the structures"* (p. 37). In other words, during a M&A trajectory not only the management control systems need to be aligned, but also the personal consequences and related emotions are of importance, as they can interpret changes differently (Moilanen, 2016). Moilanen (2016) concludes that during the integration of both the accounting, control and operations systems of two merging companies, emotional sense making is involved because *"emotions may be guided by MCSs through sense making and could thus be a fruitful way to* *enhance post-acquisition integration"* (p. 38). The importance of management accounting system integration is once more underlined by Nilsson (2002), who state that the overall management control systems are seen as important tools within organisations for implementing strategies. Furthermore, Jones (1985) implies that *"management accounting systems (MAS) are recognised as providing a most important source of formal information in organisations, a source of power deriving from the possession of that information, and a means for distributing that power and of managing the organisational system".* (Jones, 1985, p. 177). Due to those described characteristics, management controlling systems have the ability to reflect both corporate as well as the overall business strategy. Especially after or during a M&A process, a clear strategy is needed and of importance. Gold and Campbell (as referred by Nilsson, 2002) argue that after the determination of the strategic profiling of the new formed organisation *"it is essential that the systems of control be designed and used in accordance with the chosen strategy"* (p. 41). This is once again acknowledged by Dixon (n.d.), a consultant by the Intersect Group who is specialized in M&A trajectories. She found out that there are five key steps within the integration process of two merging companies. These steps are focused on creating a new organisation by two merging companies. This by aligning the different strategies, identifying the cultural differences, dedicate the needed resources, define and priorities initiatives and by defining action plans. These five key steps are shown in figure 2.5, and the importance of management accounting is once again reflected. Especially during the dedication of resources, the importance of roles and responsibilities are acknowledged in relation to the overall strategy (Dixon, n.d.).

Figure 2.5: **The five key steps within a M&A process. Figure retrieved and adapted from Dixon (n.d.)**

Most available literature regarding the M&A process discusses the pre- and post acquisitions phases, and related topics such as strategic and organisational fit. In these somewhat older literary currents, post-acquisitions and the organisational integration have been discussed frequently. However, the importance of establishing an integration strategy in the pre-acquisition phase is scarcely researched (Hill & Weiner, 2008). Only since a couple of years, there are some studies who have looked into the importance of pre-analysing the organisational fit during the pre-acquisitions phase in order to accomplish a successful merger. These theories build among others on the theory of Haspenslagh and Jemison (1991). Haspenslagh and

Jemison (1991) found out that the pre-acquisition phase is very important due to its influence on the integration process. This is complemented by Jokisalmi (as referred by Garrow & Hoibeche, 2000). She acknowledged that before the integration of two merging organisations can be started, organisational fit has to be evaluated in order to analyse the compatibility of both companies. From there, pre-planning can be done. After the deal has been finalised and the merger has take into place, Jokisalmi (as reffered by Garrow & Hoibeche, 2000) implies that the integration as planned can be executed whereby *"strategic focus, degree of friendliness and desired synergies"* need to be taken into account. This supports the discussed conclusions of Carmeli et al. (2010) as stated in the previous sections, who state that strategic and organisational fit should not be seen as two static, non interrelated concepts. They should be seen as two intertwined concepts. Something which is in line with the proposed timeline of Dixon (n.d.), figure 2.6. This timeline shows among other things the overall integration process, and reflects hereby the urge of an early integration orientation during a M&A process. A process which starts before closing the merger deal, and can goes one for many months. Dixon (n.d.) states furthermore that without a well lead strategic orientation from the start, a good integration process without commitment does still fail. The merger process can therewith be seen as an interaction between both different operational, process, culture, financial and integration measures.

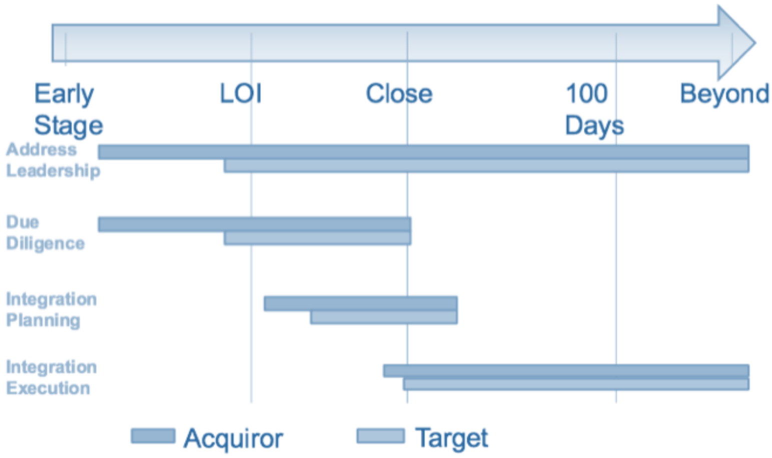


Figure 2.6: A projected timeline which reflects the business integration phase during a M&A attempt. Figure retrieved from Dixon (n.d.).

Summarized, it can be stated that nowadays M&A literature is more and more focussed on the integration aspect of M&A processes. As this is identified as something which is hard to achieve during M&A processes: the aligned of two organisations with each their own reasoning's, their own cultures, their own strategies, but more importantly their own controlling mechanism need to be aligned. More and more researchers acknowledge the fact that the earlier an orientation into the integration process is be done, the better the M&A outcome can be. Hereby, academic literature acknowledges the importance of a pre-assessment of the organisational fit during the pre-acquisitions phase. This increasing literature related to organisational fit within M&A processes, is in like manner with the increasing interests in management controlling systems. Especially during complex mergers, the alignment of both the corporate as well as the business strategy has become of more importance. However, academic literature has not looked in-depth into which direct effects an early orientation into organisational fit has on merger successes. They have only oriented towards the general management accounting concept, and therefore it is can be concluded, that the problem statement as given in chapter 1.2. is indeed interesting to look into. In order to assess whether the expected relationship as described in chapter one exists, the responsibility accounting concept needs to be deepened out and will therefore be discussed in the next chapter, chapter three.

2.9 Literary conclusions regarding the M&A phenomenon

The above stated chapter has looked into the M&A phenomenon. Hereby, it can be stated that the literature review provides answers to sub-questions one, two and three. These three literary questions have been used as building stones for the in chapter four constructed theoretical framework. As this chapter has among other things investigated the influencing factors of the M&A processes, which determines either a successful or failed M&A trajectory. This section therefore summarizes the in this chapter obtained insights, by providing an answer to the first three sub-questions. The elaboration moreover enhances the findings and makes a distinction into which literature is used in the continuation of this research.

Sub-question 1: *What is the M&A phenomenon and why do organisations use still M&A despite the high failure rate?* Based on the first sections of this chapter, it can be stated that the M&A phenomenon is an autonomous growth manner for organisations. Hereby mergers refer to *"two corporations in which only one corporation survives and the merged corporation goes of existence"* (Gaughan, 2007, p. 12). On the other hand, an acquisition refers to the purchasing process *"of some portion of one company by another"* (Clayman et al., 2012, p. 412). However, despite the distinction of the overall M&A concept into mergers and acquisitions, they are used by literature as one intertwined concept. As both mergers and acquisitions are applicable in different situations and environments, they are classified into multiple types. Several researchers have typed M&A trajectories into three categories: horizontal, vertical and conglomerate mergers, which among other things reflects their value chain (Gaughan, 2007; Dutta, 1999). Despite the high failure rate of the M&A concept, 70%, organisations have multiple motives on why they enter a M&A process. M&A trajectories can for example increase organisational growth, can create economic benefits or also called synergies and can improve the general management R&D. Due to these motives and created benefits, organisations still chose this risk-bearing process.

Sub-question 2: *What are acknowledged lessons learned regarding M&A routes and what are the key factors for a successful M&A?* During this chapter whereby the M&A phenomenon is explored, especially sections 2.5 and 2.6 have looked into the by literature identified lessons learned. Therewith these sections have identified multiple success factors of earlier executed M&A processes. Many of those acknowledged lessons learned by academic literature are oriented towards the main phases of the M&A process. Something which is probably due to the fact that M&A processes involve complex structural changes. As there are no clear established M&A phases, academic literature is ambiguous on the completeness of both the failure as success characteristics. Table 2.4 provides a resume of the main identified causes of M&A failures, as found by the conducted academic literature. For example, poor strategic fit (e.g. lack of consensus or a lack of strategic risk management) and poor organisational fit (e.g. poor cultural competitiveness). However, in addition to those lessons learned, academic literature has identified some key success factors which can support organisations within M&A processes. An elaboration of those success factors is given in section 2.6. One of the mayor key success factors is given by Epstein (2005), who acknowledged six determinants for a successful completion of a M&A project; *"strategic vision and fit, deal structure, due diligence, premerger planning, post merger integration and external factors"* (p. 41). Thus, it can be concluded that based on moreover those identified success determinants, the importance of pre-orientation into a merger process is enhanced.

Sub-question 3: *How are the management accounting and related responsibility accounting concepts related to the M&A process?* The last section of this chapter has tried to explore a linkage between the M&A phenomenon and the management accounting phenomenon. This as a majority of the identified failure and success factor indicate that lot of those identified factors are related towards the integration process of two merging organisations. Moilanen (2016) conducted for example a study into the M&A concept and the effect it has on management accounting systems. He inter alia identified that organisations need to assimilate their new subsidiaries within their management control system. In other words, the management controlling systems of merging organisations should have similar characteristics, in order to enhance a smooth integration process. The level of integration of two merging organisations depends on various aspects such as for example the reasoning behind the merger, the level of operations which needs to be integrated, organisational fit and finally the required level of control (Moilanen, 2016; Nilsen, 2002). If a certain alignment is not met, an organisation cannot achieve an optimal control. However, literature unfortunately does not show case study research into the effects of M&A trajectories on specific management controlling mechanisms, and therewith the responsibility accounting concept and its effect on M&A processes is not yet researched. Only the importance is acknowledged, by stating that if systems and an organisation its administrative design are correctly integrated, optimal control can be achieved. Therefore, it can be stated that due to the control both management accounting and responsibility accounting provide during changing and difficult circumstances, it is important for M&A processes. As M&A trajectories are experienced as risky processes, which involved complex structural changes, and have to deal with a lot of failure causations.

Overall, it can be stated that this chapter, which focusses on the elaboration of the M&A phenomenon, has shown the importance and popularity of the M&A concept. Especially in nowadays volatile economies, more and more M&A trajectories are starting. 2015 is even the year whereby globally a record in M&A deals has been reached (Kengelbach, Keienburg, & Schmid, 2016). This can among others be explained by the fact that due to its ability to create autonomous growth and economic benefits, M&A trajectories provide competitive advantages. This chapter has shown the increasing importance of both strategic fit and organisational fit, and the increasing interest of nowadays academic literature into pre-early orientation into those "fit" issues. Something which is shown in the figure 2.7 below:

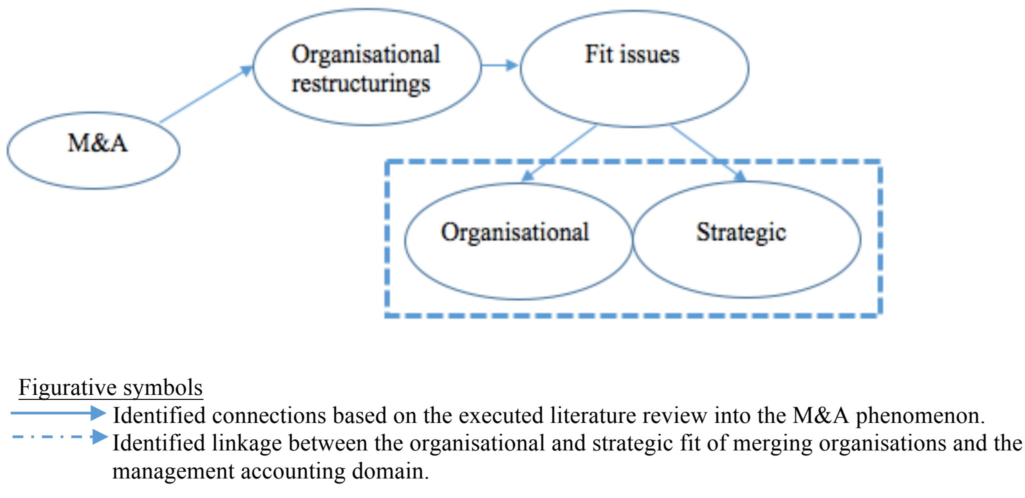


Figure 2.7: A depiction of the in this chapter elaborated M&A phenomenon elements.

Figure 2.7 depicts the effect M&A trajectories can have on organisations, due to necessary organisational restructurings. Furthermore, it shows how a pre-orientation into both the organisational as well as strategic fit can enhance a smoother integration process. This early orientation relates to especially the integration phase of two M&A involved organisation. A topic which has since a few years gained more importance, as it enables organisations to highlight potential integration problems, and creates a faster anticipation. These integration problems arise moreover due to the fact that within M&A processes, two organisations with each their own reasoning, their own cultures, their own strategies but more importantly their own controlling mechanism need to be aligned. Something which is shown as hard to achieve by the high failure rate of nowadays M&A trajectories of 70%. Therefore, more and more researchers acknowledge the fact that the earlier an orientation into the integration process can be done, the better the M&A outcome would be. However, literature has not yet looked in-depth into the effects an early orientation into organisational fit in terms of responsibility accounting has on merger successes. They have only oriented superficially the general management controlling concept in relation to nowadays volatile M&A trajectories. Therefore, it can be concluded that the problem statement as given in chapter 1.2 is indeed interesting to look into. The following chapter explores the management accounting mechanism more in-depth, with a primary focus on the responsibility accounting as a controlling mechanism. Hereby the focus is on theories which ensure the investigation into the question whether responsibility accounting has indeed effect on a merger attempt as stated in section 1.2.

Chapter 3: Responsibility accounting - a theoretic elaboration into the importance of management accounting and the link with responsibility accounting.

As discussed in the problem statement, the purpose of this research is exploring the effect responsibility accounting can have on a merger attempt. The previous chapter has acknowledged that both strategic and especially organisational fit can be potential issues during M&A processes, and can therewith harm a merger attempt. This third chapter discuss among other things the importance of management controlling mechanisms during M&A processes due to its ability to transfer corporate structures, systems and the allocation of responsibilities. Maintaining an established level of control and delegate the right responsibilities is under those circumstances of highly importance. In order to determine whether responsibility accounting actual contributes to a merger its success or failure, a deeper and more constructed understanding into the management accounting domain, with a primarily focus on responsibility accounting is needed. Herewith, it can be stated that this third chapter, contributes to chapter four as it reflects a literature review into the management control phenomenon and the related responsibility accounting concept. Hereby an introduction into the phenomenon is given, and it therewith forms a base for the fourth chapter. In this fourth chapter a theoretical model has been made, based upon the literary findings as shown in both chapter two and this particular chapter, chapter three. This chapter for example adduced the importance of management accounting and its related responsibility assignment. Furthermore, this chapter underlines the importance of responsibility accounting during organisational changes, and the influence of organisational restructurings on responsibilities assignments and the need of right assigned responsibilities in changing circumstances.

This chapter starts with a brief introduction into the management accounting domain and therewith reveals the urge of a high maintained level of control in changing circumstances in section 3.1. Afterwards, this chapter looks into the core elements of responsibility accounting in section 3.2. Furthermore, the effect responsibility accounting can have on organisational restructuring processes is discussed in section 3.3. Finally, this chapter will discuss the human factor related to the overall responsibility accounting system, as elaborated in chapter 3.4. The latter, has all been summarized in section 3.5., whereby section 3.5 provides answers towards the sub-questions four, five and six.

3.1 Management accounting – a concept exploration

Organisational control is a well known and widely acknowledged concept in business economics. As McLany and Atrill (2014) have stated, control is the process of *"compelling events conform to plan"* (p. 713). This is in like manner with Tannenbaum (1968), who state that organisations entail control on the grounds that control can help an organisation by keeping it on the right track confirm the original plan, or also called an organisation its strategy. Therefore, Tannenbaum (1968) states that *"it is the function of control to bring about conformance to organisational requirements and achievements of the ultimate goals of the organisation"* (p. 237).

One way of monitoring an organisation its progress and a way of keeping control over an organisation, is by management accounting. Management accounting, as defined by Anthony (1965) is a well known concept in both scientific research as well as among practitioners; *"the process by which managers ensure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives"* (p. 27). In other words, management accounting can help organizations in all kind of businesses during their decision- and planning making processes, due to providing useful information (Tappura, Sievänen, Heikkilä, Jussila, Nenonen, 2015; Birnberg, 2011; Anthony, 1965; Merchant & Otley, 2006, as reffered by Widener, 2007). Despite the notoriety the concept has, there are multiple definitions available in academic literature. According to Tessier and Otley (2012), this lack of clear definition is moreover the result of the multiple concepts which are still undefined regarding management control. There is for example, besides the widely acknowledged definition given by Anthony (1965) as stated above, a definition given by McLaney and Atrill (2014). They state that management accounting is the *"identification, measurement and communication of accounting information for the managers of a business"* (p. 719). This is in like manner, with the definition given by Malmi and Granlund (2009), who state that management accounting is a practical discipline which can support managers with the planning and control process. As managers can impact or control individuals throughout the organisation by implementing and thereby an organisation its strategy (Govidarajan as referred by Thrane, 2007). The existence of all these different definitions is something which is acknowledged by Malmi & Brown (2008), who state that the different definitions of management control, are still a huge challange in management accounting research nowadays.

Although management accounting is a well known and proven concept and exist for many decades, it has become a topic of much debate. Especially in the last century (Burns & Scapens, 2000) it has become a *"multi-disciplinary management tool comprising a series of practical techniques such as standard costing, budgeting, cost-volume- profit analysis, internal transfer pricing, variance analysis, responsibility accounting and performance evaluation"* (Jun Lin & Yu, 2002, p. 448). It is a concept where accounting principles are adapted for an economic approach, in order to make decisions maintain organisational control (Scapens, 2006). Since the '90's, research into management accounting and associated topics as organisational changes have been increased (Johansson & Siverbo, 2009; Baldvinsottir & Mitchell, 2010). This growth is inter alia reflected in the amount of published papers between 1990 and 2014, respectively 475 papers, as well as in the accelerated growth in management accounting oriented journals (Hopper & Bui, 2016). According to Hopper and Bui (2016) this accelerated growth is to blame due to the "dramatic changes" (p.13) in the management accounting field.

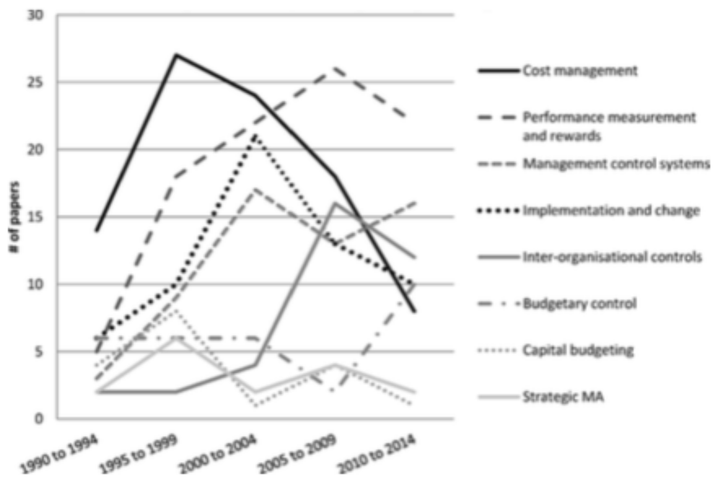


Figure 3.1: A reflection of the major changes in management accounting topics evolved over time. Figure retrieved from Hopper and Bui (2016).

The changes in interest towards the different management accounting concepts are reflected in figure 3.1. Based on this figure, it can be concluded that several topics such as budgetary control and management control systems show an increasing interest. On the other hand, topics such as cost management and inter-organisational controls show a decrease in interest. An explanation for the overall increasing interests into management accounting, and especially towards controlling mechanisms, can be found in the fact that due to nowadays difficult economic circumstances, organisations need to be *"more responsive, more flexible and more* *adaptable"* (p. 415). In order to keep control over their competitiveness, organisations seek a constant need of information (Smith, Morris, & Ezzamel, 2005). This particular need for more organisational control is supported by Pavlatos & Kostakis (2015) who state that *"new management accounting practices have merged in order to meet the growing needs of the larger firms, as well as the challenges of the changing economic environment"* (Pavlatos & Kostakis, 2015, p. 150). These new practices can support organisations make strategic decisions, but can also affect their overall management accounting mechanism role (Ittner & larcker, 2001). Davila (2005) complements this by stating that there is indeed a need for extra and more intense management control systems in organisations, who are located in uncertain settings. This because a fully management control system can be a *key element* in knowledge intensive firms as it enhances innovation and can stimulate growth (Davila, 2005; Davila, Foster & Li, 2009). However, management control is not only crucial in organisations with highly innovative products and challenging economic circumstances, but also for organisations who face economic growth. According to McLean et al. (2015), an organisation its management accounting system should match the requirements for growth. This can be achieved by a management accounting system which support an organisation its managers by providing accurate knowledge and information. McLean et al. (2015) conducted a case study in order to examine the relationship between an organisation its strategy and management control during growth situations. Based on their research, they implicate that decisions were made upon management accounting information, which *"evolved incrementally to match the growth requirements of the firm"* (p.187). It therewith *"grew to become a large, complex engineering firm at the forefront of technological and organisational development"* (McLean, 2015, p. 187).

So, based on the above-described literature, it can be stated that management control has gained a lot of interest due to nowadays volatile economic circumstances and takes therewith a greater role in nowadays organisational control when implementing organisational changes due to for example corporate restructuring processes by M&A. Especially controlling systems and budgetary control have increased interest, with all probability due to nowadays challenging economic environments. Circumstances which asks organisations to adjust, monitor or even redesign their strategy and or organisation. As there are many ways of describing the management accounting concept, there are also different kinds of management control systems with a primary focus on controlling the internal organisation (Drury, 2001; Scapens, Bromwich, Otley, Hopwood, & Lister, 1984). However, it can be stated that there are only a few management accounting systems, who are predominate in almost every organization (Drury, 2001). These management control systems can be dividend into two core elements (Drury, 2001). The first core element focusses on the so-called formal planning processes, which contains among others both the budget- as long-term strategy planning (Drury, 2001). The second core element is the *responsibility accounting principle*, where responsibility accounting is used as a mechanism which enables an organisation to allocate results (both financial as non-financial) towards individuals within the organisation (Drury, 2001). Bay (2011) supports this by stating that an often used management control system is the responsibility accounting concept, due to its ability to adjust within a short period of time. Due to its ability to adjust, Rowe, Birnberg and Shields (2008) state that responsibility accounting *"is a key mechanism for how management accounting interfaces with the organisation strategies and structures"* (p. 164). This mainly due to its characteristics, where *"responsibility accounting is a system that measures the plans, budgets, actions, and actual results of each responsibility center"* (Horngren et al., 2012, p. 221). This particularly alignment of both an organisation its strategy and organisational structures within the overall management accounting process is of importance. As a misalignment can limit an organisation or can even be a source of competitive disadvantage (Rowe, Birnberg, & Shields, 2008). The importance is once more underlined by Melumad, Mookherejee and Reichelstein (1992). They state that responsibility accounting is a common used method in organisations, because it provides important information to the responsible managers about how they perform and how they need to intervene (Melumad et al., 1992). As Atkinson et al. (2012) indicates *"for an organization to be successful, the activities of its responsibility units must be coordinated"* (p. 467). In other words, the assignment of different responsibility units ensures financial control by evaluating and measuring the overall performances.

So, based on this section it can be stated that it management controlling system responsibility accounting indeed supports an organisation during changing circumstances, as it is a mechanism which provides information and delegates activities. It therewith suggests that it would be a mechanism which supports organisations in volatile processes such as M&A trajectories. However, before it can be stated that this relationship does actually exists, it is of importance to look into how the responsibility accounting phenomenon functions and which impact it has on an organisation its design. The following sections are likewise discussing those themes.

3.2 Exploring the responsibility accounting phenomenon – *identifying the basic concepts*

Now the importance of responsibility accounting within a management accounting system is underlined as one of the two core controlling elements, it is important to investigate the nature and technique of the responsibility accounting phenomenon. Therefore, this section looks into the responsibility accounting phenomenon, whereby each type of responsibility center is elaborated on, and the characteristics of each of the responsibility type is be discussed.

3.2.1 Responsibility accounting – *identifying a definition*

As mentioned, responsibility accounting is one of the two core management controlling tools which can support organisations due to the assignment of responsible managers towards financial items, and furthermore as an information mechanism. However, despite the worldwide acknowledgement of responsibility accounting and its relevance towards a fully captured organisational controlling mechanism, there is not a clear distinguee definition available. Nonetheless, a frequently cited definition of responsibility accounting is the definition given by Robert Anthony. According to Anthony (1965), responsibility accounting can be defined as a management accounting method which can support an organisation by collecting and reporting the actual business information as well as the budgeted information, and is therewith essential in managerial control. Birnberg (2011) complements this definition by stating that *"responsibility accounting and the related concept of profit centers stress the management aspect and the effect of decision making by managers"* (p. 598). This is in like matter with Horngren et al. (2012) who states that responsibility accounting *"is a system that measures the plans, budgets, actions and actual results of each responsibility center"* (p. 221) and can therewith be seen as an evaluation mechanism of managers their performance (Choudhury, 1986). Because of the widely acknowledgement of the definition given by Anthony (1965), this definition is used as guideline during this thesis.

However, besides the fact that responsibility accounting can help an organisation review their overall performance, responsibility accounting is also a method which can allocate responsibilities towards departments or divisions, as responsibility accounting is a way of *"internal reporting to the organisational structure of the business"* (Akenbor, 2013, p. 105). According to Pajrok (2014) responsibility accounting facilitates the allocation of different financial as well as non-financial results among the responsible individuals across the whole organisation, and is therefore essential for a management accounting system (Choudhury, 1986). This is complemented by Khan (1972) who states that *"responsibility accounting is a device to measure divisional performance"* (p. 192) where it can both gather and report accounting information. Therefore, responsibility accounting can be seen as an information distribution mechanism. Furthermore, it can be stated that due to that characteristic, responsibility accounting is a system which enables an organisation to compare and measure both actual as planned data (Khan, 1972). Due to its measuring and comparing capability of both planned as well as actual data, Jones and Thompson (2000) have acknowledged that responsibility accounting and associated controlling mechanisms *can contribute to a more effective and efficient organisation, and enhance inter-organisational relationships*. This is further extended by Rowe et al. (2008), who implicate that responsibility accounting is *"based on the assumption that responsibility-center managers are individually accountable for an organisational subunit such as a department or division"* (p. 165). Therewith, responsibility accounting has an important role within organisations as an interface between the organisation its strategy and structure, and therewith functions as a measurement of the performances (C. Rowe, 2008; Khan, 1972). The importance is once more underlined by (Weygandt, Kimmel, & Kies, 2010) who implicate that *"responsibility accounting involves accumulating and resorting costs on the basis of the manager who has the authority to make the day-to-day decisions about the items"* (p. 447). In addition, Weygandt et al. (2010) state that responsibility accounting can be used within an organisation, if it has fulfilled the following three conditions (p. 447):

1) *Costs and revenues can be directly associated with the specific level of management responsibility.*
2) *The costs and revenues can be controlled by employees at the level of responsibility in which they are associated.*
3) *Budget data can be developed for evaluating the manager its effectiveness in controlling both costs as well as revenues.*

Hereby Weygandt et al. (2010) underline that especially within a decentralized structured organisation, responsibility accounting is valuable. They state that an organisation its structure must be well defined as responsibility accounting and the assignment of authorities are associated to one another. In addition, the performance measurements for the responsibility centers must be well defined, and finally the responsibility accounting report should only contain those elements wherefore the managers are controllable.

3.2.2 Responsibility accounting – *the operation of responsibility accounting*

Responsibility accounting operates by using so-called responsibility centers. According to several researchers, these should be created and should be acknowledged by all individuals within an organisation (Khan, 1972; Merchant & Van der Stede, 2007; Pajrok, 2014; Mulemad et al., 1992; Atkinson et al., 2012). The usage of, and creation of those responsibility centers is underlined by Drury (2001), who acknowledged that responsibility centers are a fundamental element within a management accounting controlling system. As these centers provides an organisation the ability of delegating certain responsibilities throughout the organisation. This is in accordance with Khan (1972) its definition of a responsibility center *"is the unit of an organisation that is separable and identifiable for operating purposes and its performance measurement should be possible"* (p. 192). Something which is complemented by Merchant and Van der Stede (2007) who implicate that because of that *"financial responsibility centers are a core element of a financial results control system"* (p 284). Based on assigned responsibility centers, managers can be individually checked and hold accountable for their departments (Rowe et al, 2008; Horngren et al., 2012; Weygandt et al., 2010; Atkinson et al, 2012). This is made possible by the apportioning of the responsibilities *"for a particular set of outputs and/or inputs to an individual"* (Merchant & Stede, 2007, p. 270). Therefore, the usage of responsibility centers within an organisation its management accounting mechanism, can provide a delegation of the decision making process in order to increase both financial control and the financial performances such as profits, revenues and or costs (Mulemad et al., 1992; Atkinson et al., 2012). Thus, overall it can be stated that the formation process of responsibility centers, is an important element for an organisation its management accounting control system (Drury, 2001). The implementation and usage of responsibility accounting can be controlled with the responsibility accounting system as proposed by inter alia Weygandt et al. (2010). Hereby an organisation has to prepare a report for each of the established responsibility centers, based on an organisation its organisational chart whereby first the lowest level has to be checked. This enables an organisation obtaining a specified report of each of the responsibility centers. Atkinson et al. (2012) recommend a same kind of approach by implementing responsibility center into income statements. This enhances once more both financial and operational control, which responsibility centers causes (Atkinson et al., 2012)

In responsibility accounting, there are either four or five of these financial responsibility centers to distinguish. The amount of responsibility centers depends on how an organisation classifies its costs centers, as just general cost centers, or by splitting the general costs into both cost as expense centers. Due to this freedom, academic literature is divided and is not like-minded towards the number of responsibility centers; either four of five responsibility centers. In this research, the theories which are focussed on five responsibility centers are used, because these theories ensure a more detailed insight and classification of the applicable responsibility centers. These theories conclude that an organisation has (1) revenue centers as well as (2&3) cost or expense centers, (4) profit centers and (5) investment centers, each depending on the manager its level of control (Merchant & Van der Stede 2007; Khan, 1972; Drury, 2001; Anthony, 1988; Jones & Thompson, 2000; Weygandt et al., 2010). Those defined responsibility centers can mutually differ *"within each financial responsibility type"* (p. 272) due to the amount of delegation or also called hierarch (Merchant & Van der Stede, 2007; Anthony, 1988) which is assigned towards the managers *"to acquire and use assets"* (Jones & Thompson, 2000, p. 211).

As there is are undefined definitions available regarding the overall responsibility accounting concept, there are no clear stated definitions available for the five acknowledged financial responsibility centers. However, the different definitions available in literature for each of the responsibility centers, are all very similar. Below let us explain each of the five financial responsibility centers. this based on their meaning as well as their characteristics given by multiple authors. Hereby the definitions provided by Merchant and Van der Stede (2007) are used as base.

The first type responsibility center, ***revenue center***, can be defined as a type of responsibility center where the amount of generated sales, or also called revenues, is the financial item in which the managers are held accountable for (Drury, 2001; Merchant & Van der Stede, 2007). However, Merchant and Van der Stede (2007) do indicate that even a revenue center can have cost associated responsibilities, such as for example departmental salaries or other sales related expenses.

The second and third type of responsibility centers an organisation can assign, are so called ***cost and expense centers*** which can be explained by the divisions or departments who are only accountable for the costs they made and the amount of influences they have on these costs (Drury, 2001). These departments are not evaluated based on directly generated revenues, but only on their ability to control their costs and expenses and to which degree they have met their budgeted data (Weygandt et al. 2010). Merchant and Van der Stede (2007) define these costs as *"financial measures of the inputs or resources consumed by, the responsibility centers"* (p. 273). Hereby cost centers are related towards departments with only indirect costs, where expense costs are directly related to cost which are in agreement with the business. These two kind of responsibility centers are in most cases production and or service departments (Weygandt et al., 2010). Moreover, academic literature defines these two different kind of cost centers into respectively standard cost centers as well as into discretionary expenses centers. Hereby standard costs centers can be described as those departments where costs can be allocated per product or unit. Discretionary expense centers on the other hand, or so called managed costs centers, are the departments or divisions where the costs cannot be allocated per product or unit. These discretionary costs are allocated towards the overall division, for example an assigned budget for a research and development department (Drury, 2001; Merchant & Van der Stede, 2007). For a cost or expense responsibility center applies that an organisation can manage and monitor their level of control, based on ensuring that costs are within the agreed guidelines (Merchant & Van der Stede, 2007).

The fourth responsibility center, ***a profit center,*** can be defined as those departments or divisions where both costs as well as revenue decisions are authorized as the responsibility of the responsible manager (Drury, 2001; Weygandt et al, 2010). In other words, the manager is accountable for the generated revenues; the differences between both generated revenues and costs originating from the sales (Merchant & Van der Stede, 2007). As Merchant and Van der Stede (2007) imply, there are several forms of profit centers, e.g. sales-focused entities, cost-focused entities and micro profit centers. These different allocations depend on the influences the managers have on both the costs as well as revenues (Merchant & Van der Stede, 2007).

Finally, the fifth type of responsibility center, ***an investment center,*** can be explained as a responsibility center where the responsibilities are allocated for both the sales revenues as well as the expenses, whereby managers have an additionally responsibility of making investment decisions (Drury, 2001). An investment centre is mostly measured based upon the ROI (Return On Investment) a department or division has created (Drury, 2001; Weygandt et al., 2010). In other words, the managers are held accountable for the profit they generalized based on their made investments (Merchant & Van der Stede, 2007) and because of these specific characteristics, Drury (2001) has acknowledged that an investment centre has the highest *"managerial autonomy"* (p. 328) of all types of responsibility centers.

By using responsibility accounting within organisations, Akenbor (2013) states that operations can be controlled, resources can be planned and allocated, performances of division managers can be evaluated and prices can be established. Something which organisations need during nowadays economic circumstances. However, despite the necessary control the responsibility accounting concept can create for organisations, Akenbor (2013) has identified some challenges which occur when implementing the responsibility accounting during expansions such as for example (p. 112): *lack of accurate data collection, changes in technique of production, insufficient manpower requirement, and increased financial resources.*

In conclusion, it can be stated that responsibility accounting is a management accounting system which supports an organisation by maintain control of their responsibilities in both economic as social ways. Furthermore, it contributes to a more effective and efficient organisation, and enhances inter-organisational relationships. This by either review the overall performance of an organisation, or by allocating different responsibilities towards departments and or divisions. Although the fact that responsibility accounting is widely acknowledged, there is not an established definition available. Therefore, during this research, the most frequent and widely acknowledged definition by Anthony (1965) is used: *Responsibility accounting is a method of management accounting which can help an organisation by both collecting and reporting the actual business.*

Responsibility accounting operates by different responsibility centers: *revenue centers, cost centers, expense centers, profit centers and investment center.* This enables an organisation to distinguish departments but moreover, it enables organisations to delegate the decision making process in order to increase financial performances such as increasing profits, revenues or decrease their costs. Mainly because of that, responsibility accounting contributes to more effective and efficient organisations. A good assignment of responsibility centers can be achieved by looking at the organisation its function and the departmental distinctions as shown in table 3.1, where characteristics per responsibility center are shown. Such an alignment is of importance, because misalignment can limit an organisations or can be a source of competitive disadvantage.

Characteristic	Type of responsibility center				
	Cost center				
	Cost center	Expense center	Revenue center	Profit center	Investment center
Controlled by center management	Costs	Expenses	Revenues	Cost, revenues	Cost, revenues, and significant control over investments
Not controlled by center management	Revenues, investment in inventory, and fixed assets	Revenues, investment in inventory, and fixed assets	Cost, investment in inventory, and fixed assets	Investment in inventory and fixed assets	
Measured by the accounting system	Costs relative to a budget	Expenses relative to a budget	Revenues related to a budget	Profit relative to a budget	Return on investment relative to a budget
Not measured by the accounting system	Performance on critical success factors other than costs	Performance on critical success factors other than costs	Performance on critical success factors other than revenue	Performance on critical success factors other than profit	Performance on critical success factors other than return on investment

Table 3.1: A resume of the different responsibility center characteristics. Table based and adapted from the theory of Atkinson et al. (2012).

3.3 Maintaining management control and the importance of responsibility accounting during organisational changes

Responsibility accounting, as elaborated on in the section above, is a way of maintain control within organisations. As it is of highly importance to keep control during organisational changing circumstances, this section looks into how responsibility accounting relates to those organisational changes. In order to identify the expected relationship as suggested in chapter one, literature is reviewed regarding responsibility accounting and the support it can give organisations who face organisations changes / restructurings due to for example a M&A trajectory. In other words, an elaboration is given on how responsibility accounting supports organisations during changing circumstances and restructuring complex business structures.

3.3.1 The usage and importance of controlling systems during changing circumstances.

As already discussed in the introduction of this chapter, the usage of management controlling systems and therewith the responsibility accounting concept is something which is highly recommended during both organisational as well as during economical changes. This is among other things enhanced by Chenhall and Euske (2007), who state that the role of management control systems during organisational changes and organisational growth is becoming more and more important. Especially in nowadays society where globalization and integration has an important role (Kuznetsova, 2010). These challenging and changing circumstances ask for new management accounting information, in order to anticipate on these changes (Kuznetsova, 2010). This is not only acknowledged by practitioners, but also by academic. For example, Davila (2005) states that *"the adoption of management control systems (MCS) is a key element in managing the tension that growth imposes"* (p. 223). He emphasizes therewith the necessity of management controlling systems based on the fact that a lack of adequate and professionalization of those management controlling instruments can restrain or even decrease the growth of organisations. It is therewith important for both organisational growth and organisational development (Davila, 2005). Abdel-Kader and Luther (2008) emphasises furthermore the need of management accounting systems and related practices by the fact that over the last decade, a lot of new management accounting techniques have been developed. This all in order to *"search for a competitive advantage to meet the challenge of global* *competition"* (p. 3). According to Gerdin (2005), an organisation must therefore embrace these new innovative management accounting techniques in order to keep in line with new developments, both on technology as on management level. It is however hard to identify how these management accounting systems should look like, as management accounting literature shows is in this field ambiguous views. This due to the fact that a management accounting system and the sophistication of the overall controlling system, all depends on the circumstances an organisation is facing and an organisation its need for information and control (Tillema, as referred by Abdel-Kader & Luther, 2008). McLean et al. (2015) for example state that the *"diversification into new technologies is based on the firm's engineering ethos, market awareness and network inputs"* (p. 188). During their research, McLean et al. (2015) investigated a production plant and found out that they have used the management accounting information, purely for strategic discussions.

Overall, it can be stated that management accounting is a controlling mechanism which organisations use in order to face difficulties and changes, both on organisational as well as in an environmental context. This due to the fact that it supports an organisation its information distribution, supports the ability to work more efficient, can increase the overall organisational integrity, but most important it manages an organisation its complex business structures. Therefore, the following section looks into the effects responsibility accounting has on an organisation its structure in order to increase the understanding of the possible causal relation responsibility accounting could have on merger successes, as indicated in chapter one.

3.3.2 The effect of responsibility accounting on an organization its structure.

3.3.2.1 An overview of the effect management accounting can have on an organisation its structure/design.

The importance of the alignment and interaction of both an organisation its organisational structure and its management accounting system is extensively acknowledged by literature. For example, by Otley (1980), who state that an organisation its management accounting system has an important effect on an organisation its structure. Not directly as he states, but more importantly *"the underlying variable of structural complexity is seen as explaining both the accounting control tools used and the organisational form adopted"* (p. 419). Otley (1980) developed a framework, which is widely used in management accounting research. Within this model he depicted an evaluation method for management accounting information systems, as shown in figure 3.2.

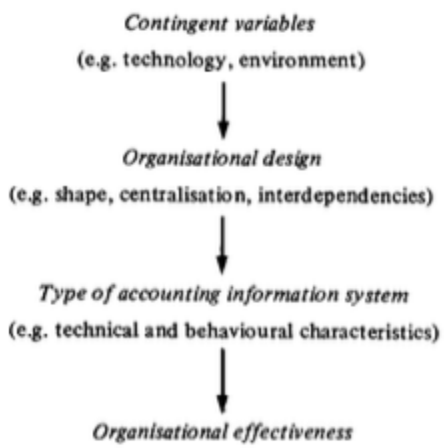


Figure 3.2: An evaluation method for the management accounting mechanism as identified by Otley (1980). Figure retrieved from Otley (1980).

The model has been produced based upon several *"current contingency theories of management control"* (p. 419). These contingencies, which effect moreover an organisation its structure, come in various forms as shown by Abdel-Kader and Luther (2008). They state that inter alia an organization its size, the technology, business environment, market environment, uncertainties and strategy can effect an organisation its strategy (Abdel-Kader & Luther, 2008). These contingencies or also called firm characteristics, as Abdel-Kader and Luther (2008) have implicated, can be divided in three different categories; (1) external characteristics (2) organisational characteristics and (3) processing characteristics. These firm characteristics are underlined and complemented by Williams and Seaman (2001) who state that an organisation its size is a key element in structuring an organisations and its activities. It is however hard to say in which degree it can effect an organisation its structure, because findings from different researchers have not been always consistent and many studies have failed to identify a correct characteristic (Jermias & Gani, 2004). One of these deviating authors are for example Gordon and Narayanan (1984). They found out that after controlling or even eliminate the environmental effects, an organisation its management accounting system and an organisation its structure, were not related to each other. They indicate that an organisation its structure and an organisation its management accounting information system purely are complementary to the organisation its strategy *"in responding to their perception of the environment"* (Gordon & Narayanan, 1984, p. 42). Gordon and Naravanan (1984) conclude therefore that *"it may be fruitful to view design of information systems and organisational structure as part of an overall package for effectively managing an organization in a specific environment"* (p. 42). Burns and Waterhouse (as referred by Jermias & Gani, 2004) complement this conclusion by stating that it is hard to define an applicable management accounting system for all different kind of organisations, as a system like that depends on multiple factors. However, they emphasize the fact that organisations with a highly sophisticated management accounting system are frequently doing business in uncertain markets, have powerful customers, work is more decentralised and are mostly large organisations (Abdel-Kader & Luther, 2008). In other words, *"as organizations and departments grow and become more complex, they tend to decentralize and implement a more administratively oriented control strategy, which involves a higher degree of behaviour formalization and an increasing use of formal patterns of communication"* (Gerdin, 2005, p. 102). He complements this further by implicating that a management accounting system can be tailored or adjusted based on a diverse selection of characteristics on both interdependencies and an organisation its design (Gerdin, 2005).

And so, it can be stated that academic literature has not found providing evidence which identifies the structural effects the architecture of management accounting has on an organisation its structure or visa versa. Mainly because the different involved characteristics, circumstances which change per organisation and the broadness of the overall management accounting principle.

3.3.2.2 An overview of the effect responsibility accounting has on an organisation its structure.

As there is no direct relationship to detect regarding the overall management accounting concept and an organisation its structure, there is literature available on responsibility accounting and its effects on an organisation its structure. Responsibility accounting is namely a well known controlling mechanism during organisational changes, due to the effect it has on an organisation its structure and design. Horngren et al. (2012) explain this by stating that *"how each company structures its own organization significantly shapes how the company's efforts will be coordinated"* (p. 220). In other words, they state that an organisation its structure can been seen as the arrangement of responsibilities within an organisation (Horngren et al., 2012) and based on that, responsibility accounting is an important interface between both an organisation its structure and strategy (Rowe et al. 2008; Khan, 1972). This is supported by

Siegel and Shim (2006) who state that *one condition for an effective responsibility accounting system is a well defined organisational structure*. Furthermore, Allahverdi (2014) states that besides the fact that responsibility accounting is a performance measure, it is also a manner of dividing an organisation its structure into different responsibility centers Therewith, responsibility accounting is not only a structural translation, but it is also a way of measuring the performance of business units separately (Allahverdi, 2014).

However, literature agrees on the fact that an organisation its structure does not decide the type of responsibility centers, but the overall responsibility centers structure reflects an organisation its structure (Merchant & Van der Stede, 2007). This is in like matter with the image Jones and Thompson (2000) portray. Jones and Thompson (2000) state that in order to create a full developed and functioning responsibility accounting system, the assigned responsibilities should be in line with the organisation its structure. Jones and Thompson (2000) have explained this relation due to the fact that an organisation its design, is concerned by three different elements (Jones & Thompson, 2000). The first element which influence an organisation its engineering is its administrative design. Secondly an organisation its responsibility structure can influence the overall business engineering and finally, an organisation its control structure has some influence on the organisational structure (Jones & Thompson, 2000). Therewith, it can be stated that responsibility accounting has a major influence on an organisation its engineering and therewith on an organisation its structure. This is in like manner with Ferrera and Otley (2009), who state that classic organisation theories suggest that organisational structures are structured, based on specific roles and tasks. Which is one of the characteristics of the responsibility accounting mechanism. Merchant and Van der Stede (2008) implicate that the assignment of responsibility centers need to be decided first, from there an organisation its structural design can be determined. Due to these characteristics, organisations need to trust and rely on the individual manager, based on their responsibility awareness (Ferrara and Otley, 2009). Therefore, it is of importance to define the functions of the responsibility centers in order to inform the managers involved about their responsible financial items (Merchant & Van der Stede, 2007). Besides the fact that an organisation its design involves a certain aspect of its activities, and therewith responsibilities, Johnson et al. (2005) state that organisational design also involves different kind of choices for *"decentralisation or centralisation of authority, differentiation or standardization, and the level of formalisation of rules and procedures, as well as configuration"* (as referred by Ferrera and Otley, 2009). This is supported by Rowe et al (2008) who imply that it is necessary for an organisation to know how the different responsibility centers are measured and rewarded. This can be either done individually per manager, or by combining several responsible managers which have been working on a common process (Rowe et al, 2008; Merchant, 1985). Rankin & Sayer (2000) extend this by implying that a measurement system, based on individual performances, is recommended because it is seen as a good motivation method.

So, overall it can be stated that academic literature has acknowledged the fact that responsibility accounting has an effect on an organisation its structure in several ways. These effects depend among other things on an organisation its environment and on the organisation its coordination ideas. These effects differ per situation and organisation, and because of that they are hard to standardize. It is especially hard to determine in nowadays economic circumstances, where organisations try to adopt new structural innovations in order to stay competitive. Hence, it can be concluded that researchers have identified the fact that first the responsibility structured should been identified, and from there the organisation its structure should be further adopted. It is therefore interesting to look into the question whether responsibility accounting arrangements have any effect in M&A trajectories which involve numerous structural changes.

3.4 Human aspects concerning responsibility accounting - *the controllability principle*

Since the beginning of research into management accounting and responsibility accounting, the importance of individuals within the system is acknowledged. As stated by for example Chenhall and Langfield-Smith (1998), almost all management accounting innovations and management accounting systems are depending on a high level of employee / management participation, and managers have therewith a high influence during decision making processess. In like manner is the following statement by Flamholtz (1996) *"all organizations (businesses, universities, governments, hospitals) are concerned with channelling human efforts toward attainment of organisational objectives"* (p. 596). And no matter what their intentions are, managers and therewith personnel always acts on their own interests (Flamholtz, 1996). This human influence is complemented and more specified toward the responsibility accounting concepts by Rowe et al. (2008). Rowe et al. (2008) state that responsibility accounting *"is traditionally based on the assumption that responsibility-center (RC) managers are individually accountable for an organisational subunit such as a department or division"* (p. 165). Riahi-Belkaoui (2002) even describes these behavioral influences managers can have on a controlling system, as crucial. The importance of managers within the responsibility accounting process is also something which is underlined by Horngren et al. (2012). They state that during the usage of responsibility accounting and its related responsibility centers, managers have a huge influence on decisions (Horngren et al., 2012). Therefore, Horngren et al. (2012) state that human aspects are essential and have very much impact.

One important factor organizations faces during both the implementation as well as during the usage of management controlling systems, is the fact that *"managers are not always able to specify in advance what constitutes an optimal balance because they face a variety of complex decisions"* (Mundy, 2010, p. 499). Managers can for example be influenced and effected due to differences in *"trust, autonomy, power relations, and professionalism"* (Mundy, 2010, p. 500). In other words, managers can be influenced by factors which are hard to either identify and hard to substitute (Mundy, 2010). This is acknowledged by Flamholtz (1996), he states that no matter the regulations organisations have established, people will mostly operate towards their own interest. This *"even if these individuals and groups wish to help attain organisational goals, the organization of which they are part must integrate their effort and direct them towards specific goals"* (Flamholtz, 1996, p. 596). In other words, an organisation needs to have some influence or should at least have gain some control on the behaviours employees are carrying out, in order to accomplished their established goals and strategy.
Therefore, Horngren et al. (2012) says that the administration of such human processes as responsibility accounting *"requires education, persuasion, an intelligent interpretation"* (p. 223).

Controllability is an underlying concept of responsibility accounting, which embrace these kind of managerial influences managers can have on their responsibilities, as indicated by the type of responsibility center: *profit, cost, expense, investment, revenue center* (Horngren et al., 2012). In addition, Horngren et al. (2012) states that a *"controllable cost is any cost that is primarily subject to the influence of a given responsibility center manager for a given period"* (p. 222). This implies that a manager can only be hold accountable for the aspects he or she can control. The way an organisation looks towards this controllability concept, and therewith the controllable costs, is therewith crucial. Either an organisation looks at the established goals or it looks into the overall picture. That is according to Horngren et al. (2012), the purpose of responsibility accounting: *not only focussing on the controlling aspect, but moreover look at the information distribution and the gained knowledge.* For this reason, organizations, need to know on which factors a responsibility center manager can have influence and which items they cannot influence. This in order to prevent issues such as budgetary slack or other negative behaviours (Horngren et al., 2012). It is therefore necessary for organisations to look towards questions on how the responsibility assignments are used, if department have the right qualification, and if the performance reports are structured right and *"which managers should be held accountable for which specific financial statement line items"* (Merchant & Stede, 2007, p. 275). As sometimes the separation between the different responsibility centers can be vague and can cause problems and or dilemmas (Merchant & Stede, 2007).

In order to handle these behavioural aspects of a responsibility accounting system, the different systems need to be formed in such way that they can support managers during their decision making process (Riahi-Belkaoui, 2002). He emphasis hereby the need that *"because a responsibility accounting system requires making public one's performance and implies an implicit trust between those controlled and their managers, reported self-disclosure can be related to the attitude to responsibility accounting system."* (Riahi-Belkaoui, 2002, p. 146). In other words, it is important for an organisation to create an open culture and create a trust relationship between those involved in the responsibility accounting cycle *"towards the acceptance of responsibility within a responsibility accounting system"* (Riahi-Belkaoui, p. 146). Something which is supplemented by Rowe et al. (2008) who states that the motivation of responsibility center managers can be a *key element* in achieving an established goal or strategy.

Having mentioned the importance of responsibility accounting, and the influence managerial behaviour can have on the overall management accounting system, it can be stated that there are *"6 types of power dictating different types of control strategies and tactics: reward power, coercive power, legitimate power, referent power, expert power and integration of power"* (Riahi-Belkaoui, 2002, p. 50). However, even if these these six forms of power are controlled, there are still areass which cannot be controlled or influenced. Something which is caused due to the fact that every form of power, works under specific conditions.Therefore Drury (2001) but also Merchant and Van der Stede (2007, p. 535) state that there are three uncontrollable factors which can influence managers during their decisions making process.

1) economic and competitive factors, *e.g. factors whereby a manager can anticipate on, such as an increase of material prices or an increase of the cost of capitals*
2) acts of nature, *e.g. factors which cannot be managed by managers, such as natural disasters.*
3) interdependenies, *e.g. factors which are affected due to something which has happened within an organisation.*

Despite the fact that these factors cannot be controlled, organisations can minimize these factors due to a good insurance policy, but more important, due to the assignment of responsibilities within an organisation (Merchant & Van der Stede, 2007). Therefore, it can be stated that with a right structured responsibilty mechanism, the human factors can be minimized to the utmost extent. Something which is acknowledged by a research conducted by Rowe et al. (2008).

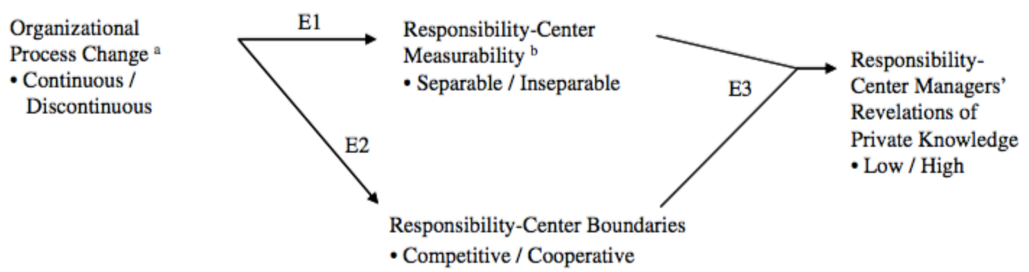


Figure 3.3: A reflection of the effects organisational process changes can have on the responsibility accounting mechanism and managerial behaviours. Figure retrieved from Rowe et al. (2008).

With their study, Rowe et al. (2008) have indicated that the design of accounting practices and performance measurement of responsibility accounting is something which can be influenced by both managers as well as by organisational changes. This proves the fact that the way responsibility centers are measured and the way boundaries are defined, are very important for managers. Those regulations should be available for all individuals within organisations, in order to increase organisational performance during process and economical changes (Rowe et al, 2008). Based on their research, Rowe et al. (2008) have developed a model whereby they reflect on how organisational process changes can effect the responsibility accounting distribution. This study has been done with as aim, showing how responsibility accounting can help organisations in changing circumstances or during organisational process changes, and by showing how an organisation can make these changes more successful (Rowe et al. 2008). Their model, which is being displayed in figure 3.3, highlights the importance of the agreement on both the responsibility boundaries as well as the measurability of managers, and therewith shows how they these boundaries and measure abilities influence the behaviours of managers during organisational changes (Rowe et al., 2008). This figure complements an earlier theory, devised by Abernethy and Chua (1996) who state that organisational change can be influenced by several elements. For example, based on *"managerial choice, institutional coercion and institutional incentives and disincentives"* (Abernethy & Chua, 1996, p. 591). Their research found out that due to organisational changes, the overall management culture increases, but more importantly an organisation its responsibility accounting emerged. This is supported by Choudhury (1986) who implicates that *"responsibility accounting and the controllability principle may be viewed as being inseparable and supportive to another"* (p. 189), where controllability can be seen as the capability of the manager to *"anticipate behaviour-outcome-rewards"* (p. 190). Weygandt (2010) has furthermore the human factor acknowledged as a crucial element within the responsibility accounting cycles. They imply five principles which needs to be taken into account (Weygandt et al., 2010, p. 458):

1) *Managers of responsibility centers should have direct input into the process of establishing budget goals of their area of responsibility*
2) *The evaluation of performance should be based entirely on matters that are controllable by the manager being evaluated*
3) *Top management should support the evaluation process*
4) *The evaluation process must allow managers to respond to their evaluations*
5) *The evaluation should identify both good and poor performance*

So based on the latter, it can be stated that the human aspect within the management accounting and therewith the responsibility accounting mechanism has a much higher impact than researchers once taught. This mainly because of the fact that this human aspect is something which is hard to control (due to multiple uncontrollable factors and the amount of power managers can have on the accounting cycle). Therefore, an organisation its management accounting system should be formed in such way that it supports managers during their decision making process, whereby it still focusses on the overall strategy and on the objectives an organisation has set. Hereby, organisations need to look first at the function of the responsibility centers in order to inform managers involved about their responsible financial items. This section provides therewith directly literary evidence regarding the importance of managers during the usage of responsibility accounting systems, as organisations are depending on a high level of employee / management participation during the usage of responsibility accounting. Therefore, these human interfaces need to be considered. Organisations can for example create an open culture and can create a trust relationship between those involved in the responsibility accounting cycle. This will in all likelihood increase the acceptance of the controlling cycle and therewith the usage of responsibility centers.

3.5 Literary conclusions regarding responsibility accounting as a management controlling instrument.

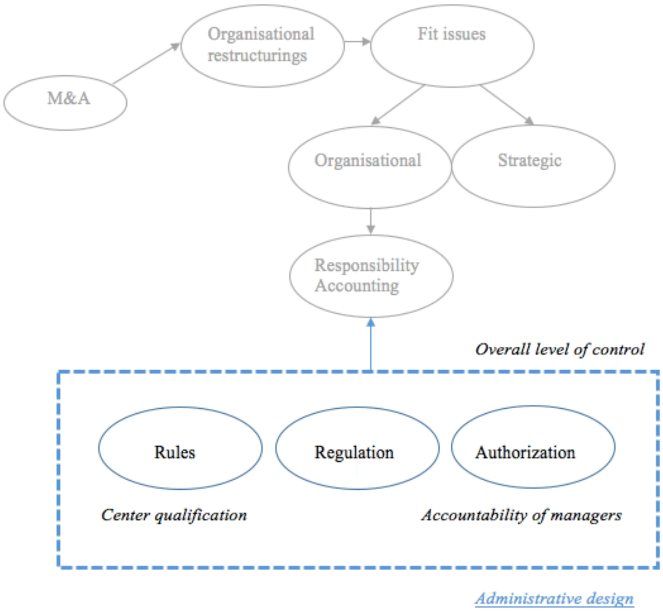
In this chapter, the management accounting concept as an organisational controlling mechanism is explored with a main focus on responsibility accounting. Looking at the discussed literature, it can be stated that this chapter provides an elaboration of sub-questions four, five and six. The understanding and exploration of the influencing factors of a responsibility accounting mechanism are used as main input for the in the next chapter, chapter four, presented theoretical research model. A theoretical research model which depicts the potential theoretical linkage between the two independent literary domains; responsibility accounting and M&A trajectories. By answering the sub-questions four, five and six, a better understanding of both management accounting and responsibility accounting can be reached, and an exploration into its relationship with M&A outcomes can be given in the following chapters.

Sub-question 4: *What is management control and how does it interact with responsibility accounting?* Especially the first section of this chapter, section 3.1, gives an elaboration into the management accounting controlling mechanism. Therewith it provides a sketched linkage towards the responsibility accounting concept. In sum, it can be stated that management accounting can be seen as an instrument which enables monitoring an organisation its progress. Therewith it provides a way of keeping control over an organisation. A well known definition of management accounting, acknowledged by scientific research, is the definition given by Anthony (1965). Anthony states that management accounting is *"the process by which managers ensure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives"* (Anthony, 1965, p. 27). Since the early '90's, research into management accounting and associated topics such as organisational changes have increased. For example, topics such as budgetary control and management control instruments show an increasing interest. Topics such as cost management and inter-organisational controls on the contrary show a decreasing interest. This can moreover be explained by the fact that the world is changing and economic circumstances become more complex. Due to these more complicated environmental circumstances, organisations need to be *"more responsive, more flexible and more adaptable"* (p. 415) in order to keep their competitiveness (Smith, Morris, & Ezzamel, 2005). As a result, it can be stated that nowadays organisations are in a constant need of information (Smith, Morris, & Ezzamel, 2005). Overall, it can be stated that linkage between management accounting and responsibility accounting can be found by the following; responsibility accounting is one of the two core elements of the management accounting system. It is namely a mechanism which enables an organisation to allocate targets (both financial as non-financial) towards individuals within the organisation, and is the therefore called the interface between an organisation its strategy and structure.

Sub-question 5: *What are key concepts of responsibility accounting?* Responsibility accounting is one of the core elements within a management accounting system, and is therewith seen as the controlling mechanism within organisations. It supports organisations due to the assignment of responsible managers towards financial items, and furthermore it contributes as an information mechanism. There is not an acknowledged definition which describes the responsibility accounting concept, but the definition by Anthony is a frequently cited definition. According to Anthony (1965), responsibility accounting can be defined as a management accounting method which supports an organisation by collecting and reporting the actual business information as well as the budgeted information. Therewith it is seen as an essential mechanism in managerial control. Due to its measuring and comparing capability of both the planned as well as the actual data, Jones and Thompson (2000) have acknowledged responsibility accounting and associated controlling mechanisms as a contribute factor towards a more effective and efficient organisation. In addition, responsibility accounting has an important role within organisations as an interface between the organisation its strategy and structure, and can therewith function as a performance measurement. The operation of the responsibility accounting mechanism goes by so-called responsibility centers. According to several researchers, those responsibility centers should be created and acknowledged by all individuals within an organisation. Based on the assignment of responsibility centers, managers can individually be checked, and can hold accountable for their departments. In responsibility accounting, there are either four or five general financial responsibility centers to distinguish. The amount of responsibility centers depends on how an organisation classifies its costs centers, as just general cost centers, or by splitting the general costs into both cost as well as expense centers. In this thesis, a subdivision of five responsibilities is used: *cost center, expense center, revenue center, profit center and finally an investment center.* Table 3.1, as shown previously in this chapter, provides a resume of each responsibility centers their characteristics.

Sub-question 6: *How does responsibility accounting relate to organisational changes, also known as corporate restructuring?* As discussed in chapter two, M&A trajectories cause complex structural changing when merging or acquiring two involved parties with each their own culture, structure and management accounting systems. Due to especially those changes, control is of highly importance. Based on the literature review as shown in especially the last sections of this chapter, it can be stated that a lack of an adequate professionalization of management controlling instruments can restrain or even decrease the growth of organisations. Therewith the alignment and investigation of certain instruments during organisational changes is of importance for maintaining both organisational growth and development (Davila, 2005). As responsibility accounting is one of the two core elements of a management accounting system, it is interesting to look into the question as stated above. Section 3.3 provides an elaboration on the effects responsibility accounting has on an organisational its structure and visa versa. Overall, it can be stated that responsibility accounting has a direct interaction with an organisation its structure. Horngren et al. (2012) for example state that an organisation its structure can been seen as the arrangement of responsibilities within an organisation. Therefore, responsibility accounting is seen as an important interface between both an organisation its structure and strategy. However, an organisation its structure does not decides the type of responsibility centers. Instead the responsibility centers structure reflects most of the times an organisation its structure (Merchant & Van der Stede, 2007). Something which is acknowledged by Jones and Thompson (2000), who state that in order to create a full developed and functioning responsibility accounting system, the assigned responsibilities should be in line with the organisation is structure. So, it can be concluded that academic literature supports the fact that responsibility accounting has effect on an organisation its structure in several ways, and those effects depend on an organisation its environment and on the organisation its coordination (e.g. freedom of managers) ideas. These effects differ per situation and organisation, and because of that it is something which is hard to identify. Especially in nowadays economic circumstances where organisations try to adopt new structural innovations in order to stay competitive. It is therefore interesting to look into the problem statement as elaborated on in chapter one, as responsibility accounting has at least some interaction with organisational restructurings, something which is deriving from M&A trajectories.

In sum, it can be stated that this chapter has provide an overview and elaboration into responsibility accounting and its controlling effect within organisations as a management accounting mechanism. The chapter has shown the importance of responsibility accounting for organisations, especially during changing circumstances such as for example M&A processes. Based on those findings, it can be stated that responsibility accounting is a mechanism which enables organisations to enhance and control challenging circumstances, as responsibility accounting is the interface between an organisation its strategy and structure. Akenbor (2013) enhances this by stating that responsibility accounting is a way of *"internal reporting to the organisational structure of the business"* (p. 105). An organisation its design and structure is therewith intertwined with an organisation its administrative design, or also called responsibility accounting system. Due to the acknowledged relationship of an organisation its structure on a responsibility accounting mechanism, as shown in section 3.3.2.2, it can be stated that M&A processes, which ask for organisational restructurings, can cause uncertainties regarding the responsibility accounting mechanisms. This is depicted in figure 3.4. The figure shows the importance of the administrative design which a responsibility accounting system brings within an organisation. Due to the assignment of responsibility centers, organisations can keep an established level of control regarding their daily operations, and rules and regulations can be set.



Figurative symbols
Identified connection between the responsibility accounting mechanism and the M&A domain.
Defined administrative design of an organisation. In other words, an organisation its responsibility accounting mechanism.
A reflection of the conducted academic literary review into the M&A domain, as shown in chapter two, figure 2.7.

Figure 3.4: A depiction of the in this chapter discussed literary review into the responsibility accounting phenomenon and its linkage towards the M&A domain.

Correspondingly to the in figure 3.4 depicted importance of responsibility accounting, a relationship between both domains as sketched in the problem statement in chapter 1.2.3. can be expected. In accordance, the following chapter provides an elaboration of an established theoretic framework based upon both chapter two (M&A literature) and this third chapter. As the theoretic framework is based upon theories provided by two independent literary domains, a synthesis is made which links the potential interaction. Hereby, the framework as provided in chapter four has supported a further continuation of this research.

Chapter 4: A pleading into the expected effect of responsibility accounting on M&A processes – providing a theoretical framework

In the chapters two and three, several theories have been discussed from both a M&A as well as from a responsibility accounting perspective. Based on the broad exploration into those two literary domains, and the main chapter conclusion as shown in the sections 2.9 and 3.5, the assumed interaction as sketched in chapter one between both domains can be expected. This conclusion is primary based on the elaborated academic literature, which suggests a potential causal relationship between how responsibilities are assigned to and effect merger successes. This chapter starts with a recall of the major findings of both literature reviews in the sections 4.1 and 4.2. The two sections discuss both domains separately, from where a synthesis of the assumed interactions of both domains with one another is shown. Based on those assumed interactions, a preliminary theoretic model is proposed in section 4.3. A framework which has been used to analyse into which degree the expected relation of responsibility accounting on a successful merger can be depicted. With the model, the influence of responsibility accounting on merger successes is tried to reveal from a theoretical perspective. Finally, this chapter provides a conclusion in section 4.4, and therewith constructs an answer towards the seventh sub-question. The model as provided ensures a continuation of the empirical data analysis.

4.1 A summarization on the investigated M&A theories

M&A trajectories in nowadays economies are widely used by organisations in order to create autonomous growth. Hereby, organisations can choose different forms of M&A, such as for example a horizontal merger, vertical merger, conglomerate merger, domestic merger or a cross-border merger. Choosing the right merger qualification is of high importance for organisations, as it depicts their strategy. However, according to academic literature this is something which is hard to achieve as research shows that only 1 in 3 CEO's had a clear vision on which M&A type they proceeded. This indicates once more the amount of difficulties organisations face due to M&A trajectories. However, despite the popularity of M&A, they still tend to fail in two of the three cases. Due to these high failure rates of M&A trajectories, a lot of research has been done into specific failure and success factors, and structural M&A process descriptions. However, these failure and success factors are, as elaborated on in chapter two, still unambiguous and not defined completely. Something which is reflected in the remaining high failure rate of M&A over the last 20 years. There are nonetheless some themes in which these failure and success factors can be categorized. For example, by the different phases of the M&A process; pre-acquisitions, transaction and post-acquisitions phases. Out of these identified phases, it can be stated that there is a lack of consensus in academic literature on which M&A phases do exist. Something which is in line with the fact that according to Gomes et al. (2013) there are no clear boundaries for organisations on *"when an acquisition begins or concludes, or the number and characterization of the phases within the process"* (p. 16). However, the three comprehensive phases which are seen as the base of M&A literature and are acknowledged by multiple researchers. Especially a lot of the identified failure causes are oriented towards the integration process of merging organisations, which is primary located in the post-merger phase. In this post-merger phase complementary changes are made in both organisations their activities, organisational structures or by the different cultures of both companies (Koi-Akrofi, 2016). Or as Peng (2008) and Bradt (2015) have stated, working towards organisational fit is acknowledged by research as the closeness and compatibility of the two organisations their systems, structures and cultures. If, these are not aligned or adjusted, a M&A performance can be affected negatively. Once integration is achieved, changes in management responsibilities can be made in order to succeed the new strategy of both combined businesses. However, in recent published literature, more and more researchers acknowledge and recommend that an organisation its orientation towards an early integration cannot start fast enough. Researchers have shown by different M&A time lines that the faster both strategic as well as organisational fit are identified, the earlier a potential misfit of organisations can be remedied or even can be eliminated. Such a preliminary orientation is once more reflected and underlined by the six determination of mergers successes, proposed by Epstein (2005). Four out of these six proposed determinants take place before or during the pre-acquisition phase. Inter alia, Gomes et al. (2013) have identified a relation between some M&A phases (pre- and post-acquisition phase) regarding the choice of strategic partner in the pre-acquisition phase and the implementation speed during the post-acquisition phase. Therewith they indicate that the combination of a lack in understanding the connection between those two phases, a lack of communication, a lack of detailed planning and a too small timeframe, a lack experiences and preparation could explain the high failure rate of M&A. The importance of an early integration exploration is once more underlined by Bradt (2015) who state that corporate culture misalignment is the *"root cause of any merger its failure or success".*

So, based on the conducted literature review into the M&A phenomenon, it can be stated that the integration exploration of both a clear communicated strategic but more important organisational fit, during a pre-merger phase is more and more acknowledged by literature as important. Hereby research into organisational fit is mostly orienting towards the inter-organisational relations or also called internal fit. Strategic fit on the other hand is described as investigating the relationship between an organisation and its stakeholders, and is therefore also called the external fit (Carmeli et al., 2010). Due to this acknowledged increasing importance of the integration exploration of two merging organisations their businesses structures and systems by researchers all around the world, a potential relationship can be expected between how an organisation its responsibility accounting is organized and its effect on merger successes. Because as stated by Koi-Akrofi (2016), both complementary organisational structures as well as complementary rules and controlling regulations are of importance within the overall integration phase. Therefore, it can be stated that it could be the case that during the integration of two merging organisations, responsibility accounting could be the determining factors as it is a *"key mechanism for how management accounting interfaces with the organisation strategies and structures"* (Rowe et al., 2007). Doherty et al. (2016) have extended this even more by stating that *"managers must set clear and consistent expectation of the different organisational groups involved, including an explicit mandate for the M&A team, as well as roles and responsibilities for the corporate-strategy group, interested business units and key support functions".* However, nowadays literature has not yet looked into which impact the responsibility accounting mechanism could have on a particular merger successes or failures. It can only be stated that based on the literature review described in chapter two, it can be expected that when merging two independent organisations with each their own business structures, cultures, and systems into one, it results in some necessary organisational restructurings. Those necessary organisational changes will have in all likelihood effects on the responsibility allocation and the overall responsibility accounting system.

4.2 A summarization on the investigated responsibility accounting theories

In chapter three, the management accounting domain with a primarily focus towards responsibility accounting has been discussed. The whole chapter has acknowledged the ability and purpose of an organisation its management accounting mechanism. Namely, keeping control on daily businesses (operations) and the contribution of responsibility accounting within the controlling mechanism of an organisation. As Tannenbaum (1968) acknowledged: *"it is the function of control to bring conformance about organisational requirements and achievements of the ultimate goals of the organisation"* (p. 237). In other words, management accounting helps organizations in all kind of businesses during their decision and planning making processes by providing useful information. Especially during M&A circumstances, which request lots of organisational changes, this kind of extra and more intense organisational control is of highly importance. An established level of control can even be the determining factor which leads an organisation towards competitive advantage (Davila, 2005). Since the '90, the interest in M&A trajectories have increased and likewise the demand and research into management accounting and organisational control has been increased. For management accounting applies the same explanation as the explanation which is given for the increasing interest into M&A processes; due to nowadays difficult economic circumstances, organisations need to be *"more responsive, more flexible and more adaptable"* (p. 415) in order to keep their competitiveness. As organisations need to have a constant flow of information and control in order to maintain competitive (Smith, Morris & Ezzamel, 2005). This is reflected by the fact that management accounting systems evolves in like manner with the size of an organization and should match an organisation its growth incentives (Mclean et al., 2015).

Researchers such as for example Otley (1980) have acknowledged the fact that management accounting systems have an important effect on an organisation its structure. One management accounting mechanism, which is able to steer and adjust an organisation its position by collecting and reporting data, is responsibility accounting (Anthony, 1965). Due to that characteristic, responsibility accounting has become essential in managerial control. A definition, given by Rowe et al. (2008) implies that responsibility accounting *"is a key mechanism for how management accounting interfaces with the organisation strategies and structures"* (p. 164). As it supports organisations due to the ability to establish plans and the allocation of budgets. It therewith contributes to a more effective and efficient organisation and besides the ability to allocate budgets, responsibility can also have some influences during organisational changes. Responsibility accounting for example enhances managerial participation, stimulate inter-organisational relationships, and ensures an environment for healthy competition. This is among other things reflected by the statement of Horngren et al. (2012) who state that *"how each company structures its own organization significantly shapes how the company's efforts will be coordinated"* (p. 220) and in order to ensure a good functioning responsibility accounting system, first the overall organisational structure needs to be determined. Thanks to those characteristics, multiple researchers have acknowledged that responsibility accounting is an essential mechanism for organisations in changing circumstances. As responsibility accounting is described as a management accounting system which supports an organisation in keeping in control over their organisation. Furthermore, responsibility accounting contributes to a more effective and efficient organisation, enables quick changes, and enhances inter- organisational relationships. In other words, organisations who enter an uncertain M&A trajectory should be better able to maintain a high level of control, could ensure structural changes and could potential face risky circumstances better, if they use the responsibility accounting concept. Abertnethy and Chua (1996) even implicate that due to organisational changes, the overall management culture increases, but more importantly an organisation its responsibility accounting emerged. Or in other words, management accounting and therewith the usage of responsibility accounting is a controlling mechanism which organisations use in order to face both difficulties as changes. Gerdin (2005) support this by stating that when *"organizations and departments grow and become more complex, they tend to decentralize and implement a more administratively oriented control strategy, which involves a higher degree of behaviour formalization and an increasing use of formal patterns of communication"* (p. 102). Therefore, Davila (2005) implies that management controlling systems are key in managing growth incentives and a lack of a certain system can even restrain growth opportunities.

This necessity of organisational control is since a couple of years enhanced by practitioners. This is among other things reflected in the increasing amount of research into management accounting innovations as a way to search for competitive advantages. However, no clear regulations are given for such controlling systems as the characteristics *(e.g. size, production technology, business environment, market environment, uncertainness, strategy)* differ per organisation. Especially responsibility accounting is a well known controlling mechanism during organisational changes, due to the large impact it has on an organisation its structure and design, as one of the conditions for an effective responsibility accounting systems is: a well defined organisational structure (Siegel & Shim, 2006). Only can be stated that organisations need to take into account the fact that an organisation first need to engineer its administrative design, from where responsibilities can be assigned. This is moreover reflected by Jones and Thompson. They imply that responsibility accounting is one of the three conditions of engineering an organisation (Jones & Thompson, 2000). As organisational design involves different choices regarding *"decentralisation or centralisation of authority, differentiation or standardization, and the level of formalisation of rules and procedures, as well as configuration"* (Jonson et al., as referred by Ferrera & Otley, 2009).

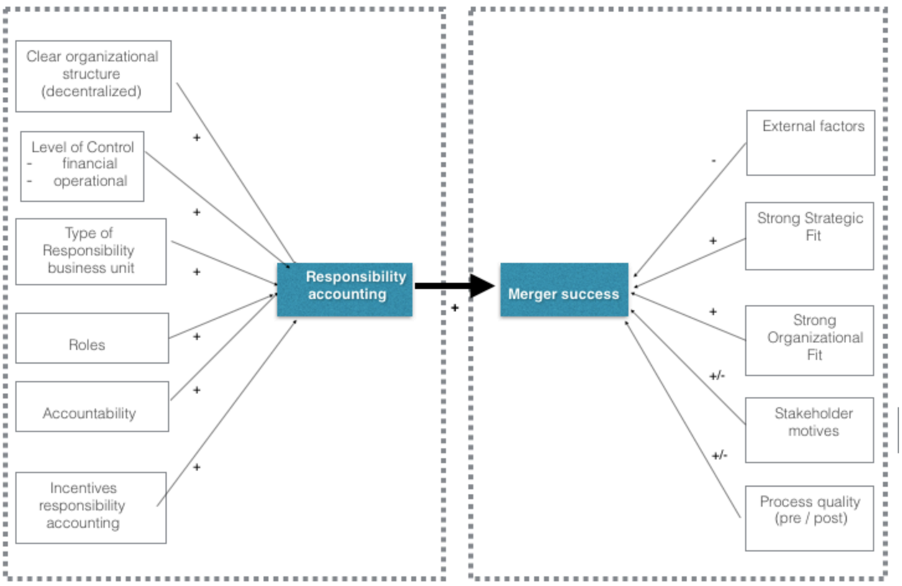
So, based on the elaboration shown above regarding the responsibility accounting concept, it can be stated that the expected relation between the responsibility assignment and a merger success could be possible applicable. As responsibility accounting interacts directly with an organisation its structure and correspondingly can support organisations managing complex business structures, be more efficiency, increase integrity and can help organisations faces a diversity of changes. A clear defined organisational responsibility structure is therefore seen as needed. However, M&A processes can cause uncertainties regarding the integration of two independent organisations, and therewith can have some effects on the organisational structures. Those organisational uncertainties can have a direct effect on the responsibility accounting mechanism with as result; uncertainties regarding towards their responsibility assignment. These responsibility accounting uncertainties could potential increase a merger its failure rate, as it creates additional challenges above the already acknowledged lessons learned.

4.3 Establishing a preliminary theoretical research model – *a proposition of the influence responsibility accounting has on merger successes.*

In this chapter both the M&A as well as the responsibility accounting concept are reviewed in order to examine if indeed a potential interaction and causal relation between an organisation its responsibility accounting system and the achievement of merger successes exists, and if this relation is supported by literature. By reviewing literature extensively, it can be stated that this possible relation can be expected, but this is something which is not yet researched by academic literature before, and will therefore be explored by this case study. This all to investigate whether the expected theoretical relation exists in the real business world.

This preliminary conclusion can be made due to responsibility accounting its organisational defining characteristics. Literature suggest that responsibility accounting can have a certain influence on merger successes or failures causes, as undefined responsibilities increase business uncertainties in an already fragile M&A process. As the definition of Rowe et al. (2008) indicates, responsibility accounting has an important role within organisations as an interface between an organisation its strategy and structure. It therewith functions as a measurement of the performances, enhances individuals, can delegate responsibilities, can measure or evaluate different business units, can enhance management participation and can identify potential risks areas. Rowe et al. (2008) therewith imply that responsibility accounting can help organisations in changing circumstances or during organisational process changes, and by showing how an organisation can make these changes more successful. But if organisational structures become unclear, something which can be the result of a starting M&A trajectory whereby two separate entities merge, it can cause problems. By those described characteristics, the clarity and completeness of the responsibility accounting system could be a potential measurement of the organisational fit between two merging organisations, as a part of the integration orientation during the pre-acquisition phase.

The importance of looking into responsibility accounting from an early merger phase as sketched by academic literature, is once more underlined by this particular case-study. As the case study did indicate that an indistinctness of the responsibilities at a management level, potential could have been the cause of the merger cancellation. This preliminary conclusion has been made, based upon the problem statement as sketched in June of the year 2016 (the alignment of assigned responsibilities and related organisational levels). Before those new assigned responsibilities could be examined, the merger already had been cancelled. Based on this problem statement, in all likelihood it can be stated that both organisations their management control systems and particular their responsibility accounting assignments did not match the requirements of organisational growth, were unclear and incomplete, something which is acknowledged as a necessity by inter alia McLean et al. (2015). Therefore, based on both the described academic insights as well as practical problem displayed in by the case study, the following **proposition** is made: *The completeness and clarity in which an organisation has organized and assigned its overall responsibility accounting system, has a positive effect on merger successes.* The proposition, is based upon both the academic literature review as well as by a preliminary orientation of the case study, as described in chapter one. The analysis of those sources have resulted into a preliminary theoretic model, as shown in figure 4.1. The preliminary model has been formed by key elements which have been identified in the chapters two and three, as factors which could have had influence on each of the domains. Together, these key factors are used in order to investigate whether the responsibility accounting mechanism has had indeed any influence on the merger outcome. In other words, the model as provided in figure 4.1, can be seen as an assessment guideline for the empirical data collection as depicted in the next chapter. The proposed model enables an investigation into whether responsibility accounting is indeed a determining factor in a merger cancellation and whether likewise a fully captured responsibility accounting system contributes to merger successes.



Figurative symbols

Expected relationship of a well set responsibility accounting mechanism on merger process successes.

Theoretical based impact of several mediators onto the two literary concepts; responsibility accounting and merger success.

+ | - | +/- A gradation of the expected impact the several mediators have onto the two literary concepts; responsibility accounting and merger success.

Figure 4.1: A proposed theoretic research model which reflects the expected interaction of responsibility accounting on merger processes. Figure is based on the literature as shown in chapters two and three.

4.3.1 An elaboration on the theoretical research model variables

In order to increase the measurability of the model as proposed in figure 4.1, clear definitions of each factor is needed. Therefore, this section present clear definitions on how each of the in the model reflected factors need to be interpreted during the continuation of this research. Based on those definitions, the case-study can better be measured and it is substantiated on how factors should be interpreted. Table 4.1 provides an overview of the factors retrieved out of the proposed research model, and an explanation on how those factors should be interpreted. The factors are used during the case study analysis, in order to explore whether the expected relation as elaborated on in this chapter, is indeed causal in merger successes. It can therefore be stated that the framework as presented in this chapter is the foundation of this case study research, and provides guidelines for the interviews.

Responsibility accounting factors	Description
Clear organisational structure	As responsibility accounting has direct effect on an organisation its structure and a well known controlling mechanism during organisational change it is of importance to have a clear image and reflection of an organisation its structure, or as Akenbor (2013) state, responsibility accounting is a way of "internal reporting to the organisational structure of the business" (p. 105). By academic literature, several basic characteristics are given on how an organisation should look like: • Decentralized – clear structured department with their own restrictions • Roles and responsibilities are clear at the top and throughout the organisation Hereby has to be taken into notice that not an organisation its structure will not decide the type of responsibility centers, but the responsibility centers structure will indeed reflect an organisation its structure (Merchant & Van der Stede, 2007). Therefore, it is of importance to have a clear organisational structure, from where responsibility accounting centers can be redesigned after organisational changes.
Level of control	Organisations located in a volatile and changing economy or face organisational changes, need a high level of control. As stated by academic literature, organisations could ensure structural changes and could potential face risky circumstances better, if they were to use the responsibility accounting concept as management accounting and therewith the usage of responsibility accounting is a controlling mechanism which organisations can use in order to face both difficulties as changes, both on organisational as well as in an environmental context. Control is the process of "compelling events conform to plan" (McLany & Atrill, 2014, p. 713). In other words, "it is the function of control to bring about conformance to organisational requirements and achievements of the ultimate goals of the organisation" (Tannenbaum, 1968, p. 237). The level of control can be dividend into the following categories: • Strategic control • Financial control • Operational control Hereby, the feeling each of the managers is of importance, as they approve their operations and are held accountable for the progress. As "responsibility accounting involves accumulating and resorting costs on the basis of the manager who has the authority to make the day-to-day decisions about the items" (Weygandt et al., 2010, p 447).
Type of responsibility business unit	As stated in section 3.2.2., an organisation can use five classifications of responsibility accounting centers. Each of these centers has its own responsible characteristics. By the usage of those responsibility centers, organisations can support organisations (especially general management) by delegating regulated responsibilities within the organisation • Cost center • Expense center • Revenue center • Profit center • Investment center
Role & tasks	At each responsibility center, a particular manager is responsible. By each of those different responsibility accounting centers, different roles are applicable. These role and tasks managers get assigned to, should be acknowledged and clear set at the top and throughout the organisation.

Incentives responsibility accounting	The responsibility accounting mechanism has several incentives which indicates why organisations need them. Responsibility accounting can help organisations moreover with the following activities. In order to maintain a workable mechanism, incentives should be aligned to the utmost extent. • Planning and allocation of resources • Controlling of operations • Evaluating the performance of segment managers • Making decisions on prices • Creating an environment for healthy competition
Accountability	Accountability refers to the amount to which the responsibility holders can be accountable for the elements they are responsible for. Within a responsibility accounting system, it is of importance that those accountability issues are right, and that a manager actually could have influence on those items. As described in section 4.4, on of the five principles of Weygandt et al. (2010) managers of responsibility centers should have direct input into the process of establishing budget goals of their area of responsibility. So, organisations need to take into account several non controllable situations, and how those non controllable situations can affect targets: • economic and competitive factors*, e.g. are factors whereby a manager can anticipate such as an increase of material prices or an increase of the cost of capitals* • acts of nature, *e.g. factors which cannot be managed by managers such as natural disasters.* interdependenies, *e.g. are factors which are affected due to something which has happened within an organisation*

Merger success factors	**Description**
External factors	External factors are important in the successes of M&A processes. As for example stated by Epstein (2005) external factors could potential damage both short- as long term merger value. Furthermore, Yu and Yang state that during a M&A, organisations have to take into account both internal motives and external factors, as those are the success factors of mergers. External factors are not clearly defined, but it includes for example market circumstances, or timing. Therefore, it is essential to identify whether external factors such as market uncertainties have contributed to merger cancellations.
Strong Strategic fit	As stated in section 3.7, the "fit" of the two merging companies is of high importance and misalignment of two merging organisations is the most acknowledged reason on why mergers have been cancelled or why mergers have been failed, as the strategic and organisational fit between two organisations determines inter alia the achieved amount of synergy (Haspeslagh & Jemison, 1991). Strategic fit is the the complementarity of the partner firm's hard skills and resources, such as technology, capital and distribution channels" (Peng, 2008, p. 276). Organisations should therefore be compatible on moreover: • Corporate strategy • Business strategy • "the complementarity of the partner firm's hard skills and resources, such as technology, capital and distribution channels" • "effective match of complementary strategic capabilities"
Strong Organisational fit	As an organisation its strategic fit is of importance, the so called external fit, the internal organisations fit is of importance, as it "influences the ease in which two organizations can be assimilated after an acquisition" (Datta, 1991, p. 281). The better the organisational fit, the better organisations can be integrated and aligned, and can be a key in achieving sustainable competitive advantage (Carmeli et al., 2010). Organisations should take at least the following aspects into account: • Organisation size/structure • Processes • Administrative systems of organisation • Management styles • Demographic elements • Corporate culture
Stakeholders motives	There are different motives why organisations enter M&A processes. The compatibility of merging or acquiring organisations can be for example to increase as stated in section 3.3 • Organisational growth • Economic benefits (synergies) • Managerial incentives

	It is important that stakeholder motives are aligned to the utmost extent. If not, uncertainties can cause merger failures as one of the lessons learned is mismanagement or risks, strategy, management prudence and poor stakeholder outreach as shown in table 4.1.
Process quality	One of the biggest contribution towards merger successes is the overall M&A process quality. As Lassere (2003) state, both academic as practitioners imply that successes but also the failures of M&A contained always two key aspect, the quality of the pre-acquisitions process and quality of the post-acquisition process. As shown in table 4.1, incomplete screening, poor decision making processes and slow integration can cause merger failures. Below the characterisation of the phases quality as provided by Haspenslagh and Jemison (1991), is defined. *Organisations should avoid the following issues during a M&A process*: • **pre-acquisition process**: poor decision making process, poor strategic fit, lack of strategic risk management, unrealistic expectation, p • **post-acquisition process**: how the integration is managed (to slow), poor organisational fit, poor stakeholder management, administrative problems *Organisations should enhance*: strategic fit, evaluation strategic partner, communication, deal structure, deal diligence, premerger planning, post merger integration, speed of implementation, managing cultural differences and external factors.

Table 4.1: M&A and responsibility accounting factor elaborations

4.4 Conclusions regarding the established theoretical interaction of responsibility accounting on M&A processes.

This chapter has shown, that the two dangling, not intertwined literary areas responsibility accounting and M&A could be expected to be connected as suggested in the first chapter of this thesis. Based on those expectations, both a proposed framework as well as a corresponding proposition has been made. With the drafted framework and proposition depicted in this chapter, it can be stated than an answer towards the seventh sub-question is formulated; **Sub-question 7:** *How can, based on both the examined M&A literature as well as on responsibility accounting literature, propositions and a theoretic framework be developed which can explain a merger failure or success?* By making a synthesis, the researcher was able to find a preliminary connection between both literary domains. Primarily based on the organisations their need for an increased level of control, clear delegation guidelines, the increasing importance of organisational fit during nowadays changing circumstances and finally due to demanding economies. By academic literature it is acknowledged that responsibility accounting can be a management controlling mechanism which enables and supports organisations during changing circumstances by its ability to adjust within a short period of time. Especially during M&A related circumstances, this controlling and adapting ability is of high importance. Theoretically it could therefore be stated that indeed responsibility accounting can be the missing link why mergers still fail. The importance is once more underlined by the lessons learned and success factors as described in sections 2.5 and 2.6 such as for example by Dutta (1991). He refers to inter alia the Harvard Business School by stating that management prudence, the lack of guiding principles, poor stakeholder outreach, and a lack of strategic management can be merger failure causations. By the identification of those critical success factors of each of the literary domains, a proposition and theoretic framework is made, as shown previously in section 4.3. The proposition and the theoretical framework have formed the base of the explorative case study research. The framework is used as a data collection guideline in order to analyse the experiences, bottlenecks and expected relationship between responsibility accounting and merger successes within this case study. The next chapter provides, based on the theoretic framework, case study insights retrieved by the semi-structured interviews. The theoretical model is used as an assessment tool in order to identify whether indeed responsibility accounting has effect on merger successes, and to which degree.

Chapter 5: Empirical case study analysis – identifying the impact responsibility accounting has had on the merger cancellation, and uncovering other underlying factors.

In the previous chapters, a literature review into both the responsibility accounting concept as well as into the M&A phenomenon have been discussed. As the researcher expected an interaction between the arrangement of responsibilities and a merger cancellation. Based on those explored literary concepts, a theoretical proposition and corresponding theoretic framework have been build as shown in section 4.3. Both the proposition, as well as the theoretical framework show a preliminary theoretical conclusion, *that a well designed responsibility accounting mechanism could indeed have a positive relation on merger successes.* However, a certain relationship is not yet researched by academic literature, and the theoretical expected relationship is not yet being proven.

In order to explore and expose the expected theoretical relationship, an empirical case study is done into the reasoning behind a particular merger cancellation and the role of responsibility accounting. In this particular case study research, it was not clear which elements did cause the merger cancellation. However, there were some leads which pointed towards responsibility accounting issues. So, in order to investigate the effect of the potential relationship, interviews have been conducted with key gate holders within the merger process and the general management. This chapter reflects the results of the conducted semi-structured interviews, which have been based upon the framework proposed in section 4.3. Hereby key aspects which have potentially caused the cancellation on both the overall merger attempt as well as the potential influence of responsibility accounting on this cancellation, have been elaborated on. Therewith, the interviews discussed in this chapter provide insights into the literary expected relationship, but moreover it provides an exploration into which other factors have had any influence on the merger cancellation of this particular case study.

The chapter is organised in like manner with the proposed research model (figure 4.1). Section 5.1 provides a brief introduction into how this case study analysis has be done, from where the case study findings regarding the responsibility accounting system are discussed in section 5.2. This followed by section 5.3, which provides insights into the M&A process, the experienced dilemmas and experienced bottlenecks. Afterwards, section 5.4 elaborates on whether the expected relationship as sketched in figure 4.1 is supported and acknowledged by the interviewees of this case study, by discussing eleven propositions. Finally, chapter 5.5 provides an answer towards the two case-study related sub-questions as pronounced in chapter one, sub-questions eight and nine. Together, this chapter clarifies the M&A process and the role responsibility accounting has had. Therewith it provides the necessary information which is needed to answer the main research question in chapter six.

5.1 Elaborating the increasing need of management control during growth circumstances

This chapter shows an illustration of the findings which have been obtained by the nine conducted interviews. It therewith provides a base for answering the research question as stated in chapter one, *investigating whether the relationship as discussed indeed exists and if the case study object is organised well in order to handle new growth processes (M&A).* As already pronounced in section 1.3.1, interviews were held with key stakeholders of the case study object (MT, business directors and representatives of the investment organisation) which had a potential involvement within the merger trajectory.

In order to give a proper analysis of the case study organisations their reasoning behind the merger cancellation, and related to that pinpoint the impact responsibility accounting had within the merger attempt, both the responsibility accounting mechanism as well as the M&A process are evaluated and discussed with the interviewees. Hereby the researcher attempted to uncover cancelation causations for this particular case study, like the once described in chapter

2.5. Besides the identification of those merger bottlenecks (lessons learned), the causal relation between a merger success is researched in relation to an organisation its responsibility accounting system. This chapter therewith discusses each of the two literary domain separately, in like manner with the research model as proposed in chapter 4.3. Based on those gained insights, in section 5.4 the possible relationship is synthesized.

The interviewees have identified that indeed the case study organisations acknowledges the need of increasing organisational control. This due to branch specific circumstances, but more importantly due to several organisational challenges both organisations had to deal with. Due to these organisational changes, e.g. the implementation of new ISO regulations and rapid organisational growth, the management accounting mechanism has increased since a half year. As one of the interviews stated: *"if an organisation is doing well, the danger is that employees do not always pay attention towards the costs. Because if delivery times increase, supplies need to be bought as fast and possible, and sometimes for to expensive prices. On the contrary, if an organisation has little business, the emphasis on the procurement of supplies become larger as that is a way of cutting costs."*

Due to the rapid growth each of the business divisions had faced (10% to 40% per division) and the activities related to the merger attempt, organisational restructurings needed to be made. Something which has also its effect on their management and related management controlling systems *"as management we have to continuously keep employees sharp and that is something which always will be hard. It is for example hard to define to which degree you can held a person accountable and to what extent you should let your people free in regulated boundaries"*. One of the top management interviewees has acknowledged these recent improvements of the management controlling mechanisms within their organisations, as he states: *"we have improved our management accounting tools in order to increase and stimulate organisational growth. As both organisations had fogy and unstructured systems. Gradually we see now those tipping point, the organisation is now for example keeping organisational control by our budget, monthly management meetings and our 5-year strategy*." Those restructuring processes were parallel to the cancelled merger attempt. In the interviews moreover appeared that those increasing need of management control is not something which is specific related to this particular case study organisation. Each of the interviewed business directors and the top management interviewees have acknowledged that also in their previous work experiences, organisational control on both numbers and facts increases if one looks at ten years ago. As one of them stated: *"I have worked here for approximately two years, and in combination with my previous work I have been active for at least 7 years in different management team roles. I cannot think of another way of keeping control on an organisation, then by numbers and facts. As it are the most important figures to keep an organisation in control. If an organisation is either doing well or doing bad, it is of importance to look at numbers as they say: do I invest according to plan, am I developing well as an organisation, do I have enough sales/revenues or can I keep control over my costs? I belief it is of importance for everything an organisation is doing, and not only now during organisational changes but it is always adamant necessary".*

5.2 The responsibility arrangements within by merger changing organisations

As shown in chapter four, and especially in section 4.3, a possible interaction between an organisation its responsibility accounting system and merger successes can be expected. Arising therefrom, this section elaborates on the current status of the responsibility accounting system of the case study organisation. This by discussing the interviewees their perspective and experiences of the departmental responsibility center classifications, the roles and accountability of the responsible managers and it looks into the clarity and recognition of the overall responsibility accounting system. Several striking results have come to the surface during those interviews, and each of those findings is discussed in the subsequent section. Within this section, responsibility accounting refers to the controlling mechanism as stated by Anthony (1965); a management accounting method which can support an organisation by collecting and reporting the actual business information as well as the budgeted information. A definition which is extended by Birnberg (2011) who state that *"responsibility accounting and the related concept of profit centers stress the management aspect and the effect of decision making by managers"* (p. 598). Based on those definitions, it can be stated that responsibility accounting is a part of the overall management accounting system of an organisation. Therewith, it is part of the fundamental controlling mechanism of an organisation, which can be used in order to face both difficulties as well as changes. So, due to its controlling and evaluating ability, responsibility accounting is a mechanism which organisations lead in difficult circumstances such as M&A trajectories.

Therefore, this section provides a rating on the general responsibility accounting mechanism of the case study organisations (organisation A) by discussing the center classification and relations with the organisational structures. From there, roles of the different managers and their accountability are discussed. Finally, the level of control, awareness and the overall feasibility are discussed. Based on those insights, an overall analysis of the responsibility accounting mechanism is given at the end of section, section 5.2.4. Hereby, more clarity can be provided regarding the influences of an organisations its responsibility accounting system within the research context.

5.2.1 The importance of center classifications and the recognition of organisational structures

By the conducted case study, a clear vision on how the organisation is organised is obtained. The interviewees have moreover described the case study organisation as a flat organisation, whereby the original family culture is key. Those two organisational characteristics have had a major influence on the organisation its responsibility accounting mechanism, as responsibility accounting is mostly established in like manner with the overall organisational structure. This section therefore elaborates on the applicable center classifications of the different business units. As the qualification of business units into one of the five acknowledged responsibility centers is a core element of the overall responsibility accounting mechanism. It among other things defines the range of responsibilities of the responsible manager/branch director, and is therefore of importance as it influences the measure ability and provides a certain degree of control. Something which is acknowledged by Jones and Thompson (2000). They state that in order to create a full developed and functioning responsibility accounting system, the assigned responsibilities should be in line with the organisation is structure. Horngren et al. (2012) have described this as *"how each company structures its own organization significantly shapes how the company's efforts will be coordinated"* (p. 220). So, in order to investigate the responsibility accounting mechanism, insights need to be obtained regarding the case study organisations its structure, as it has major influence on the responsibility accounting system. Based on the interviews, it can be stated that the case study organisation is structured as following: *a holding, and below this holding several organisations/business units are located,* something which is reflected in figure 5.1.

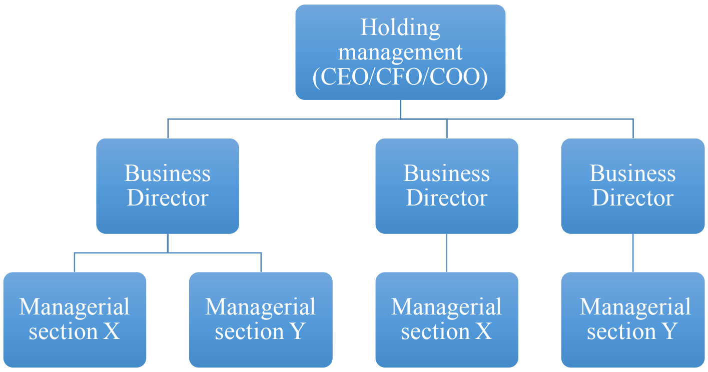


Figure 5.1: Figural depicted business structure of the case study organisation A involved.

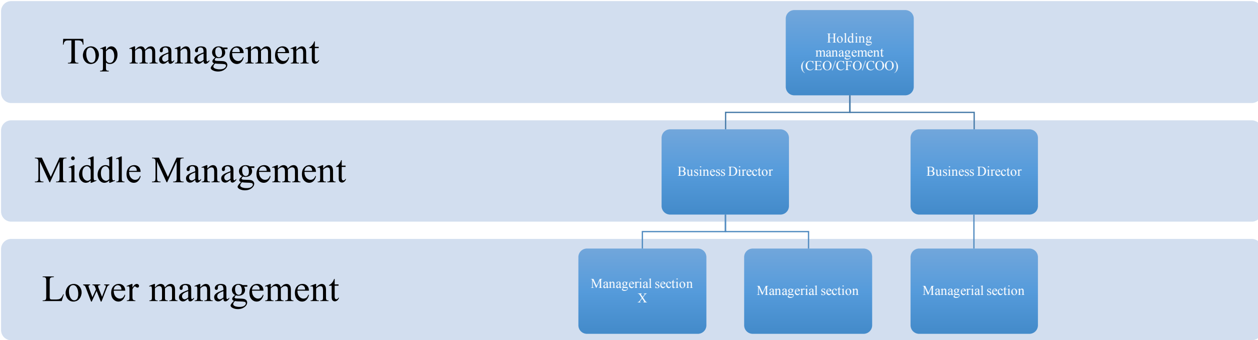
The different business units, as reflected in figure 5.1, are independent subdivisions which are either merged or acquired in the past 10/15 years, or are self-created business units by the holding. By interviewing each of those business unit directors, it can be stated that to a certain degree, those separated businesses are classified as profit centers and therewith operate autonomously. As the business directors can to a certain degree decide and control their own revenue and cost streams (within established regulated boundaries). One of the business directors implies: *"we are an independent operating income business, whereby we only rely on the holding due to the supporting staff departments, also called shared services: Finance, IT and HRM".* However, despite the profit center qualification it needs to be stated that by an authorisation form, important price/decision-making processes are delegated towards the top management of the organisation, located at holding level. In other words, the authority of management and related decision-making processes are put away towards only the top management level (CEO, CFO, COO). This is in line with the investment policy of the case study organisations. Investments of business directors their revenues are also delegated towards the top management. Hereby, it can be stated that by looking at table 3.1 shown in chapter three, which is partially depicted below in table 5.1, the different business units can be classified as (independent) profit centers.

Characteristic type of responsibility	Profit center	Investment center
Controlled by center management	Cost, revenues	Cost, revenues, and significant control over investments
Not controlled by center management	Investment in inventory and fixed assets	
Measured by the accounting system	Profit relative to a budget	Return on investment relative to a budget
Not measured by the accounting system	Performance on critical success factors other than profit	Performance on critical success factors other than return on investment

Table 5.1: A depiction of the profit- and investment center characteristics (based on table 3.1).

The interaction between the different management levels can be described as flat and informal, as described earlier. Looking into the case study and take into account the several management layering of the case study organisation, it can be held that the organisation consists out of three main management levels which are depicted in figure 5.2; the top management, business directors/managers, and operational levels of the organisation.

1) Top management: *Shared management team. They plan the overall strategy and have an overall vision.*
2) Middle management: *Business directors. The business divisions are autonomous business units which have to a certain degree free authorisation to their daily business. They are classified as profit-centers.*
3) Lower management – *Managers. Deal with daily operations and have established regulations.*



Figurative symbols

→ Formal level of control lines, related to the organisational structure.

Figure 5.2: Depicted management levels within the business structure of the case study organisation A involved.

According to the interviewees, the responsibilities within the case study organisation are drafted based upon the in figure 5.2 sketched organisational structure: *"yes in principle it is a gradation (crystallization per layer) of the decision making process to a certain amount of money".* For each of the three management layering, authorisation regulations are set. One interviewee for example acknowledged that he can to a certain established decide over a lot of things, as they have a framework which indicates within which regulations each business manager can act. However, by some of the interviewees it is indicated that a lot of these decisions are still made by the top management of the organisation. Several reasons are here fore being given. One of the major explanations is the fact that the organisation its employees are not yet used of make decisions on their own or to hold adhesion on daily operations. This is experienced as restrictive, as someone stated: *"sometimes decision making processes can take a lot of time, and therewith a certain way of arranging the responsibilities assignment of an organisation has its restrictions"*. This is extended by the fact that multiple interviewees have acknowledged that some of the allocated decisions making levels are placed to high within the organisation, and therewith are experienced as restrictive. For example, there is indicated that sometimes the established regulations are limited, and those low authorisation regulations slow daily business, and are restricted to organisational growth. One of the interviewees has given a great remark in which a lot of those experienced difficulties and battles of the responsibility allocations can be made clear. He acknowledged that within especially SME organisations, it is difficult to find "a perfect" balance between either capturing responsibilities or on the contrary give enough freedom in which business directors can work. As he states *"a small organisation (SME) can only beheld apart if people, employees, think outward their own little boxes, go over their own regulated boundaries in order to support and achieve established goals".*

Overall, it can be stated that due to the recent rapidly growth of the organisation, there have been made many improvements into the management control regulations of the case study organisation. Each of the business units, subjected to the holding has been assigned to the profit center qualification, and therewith rules and regulations are established. However, some of the business directors feel restricted as their authorisations are for some decisions making processes to low. As price decisions have been assigned towards holding level, and together they are restricted towards daily business.

5.2.2 The influence of roles and accountability within responsibility accounting mechanism

As mentioned and acknowledged in chapter three, with the assignment of responsibilities throughout an organisation, managers or divisions directors get assigned to different roles and are held accountable for their responsibilities. As the usage of responsibility centers within an organisation its management accounting mechanism provide a delegation of the decision making process. This in order to increase both financial control and the financial performances such as profits, revenues and or costs. Something which is acknowledged of importance during especially M&A trajectories. Therefore, questions do arise whether in this particular case study managers are held accountable for their responsibilities.

During the conducted interviews, several findings have been identified regarding the roles and accountability of managers within the case study organisation its controlling mechanism. Overall, it can be said that the accountability was called low, until recently. Each of the business divisions has had a profit center qualification and within established boundaries, they are autonomously. However, during each of the 1,5-hour interviews little attention was on the overall roles and their impact. The organisation has established job profiles in which the roles are assigned to, but more could not be determined. Whether this lack of roles is caused by the SME character of the case study object, is somewhat ambiguous. However, it can be stated, that this SME character has not made it any easier to identify and regulated clear demarcated roles. Because due to the SME characteristic, organisations need to find a balance between either a fully capture responsibility accounting system with non or less freedom, or on the other hand a responsibility accounting mechanism which provides managers a lot of freedom. Something which is identified as a struggle, as one of the interviewees has stated: *"we are a small organisation so a lot of decisions are located on holding management level. Since a while, we try to assign more and more activities and decisions towards the right people within the organisations and therewith delegate more responsibilities throughout the organisation"*.

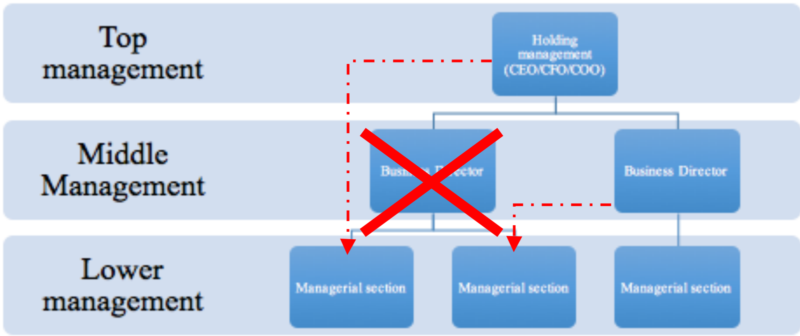
The importance of individual managers within the responsibility accounting mechanism, is something which lives within the organisation. Most of the interviewees have indicated that especially in a flat family cultured organisation, organisational communication lines are short. Due to those short communication lines one can, but more importantly one needs to respond quickly. This is extended by one of the interviewees who has stated that not only responsibility accounting regulations should be set in order to achieve a fully captured responsibility accounting mechanism, but employees should also *feel* responsible towards their assigned activities *"the human within a responsibility accounting mechanism will always be the weakest point in the chain".* During the process of assigning and the adherence of responsibilities, the emphasis is often on capturing the integrality of the system. In other words, making sure the system is completed. The case study has shown that SME organisations tent to look to little into the importance of the human aspect. Rules and regulations should be set in which employees need to behave.

In sum, it can be stated that this section has shown the low overall accountability of managers within the case study organisation. Something which is in like manner with the informal low level of control. As one of the interviewees stated: *"I belief that during the whole improvement and growth process, the biggest worry of the management board was the fact that employees don't experience the assigned responsibilities as their responsibilities, and don't live up to those assigned responsibilities".* The organisation continuously has to adapt and develop themselves in order to achieve a responsibility accounting system in which people feel accountable for their own actions, and it needs to be tested whether those actions fit within the manager its role. This moreover can be done by enhancing the level of performances evaluation. Something which could increase the overall accountability should, as employees know their targets and know how they get evaluated. This is not yet done extensively within the case study organisation its controlling mechanism*: "We don't evaluate managers on their budgets enough, because we do not steer enough on our planned budgets. We evaluate KPI during management meetings, but ensuing actions still lack due to the fact that we do not have the right insights on how to adjust/have influence those numbers. We first need to know whereon the organisation is steering, from where we can have influence on those KPI's. That is a trajectory whereby the whole organisation is involved, and needs professionalization in the coming months."*

5.2.3 The influence of the level of control and incentives within responsibility accounting

When assigning responsibilities towards employees, it is important for organisations to look into the level of control the responsibility accounting mechanism provides. Several questions arise such as; is the level of control sufficient? Are managers held accountable as discussed in the previous chapter? Or are the incentives reached? This section identifies the ambiguities the level of control the responsibility accounting controlling mechanism provides at the case study organisation, and describes consequently the experienced bottlenecks by the management of the case study organisation.

As the case study organisation is a SME organisation, established as a project based organisation, level of control is something which is hard to achieve and will always be arbitrary due to a number of uncontrollable factors. One of the business directors identifies these risks by the following statement: *"in our project business, there is always an amount of uncontrollable risks available. We make assumptions and based on those assumptions we make our sales. Unfortunately, sometimes we miscalculate those estimates due to changing circumstances".* However, a majority of the interviewees have stated, that due to the organisation its budget cycles, assigned responsibilities and for example rules and schemes for authorisation, they have made their level of control as best as possible. Managers and branch directors know for which aspects they are held accountable for, and how they are evaluated. This is moreover set clear, as each of the business units operates as an independent organisation, within the holding. By authorisations forms, it is identified for which elements the managers need to get approval of the top management. Using budgets, and by monitoring those budgets monthly with actual data in the management meetings, the divisions know their progress on especially operational level and hiccups are analysed. It can therefore be stated that the organisation steers on mainly numerical KPI's by looking for example at how are investments done, how are the costs related to the revenues and how is the sales intake. But also product efficiency and R&D are elements which are analysed during those meetings. As one of the interviewees says *"This is something which is always of importance in anything an organisation does. Not only during organisational changes such as currently is encountered, but is always necessary".* Probably due to the analysis of monthly numbers, almost all interviewees acknowledge the fact that their responsibility mechanism contributes to a more effective organisation. The top management has acknowledged that the SME character of organisations does not automatically lead to a scarcely responsibility center. They acknowledge that it should been set likewise as mayor corporations. However, SME organisations have to acknowledge that there will be more exceptions as one of them acknowledge: *"for a lot of functions we only have one functionary held responsible, and not a whole department such as a lot of larger corporations. If the responsible person is not available for whatever reason, we have to accommodate this lack as an organisation. Those interventions cause exceptions in particularly smaller organisations, but is not a reason why SME organisations should not have to record their responsibilities and overall management controlling mechanism. The only disadvantage is that some steps are not applicable in the organisation".* Those gaps need to be cushioned, and if gaps cannot be replaced by the departments, other management levels have to be addressed. Therefore, sometimes the management has to work around those regulated standards, which is depicted in figure 5.3. Figure 5.3 shows the adaptability of especially organisations with a SME characteristic, if one of the key position manager drops out. This lack of management positions needs to be picked up as quickly filled as possible by the rest of the organisation, in order to continue daily operations. However, the quick adaption does causes bypassing established rules and regulations. Which therewith cause differences in roles and correspondingly has effect on the accountability.



Figurative symbols

Formal level of control lines related to the organisational structure.

Informal level of control lines due the loss of key officials.

A reflection of a lost key official in one of the present management layering.

Figure 5.3: Figuratively shown accountability and the level of control bottleneck

Due to the lack of multiple responsible gatekeepers, the level of control is formally high, but informal there are some organisational hiccups. *"Formally our level of control is high, informal this level of control is to low. Formal we have regulations which show who can be assigned to which standards, but if a person is not available another person most of the times signs off the needed signature. And the question is, how do you handle those issues"*. By the interviewees can therefore be concluded that this "informality" is something which the whole organisation has to take into account. The hardest thing, and therewith most challenging aspect of such kind of systems is the fact that you always have to keep employees sharp!

Especially during those uncertain circumstances, the organisation has faced in the past year (a combination of a merger attempt and an explosive growth of sales), the level of control needs to be tight. As it is of highly importance in order to survive but more importantly, maintain their experienced organisational growth as all business units have grown 10% to 40%. It is dangerous to loosening this particular control of an organisation, and focus only on the rapid growth, as one of the interviewees has stated: *"what you often see is that in times where a lot of business is done, the focus on efficient procurement is not their, it is more about delivery times and making sure products can be finished"*. As the case study organisation is a SME organisation, a lot of responsibilities rely on people their trust. In order to stimulate and guideline the experienced growth, more controlling mechanisms need to be implement. The organisation has for example recently implemented the "four eyes principle", something which is received different. *"A lot of employees can experience those steps as a way of telling: why don't you trust me? Even if it does not have something to do with trust but more about how do you arrange responsibilities and your overall controlling mechanism."* Organisations can regulate a lot by implementing fixed regulations and authorisation matrixes. It is however more important to look into whether employees do something with those assigned responsibilities. This vision is welcomed by both the middle as well as lower management levels, as they agree all on an increasing organisational wide grip on operational level, as it is "*the only way which can lead to organisational growth, by analysing the data in outlines and set throughout the organisation in details"." I have to take care that the different management layers within the organisation take their responsibilities, but on the contrary keep in mind the overall strategy during their actions. This should match to one another"*.

According to several researchers, high level of control can partially be achieved by the fulfilment of the by academic literature provided incentives in which responsibility accounting provides control towards organisations: *Planning and allocation of resources; Controlling of operations; Evaluating the performance of segment managers; Making decisions on prices and finally creating an environment for healthy competition.* By asking each of the interviewees their opinion regarding the degree in which each of the controlling incentives are used and present in their organisation, no direct answers were give. As the organisations does not use a checklist in which the incentives are evaluated. But, by the obtained interviewees insights it can be derived that each of the five incentives is included in the controlling system. Especially the planning, controlling and evaluating elements are used extensively, where on the other hand price decisions and a healthy environment creation are present to a lesser extent. The organisation does not check each month whether they have executed each of the five elements a responsibility accounting can provide, but it can be stated that they are intertwined within the overall planning and controlling cycle of the organisation. *"We don't check our system whether the five incentives of the responsibilities mechanism exist. But I belief that those five elements are intertwined in bot our operational and strategic meeting and we steer with those meetings the strategic agenda if needed".*

In sum, it can be stated that the overall level of control within the case study organisation is formally high, as everything is established in regulations such as authorisation matrixes. On the contrary, a majority of the interviewees acknowledges that the informal level of control is low, as some rules and regulated have to be handled flexible. This flexibility is partly the result of the small and limited management levels (limited responsible managements per management level). Something which is commonly in SME organisations *"We miss some key positions within our organisations, and therefore decision above a certain threshold were assigned towards the top management of the organisation",* and if one manager drops out, exceptions have to made because we have mostly have only one person per function and not a whole department. This is something a lot of SME organisations have to deal with, and probably will always be a struggle: *weighing between the good and the bad.*

5.2.4 Conclusion section 5.2 – *determining the influencing factors of the responsibility accounting mechanism.*

Based on the discussed responsibility accounting mechanism in this section, it can be stated that the whole responsibility accounting system within the case study organisation has been set okay. Center classifications are seen as right by each of the involved managers, roles and accountabilities are communicated throughout the organisation and defined by authorisation regulations. However, it has become clear that it is hard for SME organisations to fully comply their responsibility accounting mechanism. For example, for some of the key functions only one person is available and double roles are not avoidable. Due to moreover those characteristics, a fully capture responsibility accounting mechanism is not possible. As one interviewee has acknowledged during the interview: *"they have a well formal controlling system, but informal it has its snags".* The problem is probably not so much in the organisation and assignment of responsibilities; it is more orienting towards the conception of the system. Responsibilities are set and well communicated, but difficult decision making trajectories are kept small and on mostly located at top management level. Furthermore, it is acknowledged that responsibilities only can be given to employees, when people do feel the responsible and take the corresponding task seriously. This is probably one of the explanations why the majority of authorisations is put away high in the organisation: due to a lack of trust. Some of the branch directors experiences the authorisation as to high and they feel restricted in order to achieve organisational growth.

Based on the empirical data as discussed in this chapter, it can be concluded that there are several challenges and dilemmas related to the responsibility accounting systems which stand in the way of organisational developments. Due to a lack of consensus throughout the organisation, the following challenges have been experienced:

- *Tight authorisation regulations: for a lot of decisions the top management has to granted them agree on certain decisions.*
- *Informal responsibility accounting system has a low controllability*
- *The human aspect which is applicable within a responsibility mechanism: it is hard to assign responsibilities when managers don't feel responsible for their responsibilities.*

Overall, it can be stated that a majority of the interviewees have seen their organization its responsibility accounting as sufficient, and as a contribution to the overall effectiveness of their organizations. However, the system can be sometimes restricted towards organisational growth. Especially during the organisational changes and growth strategy of last year, almost all interviewees have supported the fact that authorizations should lay lower within the organization. Such experiences are in line with literature. Davila (2005) for example states that a lack in professionalized and matured controlling instruments, can restrain organisational growth and controlling instruments therefore need to be adapted, likewise to the experienced growth.

5.3 The overall M&A attempt – *a process evaluation*

The usage of a M&A trajectory is a popular way for organisations to achieve organisational growth, and is therewith appeasing stakeholders all over the world (McDonald et al., 2005). In like manner, Pinto and Balakrishna (2006) have stated that the usage of M&A trajectories has become a strategic tool in order to cope with nowadays competitive and volatile economic circumstances. In this data analysis section, we acknowledge the importance of M&A processes for organisations in changing and volatile economic circumstances. In order to analyse the potential relationship which is central in this research (the effect responsibility accounting potential can have on merger successes or in this case can have on a cancellation), the overall M&A process has to be discussed. Hereby analyses have been made on whether additional causes have contributed to the merger cancellation or if indeed only an unambiguous responsibility accounting mechanisms has caused the merger cancellation.

In order to provide an answer towards the general research question and therewith uncover the potential relationship between responsibility accounting and M&A successes, this section discusses the experiences and bottlenecks of those who have been involved in the merger attempt. Based on the experienced bottlenecks, an orientation can be given into how future merger attempts could better be handled. First the impact of the overall process phasing and process quality are defined in section 5.3.1. From where a judgment is given on the importance of both strategic- and organisational fit between two merging organisations in section 5.3.2. This followed by an analysis of the alignment of shareholder motives and the impact shareholders can have on merger successes / failures in section 5.3.3. Finally, additional identified bottlenecks by the interviewees are summed up and discussed in section 5.3.4. This all is analysed in the section 5.3.5, where an analysis is given on the overall quality of the M&A attempt and the experienced bottlenecks.

5.3.1 Investigating the process phasing and overall merger attempt quality

The merger attempt which is the central focus point in this particular case study research had as main purpose, creating synergy on both purchasing activities as well as on staff related activities. This with as aim, creating cost benefits, support each other by shared staff functions, share branch specific knowledge and therewith become a better competitor in the competitive production industry.

Looking at the two merging organisations, both organisations have had a comparable size, and did in some kind of way do the same business. They delivered other outputs, provide their products towards different markets and have different business models, but by the interviewees it is acknowledged that almost 95% of the material which is used during the production process can be qualified as the same. As one stated: *"There is not a particular strategy match, but the underlying businesses are similar, cost synergies could potentially be achieved, staff functions could be shared and also the management activities could be combined and therewith strengthened the overall position of both organisations".* The top management had conceptualized that by creating a central procurement office, cost reductions could be made as products would be purchased in bulk and a hardy stabilized supply chain could have been achieved. Due to the support of one another by delivering components. Furthermore, by addressing different markets, not only cost reductions could be made by the attempted merger, but also the functioning of different markets (low and high cyclical) could catch one another during difficult economic circumstances. It can be stated, that based on this synergy analysis, both organisations could indeed potential support and strengthen one another. However, those cost reduction and market stabilizing benefits were not the direct incentive which triggered both organisations to investigate the collaboration benefits. Both organisations were, as described in the problem statement of this research, associated by the same investment organisation. As both organisations, but mostly organisation B, faced some organisational difficulties and needed to be restructured, the investment group made in 2014 the proposition towards the management of the case study organisation (organisation A) whether they were open for a combined management. The combined management would be focused on both organisations and would therewith combine their strengths in order to execute and implementing those restructurings necessities. Due to the given proposition by the investment organisation, the management took on their "job" and started to manage both organisations and gradually developed the dream of combining both organisations. This with as main goal, *become a group which is able to secure or even expand their position in the Dutch production industry and therewith secure a continuation of growth.* Based on that dream, the management started an investigation into a M&A characterised trajectory.

A lot of academics have looked into the different M&A process phases. Researchers such as Haspeslagh and Jermison (1991), Angwin (2007), Lasserre (2003), acknowledges three phases: *the pre-acquisition, transaction and post-acquisition phase.* There is however unambiguity regarding the different phases, as Yu and Yang for example use a four stage phasing, and Galpin and Herndron (2007) even identify five different phases. However, despite the different number of phasing, all have similar characteristics. This section therefore looks into the executed M&A phases as done by the organisations involved. Herby it can be identified that the M&A trajectory was not such a structured process as recommended by literature, and can be described as a somewhat organic development.

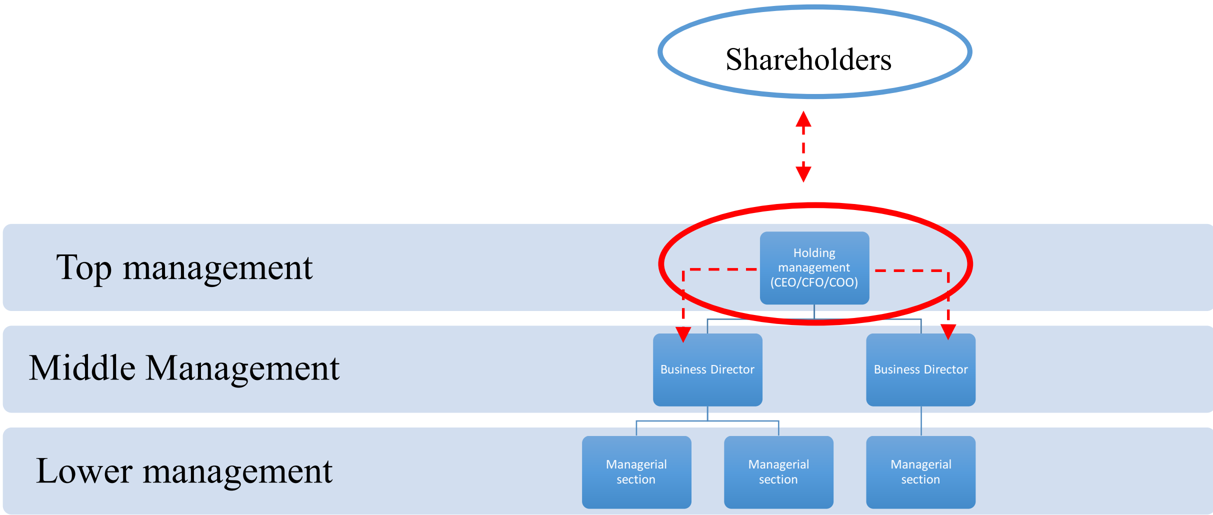
The ambiguity of the available M&A phases, as described by literature, is supported by the case study research. One of the interviewees has for example stated *"I do not belief the fact that those phases should be seen as fitted. These phases should be more integrated, because if phases are seen as tight and not adaptable, one has the chance to find bottlenecks into just one of the phase which ultimately can cause a disorder and eventually can cause a merger cancellation. Therefore, I belief it is of importance to identify which aspects are right, and from there see the procedure as an integrated process".* This is underlined by another statement which was retrieved during the interviews. Whereby the interviewee indicates that due to the small scale of both organisations, practicality carries the main tune during such type of processes. As the interviewee has stated: *"I am practically set, and I belief that certain processes are good to analyse and could be thought out in advantage, but there are always elements / factors which are not theoretical conceived and organisation have to deal with. Therefore, it will always be an interaction of practical switches between those factors and the original plan. An organisation can do its "homework" whereby it can identify its risks, and based on those insights can steer in the reality. Hereby it is of importance to have good employees involved in the process, who have insights into the overall goal".*

The difficulties in the phasing of certain processes, in combination with the case study organisation its practicality, is shown in the way they have structured their merger attempt. The case study organisations did perceive a personal construction in which the merger collaboration attempt is structured. In other words, the merger attempt has been an organic merger process, whereby based on logically thinking, decisions have been made. A reasoning behind this organic merger process can be the fact that due to the shared management board, both organisations had already a known involved to one another. Due to that known involved, they did not have to make a strategic partner selection choice as they already know some of the interfaces and achievable synergies. This imaging is in line with the vision the interviewees have elaborated on: *"we did not proceed a clear pre- to post- acquisitions process. It was more of an organic nature, and therewith not clear structured"*. Hereby the organization did discover by trail and error a way of proceeding the M&A orientation process. However, by discussing the different phases the M&A trajectory contained, it can be stated that there as certainly an overlap to detect regarding the executed activities. One of the interviewees has used the term *"virtual M&A process".* As most of the merger decisions and corresponding actions were executed at top management level. Something which is in line with the in general assignment of responsibilities throughout the organisation as described in section 5.2. Hereby the autonomy of the top management is also underlined. According to the interviewees, the high authority did harden the feeling of real milestones and phases, as they met on daily basis and act more in the moment concerning the merger related activities. Due to this process virtually, concrete processes steps were not executed throughout the organisation, and only the top management have had a lead in the merger process. At some point, the decision is made to investigate the collaboration opportunities, and from that moment on the merging process of both organisation is put in motion at a top management level. Based on the conducted interviews, it can be stated that the following description can be made regarding the actions which have been taken during the merger process:

"(1) Implementation of the shared management board in 2014; (2) the establishment of strategic orientation in becoming a group which would ideally secured the competitiveness of both organisations; (3) identifying cost synergies; (4) creating shared services (staff functions such as IT, HRM, Finance) for both organisations; (5) investigating several product collaborations between both organisations; (6) implementation of organisational challenges; intervention of shareholders by appointing a new director on organisation B; (7) breaking of the collaboration of both organisations"

The process description as described above, shows inter alia the lack of legal milestones. Those milestones not been made, and the same applies for the lack of contracts. As contracts were not signed in order to complete the deal before starting the integration of both organisations. It can be stated that the merger was conceptualized and constructed by the three-man management team. Due to this small involved team regarding the merger, they did not experience the lack of contracts. They proceed through the merger process if all contracts were signed and were legally bound

Due to the different locations and small size of the management team, the shared management board was fragmentized present at each of the locations. This fragmented presence of the management board between the different locations eventually has also contributed towards the merger cancellation, as both organisations were asking a lot of attention by the management team. Due to the interaction of only the shared top management of both organisations, attention had to be divided which causes uncertainties for the operational management, and did also cause problems in deadlines.



Figurative symbols
Sketched lack of communication to both the lower management levels as well as towards the shareholders.
Involved parties during the merger attempt.

Figure 5.4: A depiction of the involved management layering during the M&A decision making process.

Overall, it can be stated that the "virtuality" of the whole merger process can be seen as one of the causations which has contributed towards the merger cancellation. Because due to this "virtuality", the vision towards the operational managers was not set clear: *"it was a process we were grown into, we needed to discover a lot of elements during the process as agreements were not made".* There was not a clear established vision which elaborated on how both organisations should be integrated or how both organisations should have worked together. A half year after the first orientation into the potential merger, it became evident that both organisations should keep their own identity, and should work as both individual business units. An organisational design in which organisation A already was familiar with. They were already used to an organisational design which consist out of different divisions, which are classified as independent profit centers.

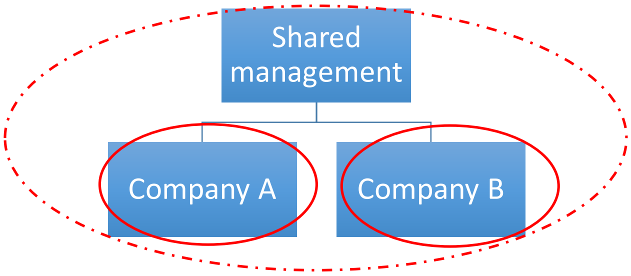
In general, it can be stated that the virtually is in all likelihood caused by the fact that both organisations shared the same investment organisation, and the collaboration incentive was an obvious path to follow. Due to this particular association, the connection between both organisations has seen as reasonable. Organisation A did do better business than organisation B, and the overall vision was that the management strengths of both organisations could be combined, and due to shared knowledge and cost synergies potential benefits could be conceived. Furthermore, an additional advantage which flowed out of the merger attempt is the fact that together, both organisations rose above the SME category. This is something which could bring some financial advantages, and was therefore seen as a positive side effect of a promising merger. As one of the top management interviewees has stated: *"organisations with a revenue below the 25 million mark are classified as SME organisations, and are related to that treated different than organisations exceeding the 50 million revenue a year. Organisations below the 50 million revenues a year, get for example lower financing opportunities and less support by financial institutions. So, by combining both organisations their revenues we would exceed the critical threshold and would provide more growth opportunties due to an increased amount of support and financial resources".* The combination of all those accessible benefits, were than overriding reasons on why the merger processes has started. Probably due to the creation of several benefits, the management got blind sighted by the negativities, and went too long with the merger attempt.

5.3.2 Identifying the importance of both organisation- and strategic fit

Beside the importance of a well structured merger process as depicted in the section above, the importance of both strategic and organisational fit between both merging or acquiring companies is acknowledged by literature, as shown in section 2.7. It is moreover underlined by academic literature, that the "fit" of two merging companies is of high importance and misalignment of two merging organisations is one of the most acknowledged reasons why mergers have been cancelled or have failed. As the strategic and organisational fit between two organisations determines inter alia the achieved amount of synergy creation (Haspeslagh & Jemison, 1991). However, academic literature has acknowledged that this is something which is still hard to achieve for most organisations; the creation of organisational and strategic fit. For example Moilanen (2016), who state that during a M&A process, two companies with their own reasoning's, their own cultures, their own strategies but more importantly their own controlling mechanism need to be aligned. Hereby more and more researchers acknowledge the fact that the earlier an orientation into the integration phase of a merger can be done, the better the potential M&A outcome would be. Therefore, this section looks into the organisational and strategic fit settlements of both organisations involved, and therewith analyses the amount of attention the case study organisation has paid towards this importance merging factor, and if the indistinctness of "fit" has contributed to the merger cancellation.

The case study analysis has shown corresponding views on both the importance of organisational and strategic fit during M&A processes. The interviewees have indicated that indeed both organisational as well as strategic fit are of importance for merger successes, and therewith support the M&A literature. However, the question which type of "fit" is of more importance, did cause some ambiguous answering by the interviewees. Some of the interviewees, mostly located at the operational management level, have acknowledged the importance of strategic fit as one of the determining factors. On the contrary, interviewees on top management level have identified organisational fit as most important. One of the interviewees at the operating management level underlines the following: *"At this particular merger, there was both strategic fit and organisational fit. This is something which is needed, but mainly strategic fit is needed. Because if the strategy is set, then the rest there can be formed around the strategy."*. This is somewhat contradictory by the statement given by one of the top management interviewees, who implicates that: *"One has always have to have some strategic foundation to one another, otherwise a merger will indeed fail. The same applies for organisational fit, it is not really necessary, but it is easy if both organisations identify this fit. Especially a look into how all different management levels fit to one another is of importance!"*

One of them explains this vision on the importance of "fit" of two merging organisations, by stating that for this particular merger attempt, there was not a clear strategic match. Both organisations operated in different markets and had different business models. However, due to the ability of combining both organisations their strengths due to the creation of different business sub-divisions, cost synergies were potential reachable. This by creating an improved supply chain and due to the shared services of staff functions. Based on those benefits, a strategic plan was drawn based, as figural depicted in figure 5.5. By this strategic plan, both organisations could collaborate with one another whereby their own business enterprises would be remained, and strategic fit could be achieved.



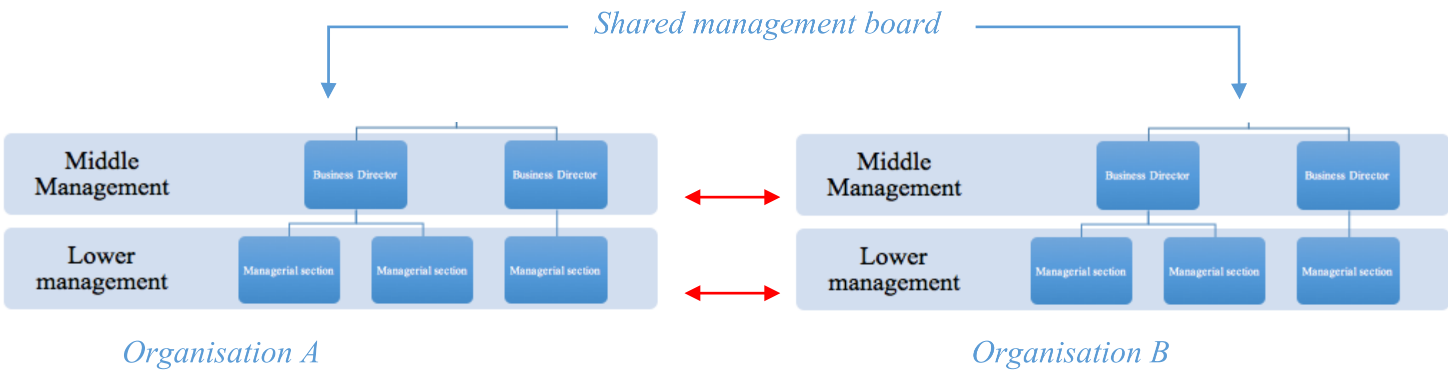
Figurative symbols
Sketched individual organisation strategies.
Sketched combined group strategy.

Figure 5.5: A reflection of the potential strategy and collaboration idea of both merging organisations.

The ambiguity between the top and operational management experiences on terms of organisational and strategic fit, can probably be explained by the fact that both organisations have had a potential good fit during the integration process. Both organisations have had a same kind of production process, were of equal size and have found a way in which strategic fit could be achieved, as shown by figure 5.5. This fit is made possible by the combined management board (CEO, COO, CFO). They identified in the early merger stages a lack of strategic fit, but came with an appropriate structure which provide an applicable strategy for both organisations, as shown in figure 5.5. Something which is reflected during the entire M&A process, the individuality of the management team during the whole merger process.

The management board has prepared different scenarios on how the merger could be established, how integration could be done and how synergy could be achieved. Probably due to that, the holding management and operational management have experienced different bottlenecks because they were involved in different ways.

More important is the explanation given by one of the interviewees at top management level. The interviewee has stated that during their merger attempt not only the fit on both strategic as well as on organisational level has been of importance. They have found another element which (if handled right at the time and if it had given more attention) could potential enhances the overall "fit" between two merging organisations. They acknowledged that if in this particular case study, the alignment of both organisations its management levels were more aligned, and if those management levels were identified from an earlier stage on, the merger process probably should have expired smoother. *"Within two merging organisations, the management levels should be aligned in order to smooth the overall merger process. Organisations should investigate how responsibilities are assigned. I belief this is of more importance than the general organisational fit as over time, management level should interact and work together and potential eliminate other major organisational fit issues".* Due to a lack of connection and intertwining of the different management levels, the integration and motivation of the merger was low. This organisational "misfit" is identified as one of the contributing factors why this merger has been cancelled. Hereby is stated that not only an early integration into organisational fit is desirable, as acknowledged by recent M&A literature. More importantly *"organisation should early look into each other their management structures and management controlling systems. As in the end, the different organisational layers should work together".* And so, this study therewith acknowledges the importance of a preliminary organisational fit determination and therewith supports upcoming literature into early integration orientation. Correspondingly, some of the interviewees have stated that organisational fit should be extended with an evaluation of the existent management levels, where they should be evaluated on the potential fit. The interviewees acknowledge that if this alignment was better done in their merger trajectory, the M&A process would have had more support within both organisations, and a collaboration between both businesses would have been supported from the start.



Figurative symbols
A reflection of the interaction of both organisations involved during the merger process.
A reflection of the lack of communication between the different management layering of both merging organisations involved.

Figure 5.6: A depiction of the missing interaction between both merging organisations their management levels.

Overall, it can be stated that the importance of both strategic as well as organisational fit is supported by this case study. Each of the interviewees saw that to a certain degree, the companies should fit to each other in order to guarantee merger successes. In addition, the case study has extended the general view on fit issues, by stating that organisational wise it is of high importance to look into whether the different management levels are related to each other. This is something which should be stimulated from an early stage on, in order to find the connect to one another its business. This all to support a close collaboration from the start and eventually enhance merger incentives. In other words, the connection of all different organisational levels should be stimulated from an early start on, as they support collaboration and therewith potential provide merger successes. If this connection is made correctly, both strategic as well as organisational fit issues are better solvable.

5.3.3 The influence of external stakeholders and external factors.

As shown in section 2.3, mergers but also acquisitions are executed for various reasons. For example, a M&A process can stimulate autonomous organisational growth, or can increase synergies with for example cost reductions as result. Clayman et al. (2014) underline the importance of the reasoning behind M&A trajectories, as those motives explain and evaluate the rational behind a M&A process, and are likewise important for the overall strategy implementation. Therefore, this section elaborates on the reasoning behind the M&A attempt and identifies the influences external stakeholders have had on the M&A decision making process. As both merging organisations had to deal with to a certain extent the same external stakeholders, in the form of investors as shareholder, the impact of these particular stakeholders is investigated. Due to the fact that this research is focussing on an identification of merger cancellation reasoning. This section therewith defines the like-mindedness and the impact external stakeholders have on merger successes and or cancellations. These growth motives lie parallel to the external factors the organisations involved were exposed to and are seen by literature as one of the causes of M&A trajectories and rational behind a M&A process. Therefore, this section analyses the motives and impact of these external stakeholders (the variety of shareholders) and correspondingly, the influencing external factors and their impact on the merger cancellation are elaborated on.

As discussed in the beginning of this chapter, the main reasoning on why this collaboration incentive took place was the proposition which has been made by the investment organisations. They implied that both organisations could use a shared management which was supportive towards organisational restructuring and organisational growth. By accepting this vision, both organisations began automatically more working together, due to their shared management. This collaboration eventually intrigued the shared management to look into a potential M&A trajectory of both organisations. It can therefore be stated that the shareholders made a beginning towards the collaboration, and eventually the merger attempt.

Looking at the subjected merger attempt, it can be stated that the motives and influences of the shareholder on the decision making process was really high. Each of the interviewees which has been spoken to, has indicated that the shareholders have had much say into the merger cancellation. The interviewees have therewith underlined the importance the shareholder has had on the merging organisations. As one of the interviewees has stated: *"it is the most important element which has ultimately have led to the merger cancellation".* Both organisations had to deal with a variety of shareholders. Each of the merging organisations is partially subjected to the common investment organisation, and each of them has also still its earlier founders as shareholders. Therefore, it can be stated that a lot of different motives and goals were concerned with the health and daily business of each organisation. The case study organisation has shown, that the intercourse and interaction of those different shareholder has been one of the greatest causes of this particular merger cancellation. As acknowledged by one of the holding management: *"due to the asked management attention by both organisations, the shareholders have ultimately made the decision of cancelling the merger".* During the integration phase, eventually the shareholders have decided to cancel the collaboration incentive, which eventually has result in the merger cancellation of both organisations. Hereby, several reasons and events were underlying;

First of all, both organisations needed extra attention by the shared management board for different reasons. One of the organisation needed more attention due to a partially unexpected rapid growth, where on the contrary the other organisation needed more attention due to a series of difficult business issues. The ask of attention by both organisation has eventually been the determining factor for the largest shareholder to declare: *we need an independent managing director on each of the organisations.* And that final decision marked eventually the ending of the merger incentives. As the implementation of two managing directors resulted into two different strategies. Those two different strategies were caused by the fact that each of the directors had its own interests and by the interviewees those differences have resulted in extinguishing the partnership: *"What I have seen is that at some point, the shared management team has been terminated by the shareholders, and both organisations got their own directors. That was the start of the merger cancellation, as you have two directors operational responsible and one has different ideas / strategies than the other. Those two different strategies and differences in interest were the turning point for the collaboration and merger continuation. Two organisation, with two different directors which each their own visions and priorities can not work together as one group".*

Secondly, it can be concluded that the views of the largest shareholder of both companies differ. Where the top management has had formulated a clear vision on how to strengthen both companies by an integrated staff function and procurement office, the external investor looked at the potential risks. They saw for example in the middle of 2016 an increase in delivery times, critical suppliers with difficulties and saw no structural organisational changes. Due to those increasing risks, they eventually decided to cancel the collaboration of the shared management board by assigning a second director on organisation B. One of the top management interviewees acknowledged that if the shareholders would have had enough knowledge about the vision the shared management board had established for both organisations, the cancellation could potential have been prevented. He states: *"If we had taken a few months to explain the shareholders our plan, we potentially could have come to an agreement where both organisations had been assigned to a director, and the shared management board could still have been applicable"*. This vision is supported by one of the interviewed shareholders. He acknowledged the fact that this potential could have been a method, but also could have caused other problems due to the fact that both businesses have had each their own shareholder structures. Each of the organisations has its own shareholders, and the diversity of the shareholders was also acknowledged as difficult. Especially because of the chosen strategy, whereby each business would keep its own identity, questions did arise on how to avoid favouring one party above the other. By interviewing two of the involved shareholders, it can be stated that they have seen the interaction with all different parties as difficult. They acknowledge likewise that the influence of shareholders was large during the M&A trajectory and the alignment of shareholders is therefore identified as important. They moreover imply that due to several reasons the merger has been cancelled, for example the fact that the profitability of both organisations did not increase during the two year of shared management and delivery time and cost prices races increases. By taken all those facts into account, it can be stated that it was an interaction between going further with the different challenges in mind, or decide to stop the collaboration in order to increase specific focus due to the assignment of single directors on each of the organisations.

In addition, the investment organisation did also have another responsibility, safe keeping of their investments. They had a strategy which involves a decrease of the amount of shares for at least a minority interest in the coming 10/15. If both organisations would be completely integrated, the investment organisations cannot sell another organisation first, followed by the other. They acknowledge that the decision of cleavage is also been made based on this incentive.

As the importance of the shareholders has been acknowledged by the case study, this is somewhat different for the influence of external factors on the merger attempt. By literature, the importance of external factors is widely acknowledged as a factor which can led to merger successes, or on the contrary can lead to merger failures. However, this case study has shown otherwise. All interviewees have stated that the influence of external factors has not been of huge importance. As both companies were located in similar industries and were therewith exposed to comparable circumstances. Furthermore, the project based business in which both organisations are located, caused some uncertainties as their business is primarily based on expectations and estimations. One of the interviewees for example indicated that *"the external factors are reasonable reducible as both organisations are located in the same branch"*. Both organisations are slightly sensitive to cyclically changes, but they are used to those cyclically changes and now how to act to them in order to reduce it. It therewith has had non to a little effect on the merger outcome. As one of the interviewees has stated: *"Both organisations need to accept that they are project organisations and at one moment they will produce a lot of revenue, and another period of time less. This is something which will always be an interaction"*. Herewith it can be stated, that due to the fact that both organisations were doing business in the same kind of industries, they were related to same kind of external factors. Due to those shared circumstances, it can be stated that there is not such a large impact to detect towards external factors and the merger cancellation as expected.

In conclusion, based on the elaboration of both the impact of shareholders and external factors on merging successes, it can be stated that the different management motives have contributed to the cancellation decision. Rather than the influence of external factors such as economical circumstances or market volatility, as both organisations act in more or less the same industry and are subjected towards the same circumstances. Based on the conducted interviews, it can be stated that only the top management had full insights into the merger motives, and the strategy of both combined businesses. Due to a lack of communication of those incentives, a lack of insights into the invented strategy of both businesses, and due to difficult organisational challenges in both organisations (increasing growth; organisational difficulties) the investors imposed an additional mandatory managing director. This appointment can be seen as the beginning of the merger break, as both managing directors have had their own strategies and interests. It probably can be stated that if all shareholders were well informed and alignment with the different shareholders was created, the cancellation could have been prevented. Hereby it can be concluded that external stakeholders, in this particular case the shareholders, always have to keep insights into what the established management of an organisation is doing, and need to have insights into the future business plans. Herewith, the failure causations as shown in section 3.5 *"keeping information to close"* and *"poor shareholder outreach"* are confirmed and acknowledged of importance by this particularly case study.

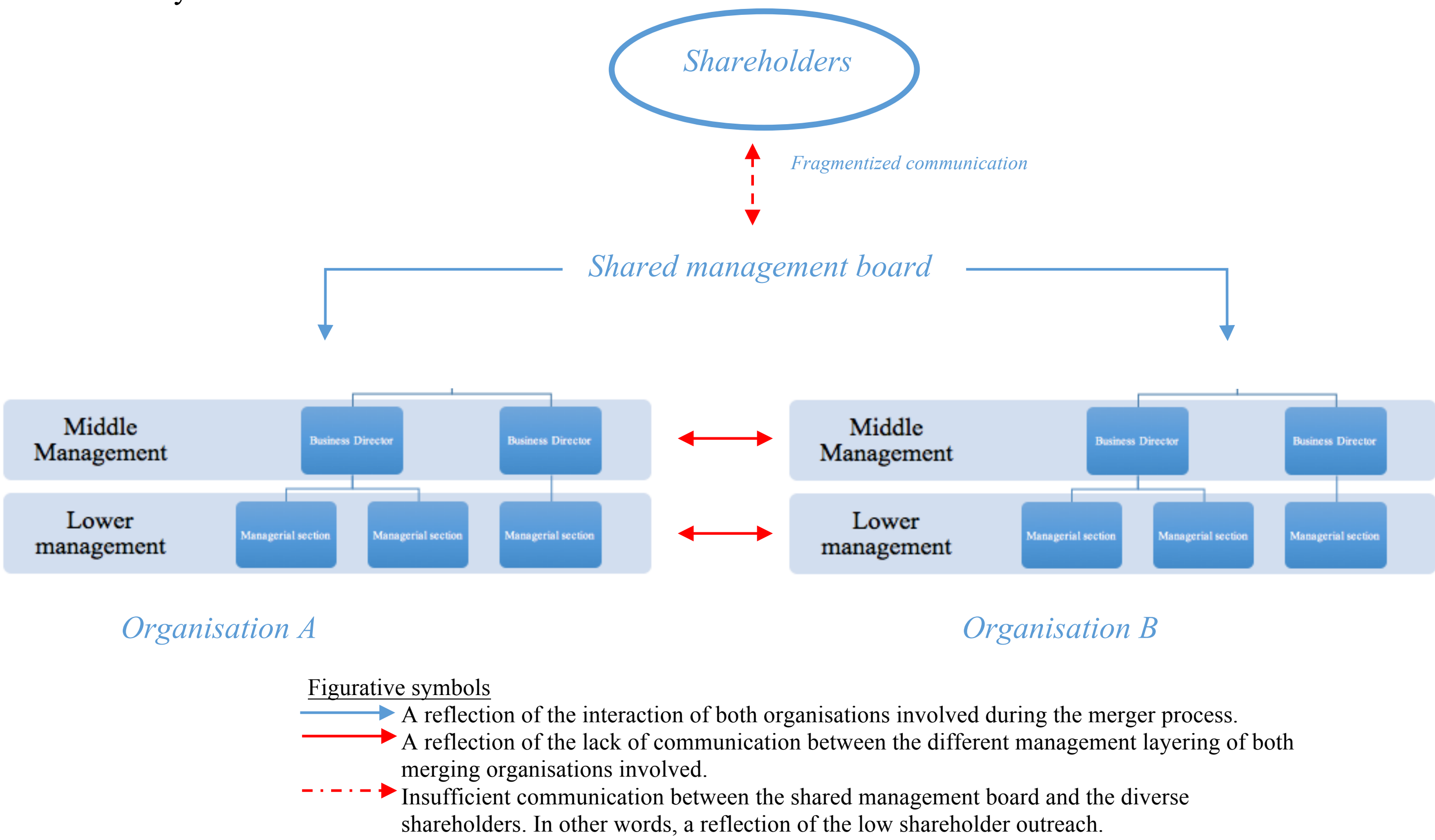


Figure 5.7: A reflection of the lack in shareholder interaction; an acknowledged merger cancelation causation

5.3.4 Additional identified bottlenecks by the interviewed stakeholders

During the interviews, some M&A bottlenecks which were not anticipated on during the conducted academic literature review, have been identified as of importance for the merger cancellation. Therefore, this section discusses these additional identified bottlenecks which eventually should take into account when entering a new merger or collaboration incentive.

The first bottleneck which has been mentioned frequently during the discussion of the merger attempt is the overall level of communication, before and throughout the M&A process. The case study its management team acknowledged that the communication through the M&A process was probably not sufficient enough. *"There was to little / or non alignment with one another, the process elaborations were only at top management level, and were not communication throughout the organisations, and also not towards the shareholders".* Both companies have communicated within their own organisation the integration issues, but not together as a new merging group. This is supported and identified by the operational management who have indicated that it took a while before it became evident in which way both organisations should merger. The lack of clear communication towards the lower management levels during the merger attempt and the corresponding integration process is moreover reflected by the height of management, on which the merger has taken place. The merger attempt is only discussed on a high management level, and the operational management levels became involved when the integration process already had been started. This is for example supported by the fact, that each of the branch directors (middle management) did not have experienced the early stages of the merger process, and only could do subjective *"hear say"* pronunciations about the potential synergy creation and the merger cancellation reasoning. Not only the internal communications have been experienced as a bottleneck, also the communication towards the shareholders was below bar. The top management acknowledged that they have underestimated the importance of communication during this M&A process towards their shareholders. They state that *"if we were more careful to one another and did do a dialogue with the shareholders, and explained carefully our plan, it potential would have saved the collaboration construction of both businesses".* Communication is a widely acknowledge failure causation in academic literature. The top management therefore indicates that the recognition can be seen as a valuable lesson learned. For future M&A trajectories, all parties should be included from the start, as one of the interviewees acknowledges:

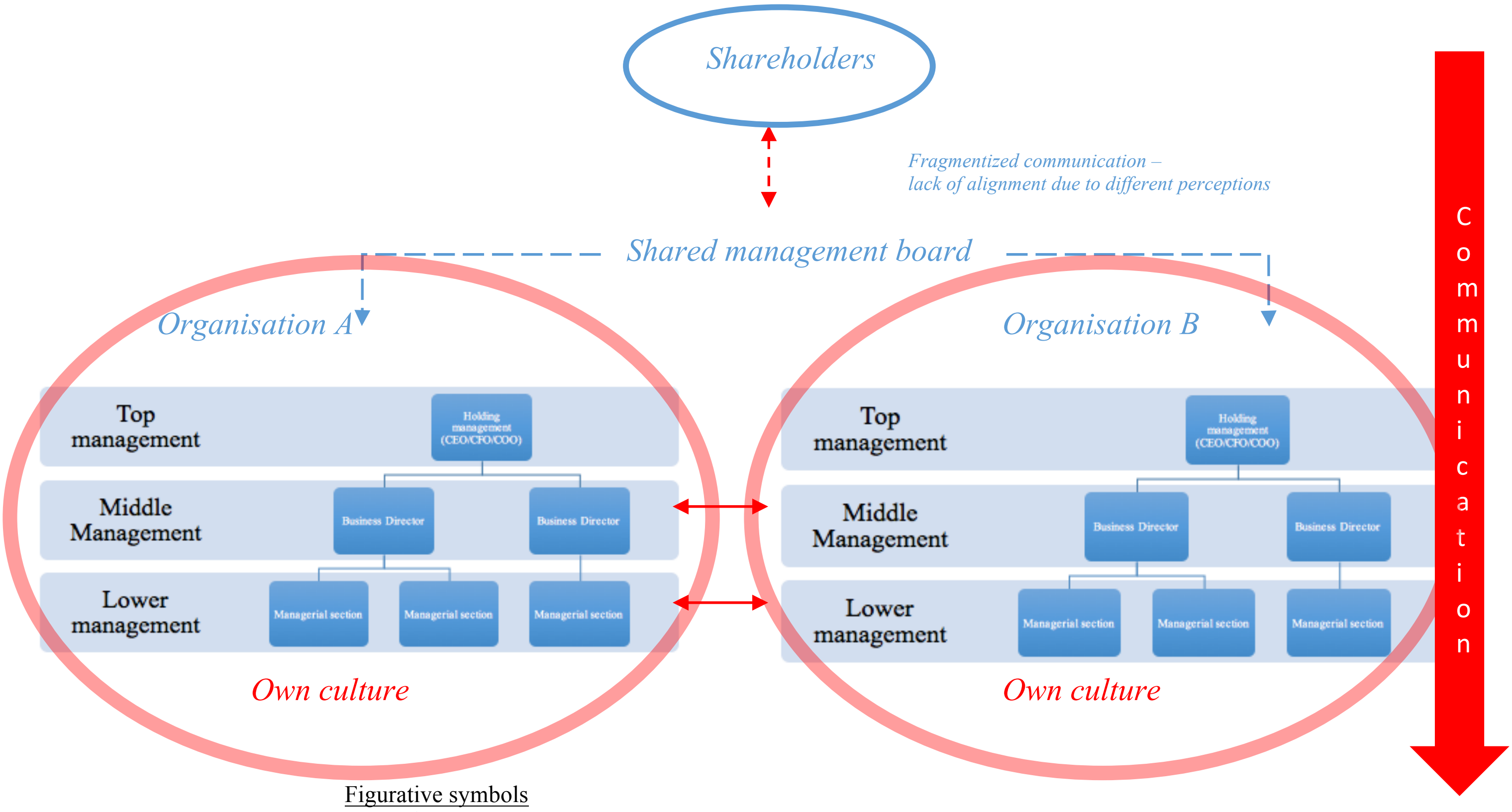
"a plan is not a plan, if it is not communicated"

A second bottleneck which is acknowledged by the interviewees are the different cultures of both organisations. Something which is also acknowledged as a potential failure causations of mergers as shown in section 2.5. During the M&A process, eventually the decision has been made that both organisations should keep their own identify. Hereby different cultures are involved, as both organisations were located in different provinces which have affected for example the involvement and participation employees have with their organisation. For example, one organisation is described as formal. Where on the contrary the other organisation is described as more informal. This is not only caused by the different geographical locations, but also by the creation process of each of the organisations; family organisation and an organisation originating from a large multinational. These differences in employee involvement ask for different approached regarding the implementation of changes and implementation of new procedures. One of the interviewees for example underlines the following: *"it was not so much a cultural problem because both organisations would remain their own identity, but those two separated identities in one group have lead to some different management styles and I belief that is something we did not take into consideration".*

Something which is related to the culture bottleneck is the fact one of the organisation is an established name. A name which brings some prestige with it. This form of superiority makes employees anxious of letting go their own identity. As one of the interviewee states: *"it is not a direct / exact causation of the merger cancelation, but has certainly contributed towards the way employees were addressed, and has had a negative effect on growth".* In order to create an environment which stimulates and contributes to the overall integration of both merging organisations, there should always be support within and throughout the organisation. This is of importance so that eventually elements of both cultures can be merged to one another, and both organisations can profile themselves as a combined group.

The last bottleneck which is mentioned during the series of interviews, is the fact that the shared management has been fragmentized present at each of the business locations. This changing presence of the management members have increased some of the organisational uncertainties and did cause difficulties in dividing attention of the management members towards both businesses. In combination with the cultural differences and general organisational hiccups, the fragmented presence of the management eventually caused to much problems, such as increasing delivery times. Especially that last change (increasing delivery times) was a signal for the shareholders to intervene by the means of appointing separate business directors for each organisation. This is one bottlenecks, which can be seen as cause flowing out from a wrong or insufficient responsibility accounting mechanism. Because fact that the management should be 200% available at each of the business locations implies that responsibilities are not set throughout the organisations its lower management layers. As the opinion and decision competence of the top management is needed at an operational level.

Based on this section it can be stated that most of the identified bottlenecks are already acknowledged by literature as merger failure causations, shown in section 2.5. For example, insufficient communication as a lessons learned, is acknowledged as a merger cancellation reasoning. Another lessons learned is the high involvement of only the top management, which can be seen as a way of keeping information to close. The same applies for the experienced cultural differences, and the prestige of one of the merging organisations. These two bottlenecks can be grouped into the cultural differences as identified lesson learned.



Figurative symbols
A reflection of the interaction of both organisations involved during the merger process.
A reflection of the lack of communication between the different management layering of both merging organisations involved.
Insufficient communication between the shared management board and the diverse shareholders. In other words, a reflection of the low shareholder outreach.
Overall level of communication throughout the M&A executed process.
Individuality of both organisations involved, due to moreover different cultures.

Figure 5.8: An overview of additionally M&A problem areas as identified by this case study research, besides the already acknowledged troubling responsibility accounting mechanism.

5.3.5 Conclusion section 5.3 – *determining the influencing factors which have contributed towards the merger cancellation*

Overall, it can be stated that the interviewed stakeholders have experienced several causes which together have resulted into the merger cancellation. Looking at the overall M&A trajectory, it can be stated that one of the mayor causations of the merger cancellation is indeed the lack of clear responsibilities set throughout the entire organisation. In other words, due to the shared management board its high level of responsibilities and authority, and additionally the fact that all substantial decisions were made at top management level, attention between the two companies was hard to divided. This view and the importance of such clear lines and roles within an organisations are pinpointed by on of the interviewees who has stated: *"How responsibilities are set and assigned throughout the whole organisations, is always supportive towards merger successes".* He acknowledged that indeed, the assignment of responsibilities and authorisations per management level were insufficient, and in the end were the main reason on why the merger has been cancelled. Furthermore, it is pinpointed that the fragmented presence of the management team at each of the locations, has caused difficulties. This needed presence suggests that responsibilities are not yet taken by those who are held responsible for their decisions. Hereby, it can be stated that based on the empirical findings in section 5.2 and the merger process elaboration as shown in this particular section, the relationship which is central in this thesis in all likelihood exists. However, the way in which the organisation has assigned its responsibilities (to high as acknowledged by the interviewees) did not only contributed towards the merger cancellation. More factors have affected the merger outcome, as depicted in figure 5.8. As stated in section 5.3.3, for example the different shareholders (the investment organisations) have had major influence on eventually the merger outcome. Due to moreover a low interaction and alignment of the management board and the different stakeholders (internal and external) from an early stage on, in combination with a lack of in-depth knowledge, a lack in strategic vision and differences in perceptions on how to do further business, eventually the merger has been cancelled. Hereon it can be stated that the external shareholders have made the final decision of merger cancellation during the integration process.

A clear communication and the creation process of alignment between both the management board with the involved shareholders was not only problematic. Also the level of communication within both organisations their operational levels were lacking. The interviewees have shown that this was not done clearly, and did caused indifferences and low support towards the collaboration and merger incentives. In fact, one could say that due to communication issues the M&A process has had a virtual nature. This virtuality indicates that the process is executed in somewhat equivalent as the phases sketched by literature, but the phases are not well communicated, had no measurable milestones and only took place at a high management level. As one of the interviewees has stated: *"If one discusses early the plans and strategic vision of a particular merger, you can eliminate many uncertainties, hereby not only talk about the success factors but also pinpoint the dysfunctional factors and make it negotiable".* Something which has not be done in this particular merger attempt which is seen as a cumbersome, as it restricted the integration process. During the merger attempt, both companies have been communicated towards their employees on their own. They did not proceed a combined meeting in order to inform their staff about the strategic integration plans in order to create cost and knowledge synergies.

Overall, it can be stated that this section has shown a description of the process the case study organisations have been involved in. It shows that the process did not meet the requirements by as given in literature. It can be described as a more organic process, whereby no pre-specified milestones were indicated, and only the top management was in involved. Shareholders were to a lesser extent informed about the direct merger meetings, and did have other ideas on how to integrate both businesses due to their investment exit reasoning. Because if both organisations integrate and merger into one organisation, the investment organisation needs to exit both companies at the same time. Something they would rather not do. Therefore, it can be stated that a combination of an insufficient responsibility mechanism, the overall level of communication, the insufficient shareholder interaction (due to different perceptions), the lack of well established phasing and organisational hiccups were the main causes on why this merger has been cancelled. Therefore, it can be stated that the combination of several factors has caused the merger cancellation; *the virtual process execution, the involvement of only the shared management board during the preparation and integration orientation of both companies, a lack of interaction with the operational management and a lack of interaction with the shareholders, insufficient communication, and the experienced lack of connection between the different management levels of both organisations*. The exact contribution (effect) which each bottleneck had towards the merger cancellation has not yet become clear, but together they have complicated the merger successes and resulted in cancellation.

5.4 Confirming the existence of the influence responsibility accounting has during a merger process by theoretically based propositions

In order to increase the likability and measurability of the existing causal relationship of responsibility accounting on merger successes, literary based propositions were asked during the explorative interviews. Those propositions were aiming towards a confirmation tool in which an identification and uncovering of the existence of the relationship of responsibility accounting on merger successes, could be achieved. This section elaborates the overall propositions outcomes, and discusses some of the most striking pronunciations.

5.4.1 Relationship identified by research model statements

The previous empirical data analysis sections (sections 5.2 and 5.3) have shown an elaboration on both the quality of the responsibility accounting system and the merger attempt of this case study and overlapping themes. Those sections certainly tend towards a positive outcome of the existing relationship between both independent literary domains. In order to find confirmation on whether the adaptation and enforcement of an organisation its responsibility accounting mechanism has indeed a direct effect on merger successes, the researcher has drafted eleven theoretical propositions:

- ***Statement 1:*** *I belief that if both strategic fit and organisational fit are explored/achieved, it can lead to (an increased) merger successes.*
- ***Statement 2:*** *I belief that an integration orientation (pre-assessment during the pre-acquisitions phase) towards organisational fit is indeed necessary before a deal can be made (transaction phase) in order to overcome problems in a later stage.*
- ***Statement 3:*** *I belief that a pre-orientation into both merging organisations their management accounting mechanism can support the overall organisational "fit" and it therewith provides a smoother integration process and contributes positive to the merger outcome.*
- ***Statement 4:*** *I belief that external factors such as market uncertainties and timing can have effect on a merger attempt, and therewith on a merger its success rate.*
- ***Statement 5:*** *I belief that stakeholder motives should be aligned in order to achieve merger successes.*

- ***Statement 6:*** *I do not belief in the established M&A phases provided by academic research, (pre- transaction and post-acquisition phase). They are just guidelines and especially in nowadays changing circumstances, an organisation should rely on their experiences.*
- ***Statement 7:*** *I belief that responsibility accounting (the delegation of responsibilities throughout an organisation) is a fundamental element on how an organisation organises themselves, and need to be set right. Otherwise they can become a problem for changing circumstances.*
- ***Statement 8:*** *I belief that the overall level of control (on both financial as operational) within organisations should be high in order to deal with uncertain processes such as M&A trajectories or organisational restructurings.*
- ***Statement 9:*** *I belief that there should be a clear agreement within organisations, regarding the usage of the responsibility accounting mechanism and therewith the allocated responsibilities, and how to use and frame those responsibilities (planning, allocation, control, price decisions etc.)*
- ***Statement 10:*** *I belief that if an organisation its structure is clear, responsibilities and its related responsibility center managers can be made clear, and level of control can therefore be handled.*
- ***Statement 11:*** *I belief that if responsibilities and roles are set clear throughout the organisation, a merger cancellation can be prevented.*

In general, it can be stated that each of the theoretical propositions is positively received. Each of the interviewees acknowledges the intended relationship of responsibility accounting as one of the causations of the merger cancellation. No significant differences have been detected during the discussion of the eleven propositions in comparison with the previous sections data analysis sections. So, it can be concluded that the expected relationship as elaborated on in sections 5.2 and 5.3 is confirmed by the analysis of the above displayed theoretical propositions. Appendix C provides an in-depth elaboration on each of the propositions, whereby the most striking quotes and notable exceptions are underlined.

5.4.2 Conclusion regarding the existence of a positive relationship between the assignment of responsibilities and M&A trajectories

Based on the obtained insights gained by the propositions, but more importantly by the sections 5.2 and 5.3, the researcher is able to acknowledge the practical completeness of the proposed research model as shown in figure 4.1. Based on the conducted interviews it can be stated, that the expected relationship, based on this case study indeed in all likelihood exists. All interviewees have acknowledged that if responsibilities were assigned correct and were well regulated, the overall organisational changing circumstances could have been better managed. It can be therefore being stated that the findings as shown by the eleven propositions are likewise as the findings as shown in sections 5.2 and 5.3. and are therewith supportive towards the existence of the effect a fogy responsibility accounting mechanism can have on merger.

However, the definition of responsibility and its related factors was hard to identify by this research. A majority of the interviewees could not give profound evidence on how high the impact of for example their level of control was on the overall responsibility accounting mechanism. Often the interviewees have acknowledged that the overall responsibility accounting mechanism lacked some authority, and that the overall system probably had contributed towards the cancellation decision. Based on the overall ambiguity of the responsibility accounting mechanism with the organisations involved, it can with precaution be stated that responsibility accounting, as depicted in the provisional research model (figure 4.1), cannot be measured in the factors specified therein. As the organisations and its employees see the responsibility accounting system as an overarching whole of responsibility assignments and evaluation regulations.

By the propositions, not only the influence of responsibility accounting on the merger cancellation has been identified. Also factors which potentially could have effect merger successes provided by literature were questioned in order to identify their influence on the cancellation decision. Based on the interviews, it can be stated that for this particular case study, the impact of external factors was lower than expected, or not even applicable. Both organisations did business in the same kind of industry, and were subjected to the same external factors. Strong strategic fit and strong organisational fit is acknowledged as of importance, but hereby some of the interviewees point out, that those depend on the kind of merger. For this particular case study merger, organisational fit was of more importance than strategic fit. Especially the alignment of both organisations their management levels is acknowledged as an important fit issue which either is supportive to a merger success or is one of the reasons why a merger fails. Finally, the stakeholder motives were discussed, and were in combination with the responsibility accounting mechanism indicated as one of the mayor causations of the merger cancellation. Therefore, based in this particular case study research, it can be stated that due to a lack of clear responsibility assignments and delegation throughout the organisation, it was a struggle to distribute managerial expertise between both the daily operations, as well as the towards time consuming M&A process. In combination with the shareholder their influences, and organisational (management fit) issues, the merger eventually has been cancelled. With caution, it can therefore be stated that if responsibilities were set clear, were well regulated, and were delegated throughout the whole organisation, bottlenecks such as for example the fragmentized presence of the management as explained in this chapter could have been avoided.

5.5 Empirical research conclusions

This chapter has analysed the empirical case study findings, obtained by the nine conducted interviews. Based on those empirical findings, it can be stated that both sub-questions eight and nine can be answered by the specific case study insights. Hereby the section summarizes the explorative findings this chapter has provided whereby is aimed on an identification of the relationship, whether indeed responsibility accounting has had in some manner influence on the eventual merger cancellation, and to what extent this relation was prevail towards the cancellation decision.

Based on the conducted case study and its corresponding empirical data as provided by the interviews, an answer towards the eight research question; *Which internal challenges and dilemmas have both the case study stakeholders experienced during the merger attempt* can be given. As there are several internal challenges and dilemmas experienced by the case study. One of the major challenges which has been experienced by the various stakeholders, is indeed related towards the responsibility accounting mechanism set throughout the organisation. Important and substantial business decision were assigned to only the top management, and therewith business directors feel restricted in their daily operations. Due to those high assigned authorisations, the M&A process was likewise only executed on high management level. Hereby support by the middle and operational level for the merger incentive was not achieved. This not directly contributed towards the merger cancellation, but has certainly have some influence. Furthermore, the research has identified the high influence of shareholders on the merger outcome caused by unsufficient communication. Summarized, the research has shown that there were six bottlenecks to identify, which have been experienced during this merger attempt and were together the decisive factors whereon the merger has been cancelled:

1) ***The authorisation levels within the responsibility accounting mechanism*** of the case study organisation. Those authorisation levels have moreover caused the placement of substantial business decision making process on only the highest management level. In other words, important decision making processes were not assigned throughout the whole organisation. Top management had the final say in a lot of decisions, and this is something in which business directors felt restricted towards daily business. In relation to this, the research has also found in all likelihood evidence, that due to a lack of alignment in management levels of both organisations, made the integration process more difficult. Something which is seen as an organisational mismatch.
2) ***Internal organisational problems*** were asking for a lot of attention of the management. The management had to choose between dividing their attention towards the internal problems, or towards the M&A trajectory and a perfect balance was hard to find. It is therefore advisable for organisations to first solve all internal issues and therewith get rid of organisational difficulties, before entering a M&A trajectory or extensive collaboration incentives. As a Dutch proverb emphasis: *"Eerst het huis op order krijgen".* This in order to increase the level of attention on a tough merger process.
3) ***Low shareholder outreach.*** Due to the limited shareholder outreach and the misalignment of the collaboration incentives, in combination with the different perceptions of the shared management and the investment organisation, eventually the shareholder has had a huge influence in the final say of the merger cancellation. Due to their assignment of another managing director.
4) ***The overall level of communication*** towards both the organisations their employees as well as to the shareholder was insufficient. A majority of the business directors imply that they did not have direct insights in how the merger process has proceeded, and only had be informed during specific events.
5) ***No clear vision on how to proceed the M&A process***, or virtual plan as someone has called it. During this particular merger attempt, there was not clear plan, details were not to be sorted out and definitive timeline had not been determined. This is one of the factors which did cause ambiguities throughout the organisation.
6) ***Different cultures imply different management styles***. The different cultures applicable is also something which needs to be taken into consideration. The organisations involved did not investigate and did not take in consideration those cultural differences, and have underestimated the effects those cultures had on the collaboration incentives. This is acknowledged by literature. Literature describes namely that cultural differences are often underestimated, and one of the main reasons on why merger fail.

By the above described challenges and dilemmas in sections 5.2 and 5.3, and the confirmatory propositions as shown in section 5.4, it can be stated that indeed the expected relation between responsibility accounting and merger successes and/or failures exists. This case study research has shown that the lack of a well defined responsibility accounting mechanism has either way partially contributed towards the merger cancellation. However, the impact responsibility accounting exactly has had on the cancellation reasoning is not identified by this research. Something which is explained by one of the interviewees *"it depends 50% on your regulations, but more important towards it depends on the culture and personality of the employees: do they personally take responsibility".*

So, looking back towards sub-question 9; *To what extent can the identified challenges based on this case study, be traced back to the undefined management accounting system? In other words, in what way does an organisational misfit influence a merger outcome* it can be stated that the following answer can be formulated. Organisational misfits, with a primarily focus on responsibility accounting has had indeed a partially cause in the merger cancellation.

Especially the lack of linkages between the different management levels of the merging organisations involved, and the assignments of authorities towards only the highest management levels were experienced as challenging. Something that can be devoted to an undefined management accounting mechanism. The bottlenecks as shown in section 5.2.4, are all somewhat related to the assignment of responsibilities and the delegation of those responsibilities. It can therefore be stated that based on this particular case study research, indeed a positive relationship between an organisation its responsibility accounting system and merger successes in all probability can in all likelihood be expected. However, the amount of impact the responsibility accounting mechanism has had on the eventual merger cancellation could not be measured by this explorative case study research, as it was only aiming on an identification of the relationship existence.

In sum, it can be stated that this chapter has provide valuable insights into the overall merger process, as been executed by the case study organisations involved. Hereby the responsibility accounting mechanism is investigated, concerning its the influence on a merger trajectory. Based on the experienced bottlenecks, it can be stated that due to the lack of assigned responsibilities, the case study organisation has faced several difficulties during the merger attempt. Because, as responsibilities were not set throughout the entire organisation, authorisations were not set assigned to individuals, and support of employees throughout the organisations on merger was not created. The responsibility accounting mechanism was however not a stand alone problem which has contributed to the cancellation. It was strengthened by other dilemmas such as; *the overall shareholder influence, the level of communication during the process between both organisations and their shareholders and finally the increasing need of management attention by both organisations.* In combination, the identified bottlenecks caused to much uncertainties which eventually has resulted in the merger cancellation. Using the in this chapter obtained case study insights, the final sub-question and overall research question are answered in the following chapter, chapter six. Hereby an elaboration into the overall research findings is given, and based on those findings, the theoretical research model as provided in section 4.3 is adapted truthfully. With this new research model, recommendations (practical implications) are drawn for SME organisations in like manner as the case study organisations on how to avoid a likewise situation in the future.

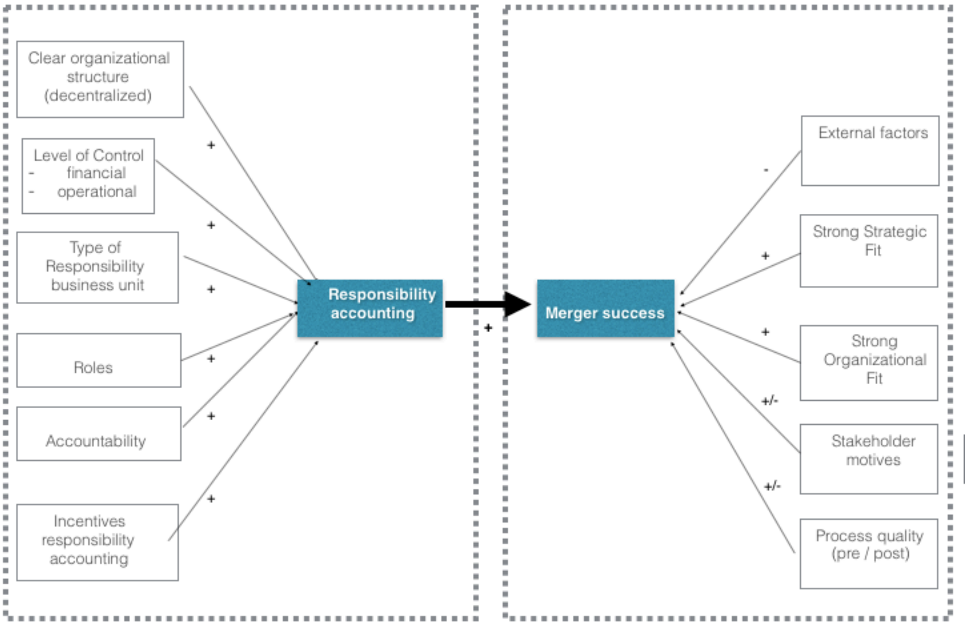
Chapter 6: Research conclusions

This chapter discusses the overall research findings as found by both the academic literature reviews elaborated on in chapters two and three, as well as the explorative case study discussed in chapter five. In section 6.1 both literary and empirical data findings are reviewed and used in order to answer the general research question. After answering the general research question, a by case study findings adjusted research model is presented in section 6.2. Hereby, the model as proposed can be seen as a visualisation of the research findings of both the literary as well as the empirical findings. It provides an overview of the in all likelihood existing relationship between responsibility accounting and merger successes. Finally, in section 6.3 practical implications for the case-study objectives as well as generalised implications are discussed, which potentially can contribute to decrease the overall failure rate of 70% of the M&A processes. In this paragraph, an answer towards the final sub-question is given, as it provides handles for merging attempted organisations during challenging economic and organisational circumstances. Overall, it can be stated that this chapter works towards an answer of the general research question: *How does responsibility accounting influence a merger and acquisition process and how can the organisations involved cope with this?* By answering the last sub-question in combination with the general research question, a foundation has been made for the practical implication section of this chapter. Based on the conclusion elaboration, the scientific contribution is sketched for organisations involved in M&A trajectories, and an advice is given on how particularly SME organisations can reduce the chance of M&A failures as much as possible.

6.1 Conclusion – *an elaboration of the key findings retrieved by the case-study*

As stated in chapter one, this master thesis has as main purpose to identify the reasoning behind the merger cancellation of the case study organisations involved, and to identify whether the organisational fit, with a primary focus on the responsibility accounting mechanism, has had a direct effect on the merger cancellation.

In order to achieve the described research goal, this research underlined two independent academic research domains which are not intertwined by academic literature until now: *the M&A phenomenon and responsibility accounting as a controlling mechanism for SME organisations located in dynamic economic circumstances.* The conducted literature review enhanced the importance of both the domains. M&A trajectories are seen as one of the major concepts that enhance organisation growth and can create synergies. Responsibility accounting on the other hand is explained as one of the two most important organisational mechanisms which enables organisational control. In order to identify the effect responsibility accounting has had on the merger attempt, an extensive literature review has looked at various concepts. It looked into the different phases of M&A trajectories (pre-acquisition, transaction and post-acquisition phase), the different applicable motives, but more important it has looked into already acknowledged lessons learned by academic literature regarding M&A processes (e.g. strategic vision, strategic fit, deal structure, due diligence, premerger planning, post merger integration and external factors). Due to the multidisciplinary literature review, it can be stated that responsibility accounting is a way to enhance organisational control which organisations need, especially during the intense circumstances which are applicable when entering a M&A process. Due to this increasing need of organisational control in uncertain M&A processes, the question did arise to which degree responsibility accounting as a controlling and delegating mechanism has had influence on a merger cancellation. As responsibility accounting is one of the core elements within the management accounting system and is therefore seen as a controlling mechanism within organisations. It can support organisations due to the assignment of multiple responsible managers towards financial items, and furthermore it contributes as an information mechanism. Together with an in-depth elaboration into the responsibility accounting and its core elements, a theoretic synthesis is made in chapter four. This synthesis is depicted by an established theoretic framework which is once more repeated below in figure 6.1.



<u>Figurative symbols</u>

➡ Expected relationship of a well set responsibility accounting mechanism on merger process successes.

→ Theoretical based impact of several mediators onto the two literary concepts; responsibility accounting and merger success.

+ | - | +/- A gradation of the expected impact the several mediators have onto the two literary concepts; responsibility accounting and merger success.

Figure 6.1: A proposed theoretic research model which reflects the expected interaction of responsibility accounting on merger processes. Based on the literature reviews as shown in chapters two and three.

This established theoretical framework moreover indicates the diversity of factors which potentially could influence each domain individually. Based on those identified key factors, the influence of a well set responsibility mechanism is explored in relation to the merger successes or failures of an organisation. Something which is based on the following theoretical proposition: *the completeness and clarity in which an organisation has organized and assigned its responsibility accounting system, has a positive effect on merger successes*. In accordance with the constructed theoretic framework and the corresponding proposition, a case study analysis has been conducted. Nine semi-structured interviews were used as main empirical data providers in order to explore whether the assumptions made by the theoretical model were correct. By conducting this particular case study, where a merger attempt has been cancelled, a new research area in M&A literature is been adduced: *exploring the influence of responsibility accounting on M&A successes, and hereby provide an in-depth research into whether a relationship between the two intertwined domains is conceivably.*

The research has shed light on the fact that responsibility accounting indeed has had in all likelihood an effect on the merger cancellation. By investigating both the responsibility accounting mechanism and the M&A trajectory as conducted by the case study organisations involved, several bottlenecks have been identified. Those bottlenecks imply that indeed, responsibility accounting has had influence on the reasons why the merger has been cancelled. However, it was not the only cause that led to the merger cancellation and therefore a concrete value towards the impact cannot be given. It can however be concluded that the merger cancellation was an interaction of a variety of causation, as shown below by the six identified bottlenecks:

1) *The authorisation levels of the responsibility accounting mechanism*
2) *Internal organisational problems*
3) *Low shareholder outreach*
4) *The overall level of communication*
5) *No clear vision on how to proceed the M&A process*
6) *Different cultures imply different management styles*

The six bottlenecks are almost all acknowledged by academic literature. For example, the fifth bottleneck *"no clear vision on how to proceed the M&A process"* is something M&A academic literary has already elaborated on. As shown in section 2.4, Gomes et al. (2013) have already acknowledged the importance of M&A phases. According to them, the different phases are affected by a path dependency, and therefore the different phases interact with each other. A lack of understanding these important M&A phases can even be the decisive factor which explains the high failure rate of M&A trajectories. The same applies for the experienced bottlenecks regarding the cultural integration. Bradt (2015) emphasises the importance of cultural integration management by stating the following: *"the game is won or lost on the field of cultural integration"*. The only bottleneck which is not directly identified and acknowledged by literature is the expected relation which is central in this research: *"the effect of responsibility accounting on merger processes"*. Based on the above described challenges and bottlenecks, and likewise the confirmatory theories (lessons learned) of various academic researchers, it can be stated that a majority of the experienced bottlenecks can eventually be traced back towards the wrong assignment of responsibilities. As in general, it can be stated that the organisation mainly has build its responsibility accounting mechanism upon independent profit center qualifications, which operate autonomously to a certain degree. However, business directors did not have the fully freedom to work as a profit center, as authorisations of significant decision making processes were assigned towards only the highest management level. The research therewith findings suggest and support the vision of an existence of the expected relation. Each of the interviewees has acknowledged that a lack of responsibilities, set throughout the organisation, did either way partially contribute to the merger cancellation. For example, due to wrongly placed authorisations levels, the operational managers felt sometimes restricted in daily business. It can be stated that the formal level of control within the organisations was to a certain extent sufficient, but informal it was something which was hard to achieve. As rules and regulations had to be handled flexible, due to the fact SME organisations have limited management levels and therewith miss key positions within the organisations. A human aspect in which the organisations acknowledges they paid to little attention to. Because one can set rules and regulation, if employees do not act regarding those assignments the system does not work, as one of the interviewees expressed *"the human within a responsibility accounting mechanism will always be the weakest point in the chain"*. Partially because of that, significant decision making processes were assigned only towards the top management, internal problems did arise. This last element *(the assignment of key decisions only towards the top management level)* has also had its influence on the overall level of communication within the organisation, and has therewith caused a troubled vision on how to proceed the M&A attempt. And so, it can be stated that the case study research has indeed indicated that the lack of a well defined responsibility accounting mechanism has partially contributed towards the merger cancellation in this particular SME case study research. The organisations had *"a well formal controlling mechanism, but informal it has its snags",* as one of the interviewees acknowledges. Therefore, it can most likely be confirmed that the expected relation between responsibility accounting and merger successes and/or failures exists. However, as already elaborated on, the responsibility arrangements and overall quality of the responsibility accounting mechanism did not only cause the merger cancellation. It was an interaction effect of various factors, as shown in figure 5.8.

Overall, looking at the general research question, it can be stated that the interviews revealed that the case study organisation was indeed not adequate organized in terms of responsibilities. Due to those wrongly assigned responsibilities throughout the organisation (e.g. tight restrictions for business unit directors) it can be stated that a fully organisational commitment was not reached. The workload for the top management became to high when both organisations did show organisational difficulties and were demanding additional (needed) attention. In combination with wrongful communication lines, low stakeholder interactions, different motives and a low process quality the merger came to an end, as it was cancelled in October of 2016. Based on those findings, it can be said with certainty that the organisations involved need to make at least some organisational adjustments when entering a new merger attempt. Hereby an answer towards the general research question is generated; *How does responsibility accounting influence a merger and acquisition process and how can the organisations involved cope with this?* As is acknowledged by this particular case study research, that due to the inadequate assigned responsibilities and authorisations, daily business was referred towards the top management levels, and in combination with the difficult merger attempt it was not manageable. If those assigned responsibilities and authorisation regulations were set correctly, probably some of the experienced bottlenecks could have been prevented. Based upon those conclusions, it can be suggested that organisations should first align and make concrete arrangements on such kind of responsibility accounting related themes, before entering difficult organisational restructurings such as M&A trajectories. In other words, a well defined responsibility accounting mechanism contributes positively towards merger successes. Where on the contrary, as shown by this case study, a fogy responsibility accounting mechanism can decrease the overall merger success rate. However, finding a right balance of the timing of such trajectories is an easy thing to say, but for organisations something which is hard to achieve. As one of the interviewees has stated: *"it is something that happens you as an organisation, and now it has ensured a new train of thoughts within the organisation, and now we need to adjust those insights in order to achieve growth success, and in order to maintain the growth as expected"*. Besides the confirmation of the all likelihood existing relationship between a well constructed responsibility accounting system on an in all likelihood positive merger attempt, the research also showed some other conclusions. The research shows namely confirmations of several experienced bottlenecks in M&A processes such as for example the importance of right communications, the influences of different cultures on merger outcomes and the effect shareholders can have on merger outcomes.

In conclusion, it can be indicated that all merging processes are in the end difficult trajectories. Something which is once more reflected in the overall failure rate acknowledged by literature. Often it is not just one factor which causes the eventual merger cancellation, but it would most probably be an interaction of multiple factors as shown in this case study. Correspondingly to the findings as discussed above, the following section explains the scientific contribution of this research. With this discussion, the importance and urge of more research into this particular M&A research area is once more underlined, as the relationship between responsibility accounting and merger successes is confirmed by this case study and is identified as important by each of the interviewees. This research can therewith be seen as a starting point for further explorations into this research domain.

6.1.2 Scientific contribution of research

Until to this moment, literature has not yet looked into the question and problem statement as described in chapter one: *can an unambiguous and incomplete responsibility accounting mechanism effect merger successes and therewith cause a merger cancellation?* Based on the executed academic literature review, it can be concluded that there is indeed a gap to detect in current academic literature on the effect/impact responsibility accounting (as an item of organisational fit) has on merger successes and in which way organisation should address such kind of problems. This despite the increasing urge of the importance of organisational fit in nowadays integration processes, and the overall increasing importance of management accounting systems. Therefore, it can be stated that this research has contributed to scientific research by exploring an, until recently, undefined relationship in M&A success factors. Based on both an extensive academic literature review in combination with a practical case study analysis, in all likelihood the impact and importance of the expected relationship is indicated. The expected relationship as sketched in the problem statement of this thesis, is acknowledged by both the established academic literary framework as well as it is reflected by the case study findings. As the research shows that an incorrect responsibility accounting mechanism contributes to merger cancellations, and it is acknowledged that if responsibilities were set right, a merger cancellation could have been prevented. Not only the existence is identified, moreover this research has reflected the need of early merger integration orientation. Correspondingly, this research has identified the increasing importance of organisational fit and alignment of an organisation its different management levels, which is an upcoming phenomenon in recent M&A literature developments. In other words, *the scientific contribution of the current research can be described as the uncovering of a linkage between both the domains of responsibility accounting and M&A failure and success factors, which hitherto have been treated as separated entities.*

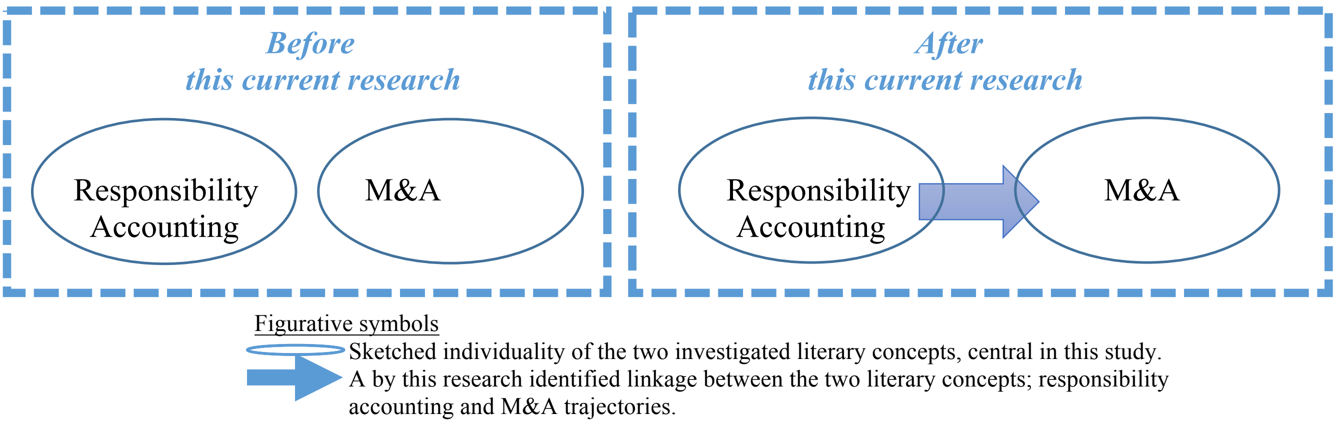
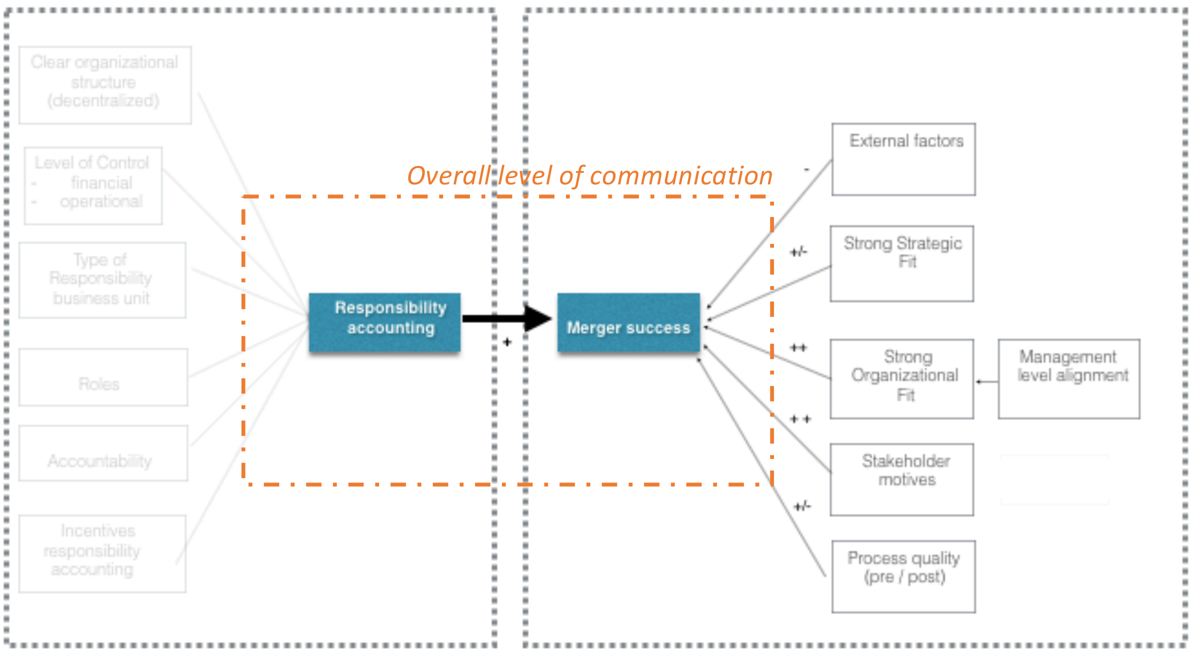


Figure 6.2: A reproduction of the research contribution, delivered by this case study research.

The gap that is filled in by this explorative case study research, is reflected in figure 6.2 where the identified relationship is depicted. Therefore, it can be stated that this case study research can be seen as a value added research for contemporary M&A literature. As it provides an expected link towards the management accounting domain. *It is one of the first research who acknowledge the likelihood of an effect of responsibility accounting and management level interactions on merger successes.* Due to the findings in this relatively new research area, several future research propositions can be made, which are discussed in section 7.3. With the empirical research findings as discussed above, the following section discusses a by empirical findings adjusted research model. From there, practical implications for organisations involved in such merger processes are drafted. Those implications can be seen as practical guidelines for organisations who are orientating towards new merging processes.

6.2 Adjusted research model

The conducted case study research has uncovered new insights into merger cancellation causations, and the practical reasoning behind it. By those gained insights, it can be stated that the by literary insights proposed model as shown in figure 6.1, should be adjusted and partially redesigned in order to reflect a valid picture as uncovered by the case study analysis. The explorative research has moreover shown that M&A entering organisations should organise themselves, and should set clear boundaries before even entering the M&A trajectory. Those findings are equivalent to most of the nine deadly sins provided by the Harvard Business School (as refereed by Dutta, 1999), as shown in section 3.5. Their study found evidence that no guiding principles, no ground rules and keeping information to close can cause merger failures. Therefore, it can be stated that overall the expected relationship between responsibility accounting and merger successes exists, and the general way the relationship is depicted in section 5.3 can be seen as correct. By adjusting the preliminary theoretical model with the empirical conclusions as shown in chapter five, it can be stated that figure 6.3 below, presents a summarized model with both the literature and explorative findings of this research included. Due to the adjustments, figure 6.3 can be seen as a more advanced model in comparison with the theoretical model as shown in figure 6.1. As figure 6.3 takes the empirical conclusions this case study research has obtained into account. The model provides therewith an extensive overview of the in all likelihood expected effect responsibility accounting has on merger successes and additional intermediated factors. It implicates that whenever companies enter a M&A trajectory, they should have been well structured and organized internally, as one of the interviewees has stated by a Dutch proverb: *"Je moet het huis in order hebben",*



<u>Figurative symbols</u>

Identified relationship of a well set responsibility accounting mechanism on merger process successes.

The investigated impact of several mediators on the two literary concepts; responsibility accounting and merger success

+ | - | +/- A gradation of the impact the several mediators have onto the two literary concepts; responsibility accounting and merger success.

A reflection of the needed level of communication throughout a merger process attempt.

Figure 6.3: Adjusted research model; a reflection of the in all likelihood expected effect of responsibility accounting on merger successes.

Organisations should especially have their responsibility assignment in order to achieve commitment and maintain organisational control during an uncertain organisational restructuring process, such as a M&A trajectory. However, the effect each of the different factors of responsibility accounting have had on the overall responsibility accounting mechanism has not become clear during this research. None of the interviewees could pinpoint the direct effect each of the factors had on the overall system. This indistinctness moreover supports the unambiguity the responsibility accounting concept has in literature. Literature defines responsibility accounting as a broad and unspecified concept, and does not give clear guidelines as the design of a responsibility accounting mechanism differ per organisations. Therefore, is decided to look at the responsibility accounting concept as an integrated system, when describing the relation in this thesis. As, the case study organisational has shown that they think in one overall responsibility accounting system which cannot by specified by the six elements which were anticipated in chapter four. In other words, this research can conclude that if responsibilities are not set clear in a correct and valid way throughout an organisation, a merger has indeed a higher failure potential. However, the precise impact of each of the responsibility accounting elements is not yet identified by this explorative research.

Fortunately, we obtained clear insights for the merger success factors. In the interviews it became evident that the impact each of the factors have had on merger success, were partially different than anticipated. Therefore, the factor impacts have slightly been changed with the factor impacts as shown in figure 6.1. For example, the shareholders had much more impact than anticipated on, and external factors in this particular case study did not have that strong influence on the merger cancellation as expected. Furthermore, it can be stated, that the interviews have shown that a strong organisational fit is of more importance than a strong strategic fit. This is extended by the fact that the overall process quality was pinpointed as important, but a more slightly integral process as shown by this case study is acknowledged as acceptable if the strategy is set clear. An element which was not anticipated on, was the importance of creating alignment between both organisations their management levels. This is an organisational fit element which is included in the model, shown in figure 6.3, as a majority of the interviewees did enhance the importance of such structural alignment. Therewith, recent M&A literature is acknowledged and strengthened as they already did indicate that a pre-orientation into organisational fit as a post-acquisitions phase is of important before even a deal has been made.

In sum, it can be stated that due to an undefined and not clear communicated responsibility accounting mechanism, the interaction between the day-to-day decision making process and the decision making process related to the M&A attempt was crooked. Attention of the general management team was hard to divide and therefore in the end, the decision was made to cancel the merger. This in combination with the high stakeholder influence and rough communication throughout the process, the merger eventually has been cancelled. It can therewith be concluded that an unestablished responsibility accounting mechanism effects M&A trajectories negatively, but if an organisation organises themselves correctly in terms of responsibilities, the merger outcome can be positively effected.

6.3 Practical implications – *an interpretation on how to overcome future merger cancellations*

One of the research goals, as formulated in section 1.4, is formulated as providing practical insights towards the case study object on how they have conducted the merger attempt and how they can improve such kind of organisational restructuring processes in future. The practical insights as shown in this section provide the case study organisational handles, which support them in future growth incentives. In other words, the management of the case study organisation, gain insights on how future growth incentives can best be managed, and therewith the future merger success rate increases. By this means, an answer towards the tenth sub-question can be given: *How to overcome merger challenges in the future, and in like manner, how should the case study organisation be adjusted in order to ensure a merger success.* Overall, it can be stated that based on the interviews and related research conclusions, several recommendations can be given for SME organisations, in order to overcome similar merger cancellations. Several guidelines and recommendations can be proposed, in order to enhance and stimulate merger successes for the case organisations involved in the future. These practical implications are not only informative and relevant for the case study objects, but can also be of importance for companies in same situations *(SME companies, located in the Netherlands attempting a vertical merger process).* However, it needs to be taken into account that the practical implications are made for a specific case study that is exposed to its own unique circumstances. Therefore, the practical implications are not completely generalizable. This section discusses some of the most likeable recommendations organisations can implement during M&A trajectories. They provide therewith a potential way on how to decrease the high failure rate of merger incentives:

- Organisations should make sure that all shareholders are involved or at least aligned with one another from the start of an M&A trajectory, and should therewith agree with the strategy to be followed.
- Organisations should not enter a collaboration of two organisations, due to the fact that they share the same investment organisation. For organisations in such circumstances, the rule of an orientation into the strategic and briefly orientation into the organisational fit also applies.
- Just as the strategic fit is analysed in the pre-merger phase, and a preliminary judgement is given on the organisational fit, organisations should consider an identification into the fit of the different management levels. By exploring this alignment, they should stimulate the collaboration of both organisation its management from the start. In other words, organisations should not trust blindly on the collaboration proposal as shown by some of the shareholders (in this particular case the investment organisation), but should trust on their own feasibility assessment.
- Organisations should avoid a shared director of two legally separated SME organisations, who face both organisational difficulties and will maintain their own identity after the M&A process. When merging two organisations, each of them need to have its own director as contact and as strategy keeper, something which has been proved by this case.
- Organisations should make sure that the whole organisation is informed about the trajectory and the desired state of the collaboration from the beginning. They should communicate clearly about for example the following items; are both organisations going to be merged/acquired, will both businesses maintain their own identity or are they going to work together under a same holding etc.
- Organisations should make legal agreements and should therewith pinpoint milestones during the M&A process, in order to demarcation the different actions. Organisations should avoid so called virtual processes whereby decision are made on gut feelings.
- During M&A trajectories, preparations are key. Organisations should before starting the integration process prepare the question of how to integrate, and can therewith from an early stage on identify potential bottlenecks. This so both organisations involved can anticipate on bottlenecks on time.

In sum, it can be stated that by enhancing the above depicted practical implications, the case study organisations involved can increase in all likelihood their future merger attempts more successfully. For example, by adjusting a SME organisation its authorisation matrix, and align from the start the different management levels of the two potential merger candidates, the chance of merger success will increase.

Chapter 7: Discussion and future research propositions

This seventh chapter is prolonging onto chapter six, which has provided an overview of the case study insights. Correspondingly, this chapter discusses different perspectives on the conducted research and its ensuing results. Furthermore, this chapter provides recommendations on how to move further in terms of future research propositions and by pinpointing the different research limitations.

In the first section, section 7.1, several views and perspectives are discussed based on this research its conclusions. Therewith it elaborates on both theoretical as practical conclusions which need some further explanation, or by providing alternative explanations which could be relevant. Based on those discussions, chapter 7.2 elaborates on the research limitations, which despite the accuracy in which the case study research is conducted, are applicable. Finally, the last section of this thesis discusses future research propositions, which are seen as essential research topics for both nowadays M&A as well as the management accounting literature. With this chapter, the researcher discusses a justification of the research reliability, and underlines therewith the importance of the in all likelihood detected relationship. By this justification of the reliability and urge of the research domain, the researcher highlights the importance of several future research areas which have come the the surface by this research.

7.1 Discussion

The conclusion, as elaborated on in the previous chapter, has shown that a relationship between the organisation its responsibility assignment has indeed had some impact on merger successes. Based upon those findings, it can be expected that organisations involved in M&A trajectories should take into accounting their responsibility accounting system.

In general, this research has provided new insights into the importance of management accounting and especially the assignment of responsibilities during organisational restructuring processes, such as M&A trajectories. The research findings are therewith in line with the expectations the researcher had during the orientation phase of the research: *a positive relationship of a well defined responsibility accounting on mergers and or acquisitions*. However, clear mediators of the responsibility accounting mechanism are not identified, and are even questioned of importance. As based on the insights provided by the interviewees, some alternative views or potential other interpretations can be sketched based upon the adjusted research model as shown in figure 6.3. The first questions with did arise was the question: *is responsibility accounting still of this time as agile organisations and scrum working methods increasingly prevail in nowadays business society?* Two interviewees have brought up the idea that for SME organisations, a principle as responsibility accounting which is in general a rigid system, can even be restricted. As it decreases the flexibility of employees. This view is acknowledged by nowadays practitioners and scientific literature who pinpoint upcoming topics such as agile working and lean principles. It therefore needs to be stated that despite the identified relationship, it is questionable whether responsibility accounting does really support organisations. As it was not the first stated research perspective, certain views were not taken into account during this particular case study, but future research is certainly informative!

Another interesting view is the question whether both organisations involved, would have explored their merger opportunities if they were not bonded by the same investment group. In other words, the impact and pressure by a shared investment organisation (one of the shareholders of the case study organisations) can have in a M&A process is questioned. During the interviews, some interviewees emerged the thought whether the synergies were actually possible to create, and the merger process would have been initiated, if both companies were not associated. They did have some potential cost and knowledge synergies, but due to the association by the same investment organisation, to little investigation has been done into the feasibility of those synergies. Therefore, it is questionable if such a trajectory is the best way of creating collaboration benefits. It can therefore be stated that due to the influence of shareholder, for example in the form of an investment organisation, organisations should not assume right away that due to a shared management board, organisations should fit right away. Even when both M&A attempted organisations are somewhat connected to one another, they should proceed all the recommended stages of an M&A trajectory; pre-, transaction- and post-acquisition phase. Something which is seen as something that is easily forgotten or ignored as shown by this case study. Especially in beginning stages of the M&A trajectory, the emphasis should be put on the integration process (organisational fit) with a primarily focus on both their organisation its administrative system and management levels.

In sum, it can be stated that despite the explored relationship, questions do arise whether responsibility accounting is the right organisational method for SME organisations nowadays. Especially due to the fact that responsibility accounting reduces organisations their flexibility, something which is necessary in current economic circumstances. So, the in this section elaborated discussions are complemented with an elaboration of the research limitations as shown in the section below. From there future research propositions are sketched in section 7.3.

7.2 Limitations

By delimitating this research towards the two specific literary domains in combination with a selected case study research design, the researcher attempted to reduce the research limitations to the utmost extent. However, despite the extensive delimitating process, some limitations were unavoidable. This section provides as a summarizing and identification section which reflects the limitations of this particular case study research.

As can be concluded based upon chapter six, this research has shown that the potential relationship as identified by an executed literature review, indeed exists in this particular merger cancellation case. The uncertainties regarding an organisation its overall responsibility mechanism have had, to a certain extent, contributed to the merger cancellation. However, this conclusion is based on a *single case study design* and therewith does not prove any form of causality. In other words, this study was not able to encompass the explanation of the direct relationship. Another element which has potential made this research some biased and did causes some difficulties, was the fact that the researcher was only physically present at both locations after the cancellation of the merger attempt. This can have caused some biased answering by the interviewees as both organisations are still dealing with some aftermath organisational changes. As due to the historicity of the event, the interviewees had the time to process the merger attempt and therewith already have formed their opinions.

In addition to those unavoidable underlying limitations, the main research method: the usage of semi-structured interviews has also potential caused some biases. As interviews are dealing with differences in momentum. Two interviewees with a time differences of only one week can show other observations / interpretations. Furthermore, the majority of the management had only worked at the organisation for two years, and therewith did not have any insights into some other merged divisions which took place in the last 10/15 years. And as they were not working for such a long term at the organisation, they were somewhat hesitated to talk freely regarding the merger attempt, as they were not involved in the M&A process for the beginning and only could give answers based on hear say.

Besides, it has to be mentioned, that this case study research concerns an investigation into a M&A failed trajectory in the Netherlands, where two SME organisations have tried to vertically merging with one another in order to increase inter alia cost efficiencies. Despite the fact that the organisations only represent a small population of organisations in the Netherlands, it with caution can be stated that the conclusions as shown by this case study, are not unreasonable unexpected. It could indeed be that the relationship as shown by this study is applicable on organisations in same circumstances. As organisations located in an uncertain environment, do need tight control and seek for constant updated information. By choosing a certain research design, this study reflects a single M&A trajectory and it does not reflect the overall M&A process popularity. It need with caution be stated that other data collection method by for example experts in the M&A field, or by the usage of multiple cases could potential provide different insights.

Besides the fact that the case study design caused some limitations on how to interpret the obtained case study results, the availability of academic literature has also led to some research difficulties. As there as for example no direct literature available on the expected relationship (responsibility accounting + merger successes), and especially literature into the core concepts of responsibility accounting was dated. Even recent published articles were based upon dated theories such as those provided by Anthony (1965). Furthermore, academic literature was in certain areas ambiguous which caused eventually some side pickings, in which the researcher its opinion was leading. With those sometimes dated literary sources, a theoretic model has been made in which the case study is analysed. This formed research model also caused some limitations, as it was conceived by the researcher and was hereby subjected to the researcher its own interpretation. The same applies for the adjusted research model as shown in figure 6.3, whereby the researcher has tried to process the by empirical data obtained insights into the model. Because the research is used as a way to explore a certain kind of relationship, outcomes need to be put in perspective, as they can differ per business case due to changing environmental and internal characteristics.

Overall, it can be stated that despite the limitations as sketched in this section, the researcher dares to conclude that the study has provided a valid introduction into the contributing effects a clear set responsibility accounting system can have on M&A trajectories. Therewith, it can be concluded that this research can be seen as a valid introduction into this particular domain. As it provides proof of the existing relationship and enhances the urge of more in-depth research into this phenomenon.

Self-criticism

As already mentioned in the section above, this thesis is based upon an expected relationship as identified by the elaboration of two independent academic literature domains; responsibility accounting and M&A literature. The model as provided in figure 4.1 (section 4.3) describes a personal reflection of an expected relation, which is based upon a single case study design. It reflects one possible relation which has potential contributed to a merger cancellation. However, it turns out that is not has been the only explanation for the merger cancellation, as shown by the conclusions in chapter six. Chapter six implies that other factors in combination with responsibility accounting have contributed to the cancellation. In other words, the merger cancellation was a combination of multiple separated factors. The researcher has concluded that a proper organised organisation in terms of responsibilities, and the assignment throughout an entire organisation, can increase the overall merger success rate. This is once more reflected by the fact that the by academic literature acknowledged factors respect the case study findings. However, the impact of some of the identified factors where not at all times as the researcher expected, such as for example the lower impact of external effects on merger outcomes or the underestimated impact of shareholders. Due to the ambiguity between theoretical and practical importance of those factors, readers need to take in mind that the conclusion and discussion sections only reflect a single case study. If the research will be repeated under the same conditions, it could potential provide other findings. As M&A trajectories are subjected to a variety of organisational and environment characteristics, which differ per case.

7.3 Further research areas - *research recommendations*

The findings as elaborated on in the previous chapters, enhance the increasing urge for organisations to look into their organisational arrangements, and related responsibility accounting mechanism before entering a M&A process. Because if responsibilities are not set clear throughout the organisation, an organisation its management can become conflicted. As the management has to pay attention towards both their daily operations as well as need to pay attention towards M&A and therewith will dilute.

By this particular case study research, the author has identified the in all likelihood existing positive relationship between responsibility accounting (the way it is organized regarding their responsibilities and roles) and merger successes. In other words, this research has enhanced the importance of an exploration into the organisational fit from an early stage. Hereby contemporary research into M&A is confirmed, who already had implicated that the exploration into the integration process cannot start early enough. In other words, it can be concluded that the M&A phases, as acknowledged by several years e.g. Haspeslagh and Jemison (1991), are not as static as proposed. However, by this small scale case study research, a generalized answer into this phenoma cannot be given, and future research is necessary to explore this phenomenon more in-depth. Therefore, a large quanitative or cross-section longitudal case-study is proposed. Hereby the relationship can be investigated on a larger scale base. This in order to confirm if indeed the expected relationship exist in all M&A processes, and merger successes does indeed increase when organisations develop their overall responsiblity accounting system.

In addition to the above stated further research acknowledgedments, the reseacher enhances the urge to investigate more failed M&A case-studies in-depth. As these types of studies can bring more clearity into the still high failure rate of mergers nowadays. Because currently, despite all the extensive research into M&A lessons learned still 70% of nowadays mergers or acquistions fail or fail partially due to a lack of value creation. Something which is in line with the tendency of seeking constant for improvements of M&A processes, as it increases in importance as a survival instrument in nowadays volatile economies. Academic literature has for example acknowledged that successful M&A trajectories do increase value and can create benefits for organisations world wide. This is one of the reasons why both literature and advisory agencies are constantly looking for improvement of such delicate processes. The researcher beliefs that the search towards M&A improvements will always be a continuous process, and will probably go one for many decades as environments.

This single case study research, has shown an interaction between responsibility accounting and merger success. However, this conclusion is only made by an elaboration of the interaction by one particular case study. Hereon, generalizations cannot be made, and a broader research should be done in order to confirm and further exploring the outcomes as shown by this explorative research. In other words, in order to show that the expected relationship is not just one single event, a follow-up study needs to be made. In addition to this follow-up study, it would be interesting to look into the future merger attempt by the case study. Hereby the focus should be on the identification whether the acknowledged practical implications as shown in section 6.3 indeed had made the difference between a failed or success merger? In other words, as the organisation its strategy is enhancing further growth incentives, a longitude case study research would be interesting. As such studies show the workability of the proposed practical implications, and support the investigation whether strong defined responsibilities within a M&A trajectory indeed increase merger successes, and if yes to which degree. It is a way to analyse whether the organisational improvements, which have set in place after the merger cancellation, indeed increases a future merger or collaboration success.

In addition to the above sketched further research propositions, some hypothesis could have been drawn. These additional hypotheses are interesting to look into based on the adjusted research model as shown in figure 6.3, chapter six:

Hypothesis 1: a lack of consensus and continuation in an organisation its responsibility accounting mechanism can increases the amount of uncertainties within an already precarious M&A process.

Hypothesis 2: a lack of clear responsible business director (manager) causes additional merger uncertainties, and therewith leads towards a higher level of merger cancellations.

Hypothesis 3: a lack of consensus in merging organisation their management levels can potential increases the overall merger failure rate.

Hypothesis 4: Responsibility accounting should be oriented in the pre-acquisition phase an assessment mechanism for organisation fit on especially management levels. As it reflects an organisation its structure, culture and values and therewith can increase the speed of an integration phase, if it is good prepared.

It is questionable whether responsibility accounting is a good method in nowadays volatility economic circumstances. The fifth hypothesis is therefore:

Hypothesis 5: Less rigid organisations such as for example agile organisations, are better in handling organisational restructuring processes such as M&A trajectories?

The above stated hypotheses imply that if an organisation its responsibility accounting mechanism is well structured, the overall merger failure rate in all likelihood would decrease. However, as already pinpointed in the discussion section of this chapter, questions did arise whether the rigid responsibility accounting mechanism is still appropriate for nowadays SME businesses. Therewith it also would be interesting to look into the role of agile organisation and M&A trajectories, and see whether there are differences between rigid or flexible organisations.

In sum, it can be stated that due to the explorative nature of this research, a lot of future recommendations can be made. A majority of the proposed research areas are oriented towards the exploration of the relationship as detected in this research. By stimulating the investigation into this relationship more in-depth, organisations will become better prepared for large organisational restructuring processes such as M&A processes, and become able to create value by those processes.

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Interviewees, *as shown in table A.2*

Involved case study organisation A

Involved case study organisation B

Involved investment organisation

Websites of organisations involved

Internal documents of organisations involved

Appendix

Appendix A: Research method elaboration

This section provides an in-depth elaboration into the overall research design. The methodology section is based and constructed in accordance with the problem statement and research questions, as shown in chapter one. Looking at the defined problem statement, it can be concluded that beforehand of this study, little was known about the challenges which would arise during the case study merger trajectory. This Appendix A therefore elaborates on and justifies the choices which have been made regarding the research design and used research methods. This Appendix A starts with providing an overview of the chosen research method, followed by a discussion of the used data collection methods. From there, the data analysis methods are discussed. Finally, the overall validity and reliability of the chosen research methods are discussed, and an elaboration on both the benefits as well as research limitations are provided.

Research method

There are different ways of conducting social research. A researcher can analyse masses of statistical data, also know as quantitative research (numbers), or a researcher can analyse non-numerical data (words), which is known as qualitative research (Babbie, 2007). There is not a best method to determine on how to conduct research social research. Both quantitative and qualitative research methods are applicable, and a researcher should determine its approach by looking at the research question, research objective, the researcher its own involvement, the research sample (size/design) and the need for information/insights (Cooper & Schindler, 2014). Looking at the given problem statement and defined research questions as discussed in chapter one, it can be concluded that the best way of designing this research, is by doing *qualitative field research*. This because a quantitative research would not provide insights on how the key stakeholders of both research objects have experienced the executed M&A process, and important information could potentially be missed. On the contrary qualitative research may can help *"identify people's behaviours and perceptions"* (Cooper & Schindler, 2014, p. 167). As stated by King and Horrocks (2010), a qualitative research method is aiming on *"capturing aspects of the social world but this is done in numerous ways that do not rely on numbers as the unit of analysis"* (p. 7) and therewith can create for example process understanding (Cooper and Schindler, 2014). This with an exploratory or even descriptive nature, whereby the researcher has focused on identifying and evaluating the attempted merger process, and look into dilemmas and challenges which did occur. In other words, this research can be described an exploratory study in order to find out what has happened, obtain new insights and therewith assess a phenomenon for new facets (Saunders et al., 2009). This view on exploratory research is supported by Cooper and Schindler (2014) who state that an exploratory research can be used *"to explain the reasons for the phenomenon"* (p. 22) and hereby can look into opportunities to overcome a certain situation in the future. There is chosen for this approach because a field research can give the researchers *"a deeper and fuller understanding"* (p. 315) of the phenomenon as it can give a better understanding of the phenomenon in its natural surroundings, and moreover because of the fact that field research is widely used in examining practices (Babbie, 2007). Furthermore, the usage of a qualitative research to identify organisational issues is acknowledged by Cooper and Schindler (2014).

One way of conducting qualitative field research, which is widely recognized in academic literature, is by performing a case study. Hereby researchers get a better in-depth understanding of a particular case and its related circumstances. Due to that characteristic, *a case study is a perfect way in order to explore and describe problems* by empirical data, which can lead to further research items (Babbie, 2007). Herewith a phenomenon can be observed within its context (Yin, 2009), whereby empirical data in comparison with certain theories. It can therefore be stated that the nature of the general research question and corresponding sub-questions have resulted into an *exploratory case study design* whereby the case study is being investigated in order to understand this particular merger attempt and following cancellation. For this case study applies that the research focusses on the merger attempt between, with a main focus on the challenges, the expected pitfalls and dilemmas, and the effect of organisational misfit on the cancellation. In other words, the aim was to examine how the acquisition process and strategic- and organisational fit need to be handled in order to facilitate successful M&A.

Data collection – study design

Besides the fact that choosing a good and solid research strategy is important for a research design, it is vital to choose the right data collection methods. Consequently, this section elaborates on how the different data-collection processes for this research have been used.

Research design

As stated by Babbie (2007) a qualitative field research, and in this particular research: *an exploratory case study*, can be designed in several ways. A researcher can observe a certain phenomenon, can conduct in-depth interviews or can form a focus group, where together interviewees can analyse a certain topic (Babbie, 2007). This is in like manner with Yin (2009) who has identified six sources of evidence within case study designed research: documentation, archival records, interviews, direct observations, participation observation, physical artefacts with each their own strength and weaknesses (p. 102).

For this research there is chosen for a combination of different data collection methods. This is not only necessary to guarantee all necessary data which is needed to answer the general research question, but moreover those different data collection methods led to a test *triangulation*. Test triangulation not only has helped the researcher with the comparison of the different data collection methods results in order to ensure same findings, but also has increased the research reliability (Babbie, 2007; Yin, 2009).

This explorative research consists out of two research phases. This research has started with performing a *systematic literature review*. Hereby an examination into two literary domains has been done: a review into the M&A domain, and a literature review into the management accounting domain with primarily focus on responsibility accounting. For example, the M&A processes are described, and a link towards management accounting and its related responsibility accounting is sought to display. Based on those academic findings, a theoretic framework has been build. This theoretical framework is supported by an internal desk research into several management documents of both companies, in order to make some preliminary conclusions regarding the current situation of both companies involved. Based on these literature findings (the theoretical framework) *qualitative interviews* (primary empirical data source) were performed with key stakeholders of the merger attempt, in order to find an answer towards the general research question. With this empirical data, the encountered merger process is being evaluated and challenges and misfits during this process have been identified. Finally, the findings have been elaborated on and are presented in order to advice the organisations involved on how to achieve a successful merger process in the future, and how the experienced challenges should be handled. Such an approach of conducting research as described above, with as main empirical data source semi-structured (qualitative) interviews, is supported by Hopper and Bui (2016). They state that interviews are often used *"if only one interpretation exists, which privileges the perceptive power and storytelling of the authors"* (Hopper & Bui, 2016, p. 16). Furthermore, Hopper and Bui (2016) acknowledge the usage of collection methods by the following: *"many MAR (management accounting research) papers* *have been multi-disciplinary, i.e. they combine theories or incorporate aspects of other theories into their models and analyses; and use multiple methods within and across studies"* (p. 17). With this described research design in mind, it can be stated that this research has an abduction nature (Babbie, 2007; Yin, 2009). Hereby first academic literature is gathered into both the stand alone literature domains: M&A and management accounting, as well as an orientation into the current situation of both companies has been made. Based on those insights propositions and a theoretical framework are drawn and semi-structured interviews are held in order to answer the main research question. Dubois and Gadde (2002) have acknowledged the usage of such an abductive research approach within a case study design. They state that it is a good way of structuring a research if the researcher wants to discover new insights (Dubois & Gadde, 2002). Because as Dubious and Gadde (2002) state, with an abductive research approach, an *"original framework is successively modified, partly as a result of unanticipated empirical findings, but also of theoretical insights gained during the process"* (p. 559).

By conducting *"a chain of evidence"* (Yin, 2009, p. 122) the reliability of a research can be increased, because the readers of the research are then *"able to trace the steps in either direction, from conclusion back to initial research questions or from questions to conclusions"* (p. 122). Therefore, figure A.1 represents the chain of evidence for this research by reflecting the different phases as described above in this section, which were necessary in order to answer the general research question.

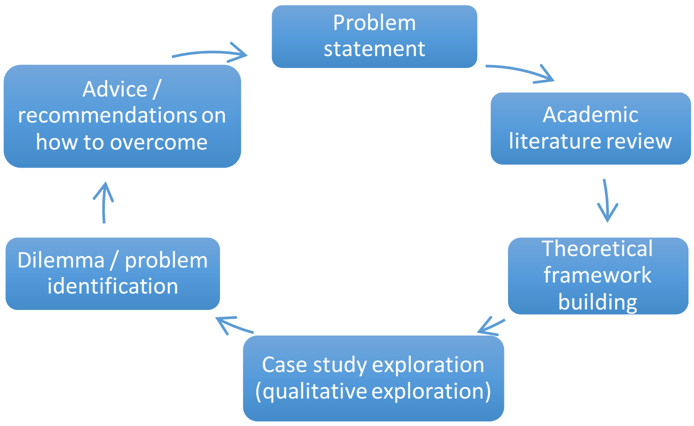


Figure A.1: A visual overview of this research its "chain of evidence".

Data collection methods; a way of performing them

There are multiple methods and research designs which can be used in answer the research question of this researcher. As earlier mention and shown in figure A1 above, this research has combined multiple data collection methods in order to answer the general research question. Each of these methods is elaborated on more extensively in this section in order to explain how data has been collected, and which variables have been used. This all to increase the overall reliability and validity of this research, and therewith strengthen the chain of evidence.

Gathering of secondary data - *literature review*

According to Babbie (2007) a literature review is the best start of a research, because a researcher therewith increases its knowledge about a certain phenomenon. During the literature review of this particular case study research, several topics related to both the M&A and management accounting domain with a main focus on responsibility accounting have been elaborated on, based on *"what others said about this topic"* (Babbie, 2007, p. 124). Those discovered theories have provided a foundation on which the case study has been conducted, and empirical conclusions could be compared with. The *systematic literature review,* which has led to the secondary data for this research, is done in two different ways. First a *systematic* *academic literature review* is conducted in order to describe previous research that has been executed on management accounting and responsibility accounting in combination with the effects of organisational changes, organisational growth, the human interfaces and the creation process of more synergy between two different business units, or also known as M&A literature. From here, an *internal literature review (document research)* has been done in order to get a better understanding of both research objects involved.

Academic literature review
As already mentioned, this research has started with reviewing academic literature available on two independent domains. This all based on frequently cited academic articles, originating from quality finance and management journals as well as from management accounting books. Hereby the researcher has aimed on retrieving more in-depth-knowledge on both the fields of M&A trajectories as well as on responsibility accounting. The researcher has e.g. looked into the phases of the M&A process, the lessons learned which have already been identified by academic literature, what is management and responsibility accounting, what are its core elements and the researcher has looked into the impact of organisational restructuring due to a M&A process on the assignment of responsibility centers.

This academic literature review method is moreover used for answering the sub-questions: 1, 2, 3, 4, 5 and 6. Together, these questions have formed the theoretical framework of this research, which has been the answer to sub-question 7. The identified articles were obtained from multiple databases. First the databases, provided by the University of Twente called Scopus and Web of Science, and the database offered by Google named Google Scholar were used. In addition, the several management books which have been used for this research were collected by using both the physical library of the university of Twente, as well as retrieved from an online data base called google books. All literature sources were consulted in the period from 25th of May till 7st of July and in addition in the period 14th of November till the 16th of December in order to collect all necessary data. In order to find the right articles and book chapters, key words were formulated based on the research questions: *M&A, mergers, acquisitions, synergy, timing, corporate governance, M&A failures, M&A successes, M&A lessons learned, management accounting, financial control, responsibility accounting, responsibility centres, organisational changes, organisational restructuring, management accounting and organisational growth.* Several combinations of search terms were used, in order to maximize the search area and therewith increases a successful literature collection. After collecting all useable literature as described above, the literature obtained out of the databases is analysed based on their used references in order to ensure that none significant articles or books have been mist during the first search attempt. Something which is alto referred to as the backward and snowballing citation methods. Those additionally obtained references were once again viewed on usability and accessibility by title and abstract and from there, included into the academic literature review. There is chosen for such an extensive selection process of articles to ensure the quality and correctness of the data as the correctness of the theoretical framework has been the foundation for the whole research.

Document research
Besides the conducted academic literature review, another form of literature review is used during this research, called document research. Hereby a research into several internal documents of both companies involved is done with as aim: getting a better understanding of both companies involved, the context of the research problem and getting a better understanding of the experienced management problem. With this specific case study foreknowledge, it became possible to identify and explore the case study from an early stage on. This document research has therefore served as a preparation for the semi-structured interviews, and due to this

knowledge, more in-depth questions could be asked. The usage of a document research like this, also called archival records, is acknowledge by Yin (2009) who states that *"for many studies, archival records also may be relevant"* (p. 105). This is complemented by Mclean (2015) who states that an archival record based research method is necessary in order to get better insights into research objects. The inquiring document research for this research has looked into the following documents of both research objects: *management reports, financial statements, monthly reports, board meeting reports.* Hence, it is important to note that the following recommendation of Yin (2009) was observed: *"an investigator must be careful to ascertain the conditions under which it was produced as well as it accuracy"* (p. 106).

Gathering of empirical data - *semi-structured Interviews*

According to Babbie (2007) interviews, and especially qualitative interviews are *"an interaction between an interviewer and a respondent in which the interviews has a general plan of inquire including the topics to be covered, but not a set of questions that must be asked with particular words and in a particular order"* (p. 335). This is in like manor with Yin (2009) its definition who states that "*interviews will be guided conversations rather than structured queries"* (p. 106) and it is therewith an important information source for especially case studies because these interviewees can give deeper insights into important cases and problems (DicCoo-Bloom & Crabtree, 2006; Cooper & Schindler, 2014). Furthermore, DiCicoo-Bloom and Crabtree (2006) emphasize that semi-structured interviews "*are generally organised around a set of predetermined open-ended questions, with other questions emerging from the dialogue between interviewer and interviewee"* (p. 315). These characteristics are the major distinction between a quantitative survey and a qualitative interview, and are therewith the determining factor why this method is most suitable for this research. This is enhanced by the fact that an interview can follow a natural and smooth way, where the researcher can differ from the proposed questions and herewith topics can be discussed more in-depth if needed.

There are several ways of conducting *qualitative interviews,* and therewith several manners of interview techniques which can be used by a researcher, in order to collect primary data. There are for example structured, semi-structured and non-structured interviews (Babbie, 2007; Yin, 2009; DiCicco-Bloom & Crabtree, 2006; Rubin & Rubin, 2011; Saunders, Lewis & Thornhill, 2009). Looking at the goal of this research, it can be stated that a *semi-structured interview* method is the best approach because, as Babbie (2007) stated that, *"qualitative interviewing is more a guided conversation than a search for specific information"* (p. 346). Hereby semi-structured interviews are better to compare than non-structured interviews, but do give additional information in comparison with structured interviews. This is supported by Yin (2009) who states that the main focus of interviews is on behavioural events. Hereby semi-structured interviews, are one interview technique where the *"interviews may still remain opened and assume a conversational manner, but you are more likely to be following a certain set of questions derived from the case study protocol"* (Yin, p. 107). This has the advantage that a semi-structured interviews can provide additional information into the research topic, but on the other hand, it is more time-consuming and difficult to analyse (Babbie, 2007).

In conclusion, it can be stated that for this research, the primary data collection method were the conducted *semi-structured interviews*. This due to its good fit for a case study research with a limited amount of respondents (Yin, 2009). As semi-structured interviews have the characteristics of giving a deeper understanding into the experienced and opinions by people (Seidman, 2013; Saunders et al., 2009). Furthermore, Saunders (2009) state that semi-structured interviews do not only answer how and what questions, but more importantly answer the important why questions. Something which could not be done by surveys or other statistical experiments.

The in this research conducted semi-structured interviews were formed, based on the interview stages compiled by Kvale (as referred by Babbie, 2007): *thematising, designing, interviewing, transcribing, analysing, verifying, reporting*. Hereby, the literature review and resulting theoretic framework have been used as a base for the initial interview questions, as given in appendix A. Based on this formed theoretical framework, questions are asked related to both the M&A and responsibility accounting domains and are questioned open-ended to ensure as much (in-depth) information possible, about the merger attempt and the experienced challenges (opinions, experiences and more extensive knowledge). In other words, stakeholders of the different business segments were asked about their experiences and opinions. There is chosen for such an approach of constructing a literature based interview scheme, to ensure an equivalent data collection process and therewith reliable research results. Table A.1, shows a brief overview of the interview themes as provided in Appendix A, which are used as a guideline during the interviews.

	Interview theme's
1.	Interview introductory questions - *who is the interviewee?*
2.	Questions related to uncovering the current responsibility accounting mechanism – *how were responsibilities organised at the time of the merger attempt?*
3.	Case study introductory questions - *what is the interviewee its background in the process*
4.	Questions related to the uncover the merger attempt process – *identification of bottlenecks and challenges*
5.	Propositions – *an identification of the expected relation responsibility accounting has on merger success based on the proposed research model*

Table A.1: Overview interview themes for the semi-structured interviews

The overall aim of these semi-structured interviews was to identify the current situation regarding the responsibility accounting mechanism of organisation A, and obtaining insights into the merger attempt. In addition, these interviews were used to derive insights into which specific challenges and bottlenecks both businesses have faced, viewed from various stakeholders' perspectives and how potential organisational misfits have had an influence on the merger cancellation. In other words, the interviews have identified the merger process, are used to evaluate how the process has been done and has identified the challenges and dilemmas the various stakeholders have experienced with a main focus on organisational fit. All this has supported an advice formulation towards the targeting organisation (organisation A) on how to execute a merger another time successful.

The interviews were held in a period of two weeks, starting in January 2016, and were held individually, face-to-face for approximately an hour per interview. As already reflected, the interviews had the purpose of collecting the experiences and knowledge of the involved stakeholders of both research objects, regarding their role into the merger attempt and the dilemmas / opportunities they experienced. Therefore, it can be stated that the data collection method interviewing is used in order to answer sub-questions 8, 9, 10 and had therewith form the main body of the data collection during this case study research.

Sampling method – *the chosen respondents*

Because the research is based upon a case study, the respondents, further called the key gatekeepers or key stakeholders, were selected from both research objects (organisation A & organisation B), as the main objective of the research was, gathering information about the problems and dilemmas both organisations have faced within the merger attempt, and collecting opinions on how to overcome these problems in the future. Therefore, the respondents were selected and sampled, based upon their position within both companies, their relation and known involvement in the merger attempt between both companies, and their responsibilities. Hereby, deeper in-depth case study knowledge has been collected.

In consultation with both the HRM manager and the CFO, a total of nine respondents was selected to be interviewed. Hereby, the researcher has taken into account the different departments of both organisations and selected at least out of every business unit one stakeholder. However, based on the fact that the merger attempt took place on primarily management level, only managers and branch directors have been selected. General employees were therefore not selected as they lacked in-depth knowledge about the M&A process, responsibilities and potential bottlenecks. Table A.2 shows an overview of the research population and its diversity. Such a sampling method is in line with DiCicco-Bloom and Crabtree (2006) their vision, who state that *"the sample of interviewees should be fairly homogenous and share critical similarities related to the research question" (*p. 317). This is inter alia acknowledged by Myers (2013) who states that an interview population should reflect an honestly diversity of the population, and therewith should reflect different positions in order to fully capture a particular phenomenon.

Number	Function/Position
1.	CEO
2.	CFO
3.	Manager HRM
4.	Branch Director
5.	Branch Director
6.	Branch Director
7.	Manager Operations
8.	Investment manager of investment organisation
9.	Director of investment organisation

Table A.2: An overview of the research sample – ***reflection of the chosen respondents***

Data analysis – *how is research data be processed*

In order to process and analyse the empirical data, which has been provided by the semi-structured interviews in a structured and valid way, all interviews were recorder, transcribed and from there, the interview reports were distributed to the respondents, as required by the roadmap provided by Kvale (as referred by Babbie, 2007). By this roadmap, the interpretation of quotes by the researcher, need to be verified by the respondents, in order to ensure the reliability and validity of the conducted interviews.

It would be preferable to analyse the interviews' transcriptions by a statistical analysis program such as for example ATLAS. ATLAS is a statistical program, which can help analysing qualitative data by structure and finding patterns in qualitative data and therewith provides a way of comparing the different interviews on similarities. Such a data analysis approach is highly recommended by academic literature. As for example by DiCicco-Bloom and Crabtree (2006), who state that first a researcher should process the recorded interview data, then transcribe the recorded data and from there, use a software program in order to manage and analyse the data. However, looking at the aim of the interviews and the nature of the semi-structured interviews, it can be concluded that analysing this data with a statistical program is not the right way to process the data in order to obtain all necessary information. The interviews are used to obtain experiences and opinions and therefore the semi-structured interviews could best be analysed by looking towards striking quotes, based on the interview transcriptions with the format as provided in Appendix B. From there, the quotes were analysed on what the different quotes should mean by comparing them with the proposed theoretical framework as given in chapter four, and what the quotes could imply for a future merger and how to address the experienced problems. Based on a certain approach, where the research is build upon the theoretical framework, the obtained empirical data (quotes) can be evaluated and can be interpreted as useful / unusable. So, based on the collection of striking quotes, given by the managers during the interviews, the researcher had the change to identify the experienced problem areas of the merger attempt and has gained opinions and insights on how to do it better in the future.

Method limitations and validity problems of chosen approach

According to Babbie (2007), there are several strengths and weaknesses, regarding a qualitative exploratory field research. A strength of this kind of research approach is inter alia the fact that qualitative field research, with the usage of qualitative interviews or observations, can provide more in-depth information than a statistical research approach. Furthermore, a qualitative case study research design with as main data source semi-structured interviews, is a flexible research method and can help a researcher in getting a better understanding of a phenomenon (Babbie, 2007). A weakness on the other hand is that, regarding the high validity, reliability is hard to accomplish (Babbie, 2007; Yin, 2009) and conclusions are hard to generalizable. As this research aims on identifying problem areas in the case specific merger attempt which is central to this research by extracting personal opinions and experiences, there is a possibility where these opinions and experiences are interpreted incorrect. By interviewing face to face, and by asking for confirmation of the interview content, this limitation is tried to reduce. In addition, a theoretic framework has been build in order to use a standardized interview guideline, which also has increase the reliability and consistence of the interviews. This theoretic framework has not provided an absolute answer to the main research question, but did on the other hand provide insights into the existence of the relationship between responsibility accounting and merger successes. Furthermore, Cooper and Schindler (2014) enhance the fact that generalization is hard to achieve by stating that a case study most of the time shows extreme values and is therewith an extreme reflection of reality. A reason for this low generalizability is given as by the fact that case studies *"do not meet minimal design requirements for comparison" (*p. 128). However, Cooper and Schindler (2014) do stated on the contrary that this does not apply to every case study, because case studies can give more in-depth knowledge for a theory and can be a reliable source for new research, new constructs and therewith new propositions. They conclude that *"a single, well-designed case study can provide a major challenge to a theory and provide a source of new hypotheses and constructs simultaneously"* (Cooper and Schindler, 2014, p. 128). This is supported by Rosenthal (2016) who also acknowledge that the low level of generalizability should not been always seen as a limitation, in for example a case study research. For this case study implies that due to its small sample of interviewees, this research did not represent the population of production plants in the Netherlands. However, this can be justified based on the fact that this research is a case study research with an exploratory character towards the influence of responsibility accounting on merger successes in the pre-acquisition phase, and is therefore used as a research where future research can be based upon. As this case study meets the requirements of Yin (as referred by Myers, 2013)

Beside the fact that the overall case-study research design has resulted in some limitations, the different research methodologies have also created some implications. First of all, the semi-structured interviews were the main data collection method, but because of time limitation they were once held with a maximum of one hour. Therefore, there is a change that these interviews did not cover or provide all the necessary information for the research. Secondly, the researcher has taken into account that this research could deal with validity problem because of the influences the managers and directors could have had on each other, or the fact that the managers did answer questions with a social-desirable answer (Yin, 2009). Furthermore, it is acknowledged that the interviewer (researcher) could be a biased on his own, because as Bryman and Bell indicated, if a researcher has to little knowledge about the subject, they could interpret answers incorrect (Bryman & Bell, 2011). The researcher tried to eliminate all these limitations and biases, due to the fact that during the data collection period, which was from November 2016 until February 2017, the researcher was presented at both companies in order to build a higher level of trust between the research population and the researcher.

Appendix B: Interview guidelines

The interview questions as drafted below are formulated in English. However, the introduction and interview elaborations have been carried out in Dutch, as it is the native langue of both case study objects. The interview themes are as mentioned in the methodology chapter, structured based upon the theoretical framework as proposed in chapter 4.3.

Introduction, discussing the aim of this interview:
Allereerst hartelijk bedankt dat u even tijd voor mij vrij hebt kunnen maken. Ik zal u eerst het doel van het onderzoek uitleggen. Zoals u wellicht al weet, ben ik sinds november vorig jaar bezig met een onderzoek voor mijn master Business Administration. Voor mijn onderzoek ben ik bezig met een casestudy bij jullie organisatie. Het doel van dit onderzoek is om te onderzoeken in hoeverre de huidige organisatie en met name de accounting responsibilities zijn ingericht om een succesvolle toekomstige overnames en daarmee dus autonome groei mogelijk te kunnen maken. Hierbij zal de nadruk liggen op hoe accounting responsibilities anders ingericht kunnen.

Gedurende dit onderzoek zal responsibility accounting het volgende betekenen: *een management accounting methode welke organisaties ondersteund bij het verzamelen en rapporteren van business information in vergelijking met budget informatie. Het is essentieel voor het management accounting system en kan gezien worden als een evaluatie mechanisme per manager/ afdeling.*

De interviewgegevens die middels dit interview verzameld worden, zullen geheel vertrouwelijk behandeld worden. Met behulp van dit interview, een door mij opgesteld onderzoeks model, gebaseerd op academische literatuur, zal getest worden om te kijken in welke mate responsibility accounting (onderdeel van een organisatie zijn management accountingsysteem) effecten heeft op het al dan wel of niet slagen van een merger & acquisitie. Deze relatie tussen zal mede bepaald worden door de te vragen statements in interview thema 5.

U bent gekozen als geïnterviewde, door uw (mogelijke) betrokkenheid tijdens dit proces. Tijdens dit gesprek zullen de vragen dan ook georiënteerd zijn op uw positie tijdens recente merger pogingen, uw ervaringen en uw persoonlijke mening. De vragen zullen open gesteld worden en elke vorm van extra informatie met betrekking tot dit onderwerp wordt gezien als waardevol. Het doel is namelijk het creëren van zoveel mogelijk inzichten en elke informatie die hieraan bij kan dragen is meegenomen.

Met behulp van deze interview vragen, en de straks te bespreken op basis van academic literature gefundeerde statements, probeer ik middels deze master thesis een relatie te schetsen tussen een bedrijf zijn responsibilities en merger/collaboratie successen.

Dit interview zal, als u hiervoor toestemming verleent, opgenomen worden. Op basis van deze opname zal een gespreksverslag worden gemaakt, welke door u naar afloop van dit gesprek geaccordeerd kan worden op waarheid. Hierbij zal anonimiteit gelden, iets wat geldt voor mijn gehele master thesis rapport.

Al met al zal dit interview naar verwachting één tot anderhalf uur gaan duren waarbij zes door mij opgestelde thema's zullen worden besproken.

Theme 1: Interview introductory questions - *who is the interviewee?*

1) What is your name? *(will only be used for processing of the data, your name will not be used during the thesis)*
2) How many years do you work at your organisation?
3) For which department / business segment do you work?
4) Do you have had any experience in your past working experience regarding organisational restructuring (both within the case study organisations as other organisations)?
   i. Can you tell me something about those experiences?
5) Do you have previous experienced M&A (creating synergy) processes (both within the case study organisations as other organisations)??
   i. Can you tell me something about those experiences?

As already briefly discussed in the introduction, the research has as aim: identifying the dilemmas and bottlenecks for future merger and acquisition attempts within your organisation and how to overcome these issues. I would like to discuss with you, as a key responsible manager of your department/business unit, your involvement, opinions, thoughts and experiences of the overall responsibility accounting system and related growth incentives.

Theme 2: Questions related to uncovering the current responsibility accounting mechanism – *how were responsibilities organised at the time of the merger attempt?*

Based on an executed academic literature review, it can be concluded that the structuring of an organisation its responsibility accounting mechanism could have potential had influence in prematurely merger cancellations as in nowadays economies the importance of organisational fit increases more and more. In order to assess whether this relationship does indeed exist, I would like to asks you some general and case specific questions regarding the responsibility accounting mechanism of your organisation. This to inventory the current position of the responsibility assignment within your organisation.

Management accounting – the increasing importance of organisational control during organisational changing circumstances.

6) In nowadays academic literature, there is a shift going on related to the perspectives of the overall management accounting system: *topics such as budgetary control and management control systems show an increased interest, where topics as cost management and inter-organisational controls showed a decrease in interest*
   i. Have you seen this within your own organisation, can you explain this?
7) Do you belief that management control has gained a lot of interest due to nowadays difficult economic circumstances and takes therewith a greater role in nowadays organisational control when implementing changes such as for example corporate restructuring processes as M&A attempts?
   i. How does this relate to your organisation and what is your personal opinion?
8) To what extent do you belief that responsibility accounting is one of the most important controlling mechanisms in your organisation?
   i. What does responsibility accounting mean within your organisation, how is it intent and has it for example a definition within your organisation?

Responsibility accounting, how does it function and how is it organized: the nature of the responsibility accounting mechanism of the case study objects.

9) How would you rate the overall level of control within your organisation?
   i. Which internal controlling systems does your organisation use?
      As there are two core management controlling system
      - **Formal planning** – budget and long term strategy planning.
      - **Responsibility accounting** – a system that measures the plans, budgets, actions and actual results of each responsibility center.

ii. Is responsibility accounting a well used control mechanism in your organisation?
    i. (is it relevant → does it contribute to more effective organisation → are the right activities delegated in your opinion?)
iii. Which of the following incentives have been used within your organisation regarding the responsibility accounting system?
    i. Planning and allocation of resources
    ii. Controlling of operations
    iii. Evaluating the performance of segment managers
    iv. Making decisions on prices
    v. Creating an environment for healthy competition (M&A incentives)
iv. Are responsibilities set clear within the organisation, what is your opinion?
    i. Is there a clear responsibility mechanism?
    ii. Does it contribute to a controlled operation, resources can be planned, performances can be evaluated during economic uncertainties?
v. Is the responsibility accounting mechanism a reflection (interface) of your organisational structure?
    i. Do you belief that the responsibility accounting mechanism of your organisation is set based on the organisational structure?
    ii. Or does the organisational structure reflect responsibility centers or the other way around?
vi. Are those responsibilities well defined and communicated?

10) What is your responsibility qualification as manager/branch director of your department?
    i. Cost, expense, revenue, profit or investment center?
11) To what extent do you belief this is the right responsibility center qualification?
    i. Is this in line with your roles and tasks?
12) Are costs and revenues directly associated with your level of management responsibility?
13) To what extent have you control on your own targets → are you accountable?
    i. Strategic control
    ii. Operational control
    iii. Financial control
    iv. Does it keep control on both economic and social ways?
14) To what extent do uncontrollable factors such as economic, competitive, nature or interdependencies affect your accountability on your responsibilities?
15) How are you evaluated? Based on your cost and or revenues in association with your qualifications, in comparison with the budget
16) To what extent do you have the time and resources to complete your task?
17) Can you tell me if you have any say in strategic vision of the whole organisation? Do you know their growth incentives, past M&A trajectories?
    i. To what extent did you experience barriers preventing for fulfilling your activities during the merger process or do you expect it in the future?
18) Would you like to change something regarding the responsibility mechanism of your organisation, and if yes can you explain this more in-depth?
    i. What is your personal vision?

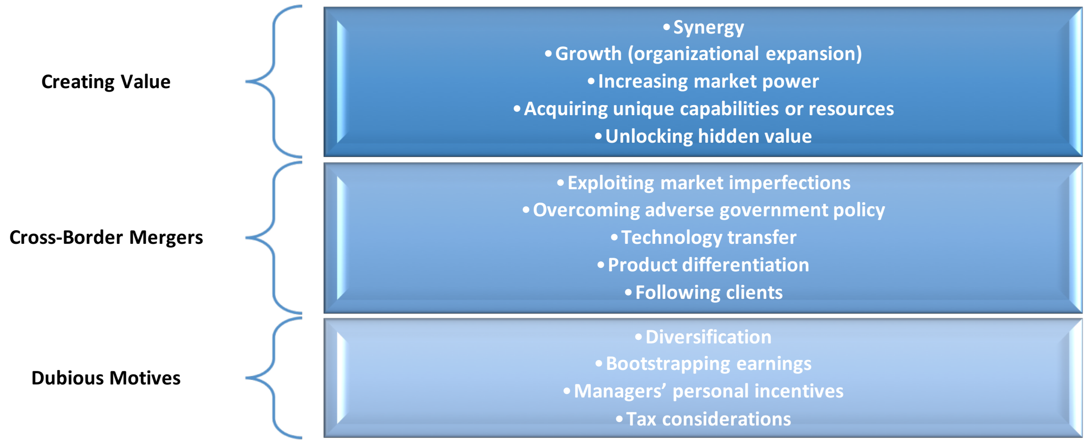
Theme 3: Case study introductory questions - *what is the interviewee its background in the process*

Now the responsibility mechanism of your organisation is discussed, I would like to ask you something about organisational changes your organisation might have faced recently.

19) Can you tell me something about the changes which had happened recent months in your organisation, and how you have experienced these changing circumstances?
20) Were you involved into these organisational changes?

i. No → would you like to be involved next time and in what way?
ii. Yes → can you tell me something about the involvement?

21) Have you ever been involved in merger attempts or an investigation into a collaboration with another organisation which had merger characteristics? Yes, recently →
   i. Do you now what the motives where behind the merger attempt? *(organisational growth, economic synergies, general management improvements)* → were those aligned throughout the organisation, or at least by those who were involved?
   ii. Were are stakeholders aligned to the extent you can say from your perspective?
   iii. Do you belief that those organisational changes have had effect on organisational control? → Yes, to what extent?



If the interviewee had non involvement into an attempted merger in recent times, the following questions related to the identification of bottlenecks and challenges of a M&A attempt (theme 4) can be skipped and the literature propositions (theme 5 and 6) can be asked. Furthermore, organisation A has in respectively 2001/2003/2008 already done some collaborations / done some merging characterized processes, therefore the three directors of those divisions are asked about their merging processes, so a comparison can be made.

Theme 4: Questions related to the uncover the merger attempt process – *identification of bottlenecks and challenges*

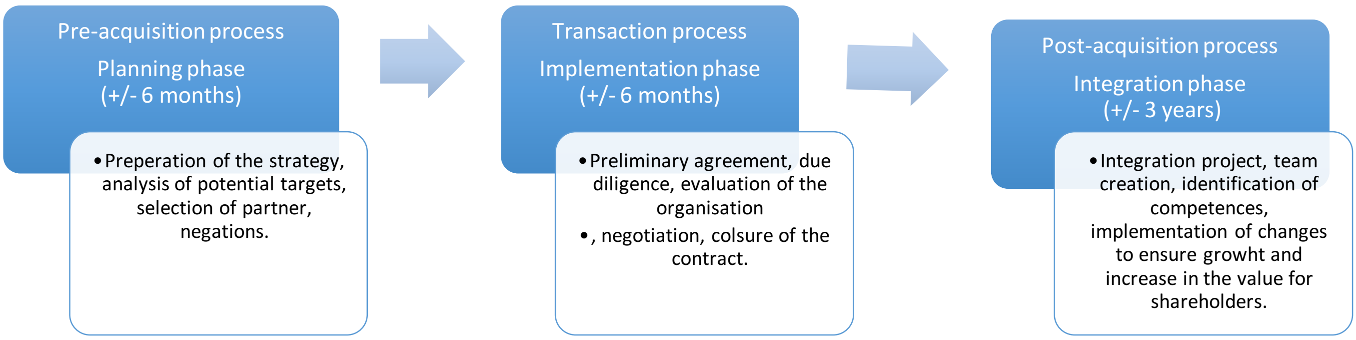
As you acknowledged, your organisation has faced a recently conducted orientation into a M&A process. In order to fulfil the aim as discussed previous: identifying the dilemmas and bottlenecks for future merger and acquisition attempts for your organisation, I would like to discuss the M&A process previously conducted by your organisation, in order to identify some lessons learned.

22) Can you describe the other party involved in the merger process, and therewith can you provide a picture on which both organisations were associated?
   i. (horizontal, vertical or conglomerate merger / complete, majority, minority position)?
   i. To what extent do you belief that a certain collaboration is right for your organisation (do you have suggestions otherwise?).

23) Can you give me a description about the recent merger attempt (business collaboration) your organisation has faced?
   ii. What were the actions taken?
   iii. Who was responsible? (where there for examples assigned teams?)

24) How did you experience the recent (or past) merger attempt of your organisation?
   iv. How was for example the communication for and during the process?
   v. How was the speed of the pre-acquisition (orientation phase) process?
   vi. Did you experience changes of the everyday operations during the merger attempt?

25) To which degree were you involved during these organisational changes related to the merger attempt?
   i. What where your tasks / contributions during the process?
   ii. Did you experience any challenges/bottlenecks?
   iii. Did you experience organisation changes?
26) To which degree were you already integrating both businesses before the actual deal has been made? → exploration into early integration and was this the intention at first?
   i. Did this cause uncertainty due to different cultures, workforces and processes?
   ii. What would you have better seen?
   iii. Were there problems/uncertainties regarding responsibilities / the overall level of control? And if yes, can you elaborate those for me?
   iv. How did you already look towards integration of both businesses? Was it appropriate to do this early in the process, even before a deal was made?
   v. What is your opinion of those orientating into integration before deal making? Does it provide valuable insights or does it cause uncertainties?
27) Do you have any idea if the M&A process has been handled in differ phases?
   i. Pre-acquisition phase
      i. preparation of the strategy
      ii. analysis of potential targets
      iii. selection of partner negations
      iv. value creation → identify potential synergies
      v. due diligence → a orientation into the merging or acquired organisations, for example to its assets, liabilities, commercial potential, knowledge.
   ii. transaction phase
   iii. post-acquisition phase
   iv. or the phases by Yu and Yang- strategic planning, valuation, negation, integration
   v. or was the process an organic process, whereby no defined phases were used?



28) Do you have any insights in some of the external factors which potential could have effect on the merger attempt? Can you elaborate those external factors for me?
29) Do you belief the timing was right to enter a collaboration/M&A process like last year?
   i. Or were there some factors (such as the discussed external factors) which had made it better to do the collaboration process a year later?
30) Did you have any ideas about the compatibility of both organisations on the following two perspectives:
   i. Strategic fit level (***fully understanding of acquirer, target & synergies)***
      i. Choice of partner (voluntary or assigned by investment organisation?)
      ii. External compatibility (strategy)
      iii. Corporate strategy (internal strategies)
   ii. Organisational fit level ***(culture, differences, identify keeps and gives)***

iv. Size mismatches (two different sizes)
v. Integration strategy → was there a plan or was it organic?
vi. Cultural differences → same type of organisation in terms of size, product, culture?
vii. Internal compatibility (organisational structure right)
viii. Controlling mechanisms comparable to each other?

iii. Who did determine the "fit" (is it determined or skipped during organic process?)

31) Do you belief that the merger cancellation is the effect of one of the identified lessons learned, or has one of those lessons learned contributed towards the cancellation:

Merger and acquisition phase	Type of problem / cause of failure
Pre-acquisition phase:	➢ Poor strategic fit (mismanagement of new strategy) ➢ Lack of strategic risk management ➢ Lack of detailed planning ➢ To small time frame (can let to haste and carelessness) ➢ Incomplete pre-acquisition screening ➢ An overestimation of potential value creation (Mismanagement of prices) ➢ Unrealistic expectation (over confidence) ➢ Quality process – poor decision making process
Post-acquisition phase:	➢ Poor organisational fit ➢ Poor/slow integration planning ➢ Failure in managing the multiple stakeholders their interest ➢ Quality process – poor (slow) integration ➢ Inefficient or administrative problems (not explicitly in the financials) ➢ Cultural integration (lack of ensure)
No specific phase failures	➢ No synergy creation (or overestimation positive outcomes, to high expectations) ➢ Difficulties in communication ➢ Poor cultural compatibility ➢ Keeping information to close ➢ Distrust ➢ Management capacity (lack of management prudence) ➢ Keeping information to close ➢ Allow the wrong changes to happen ➢ No guiding principles and or rules ➢ Poor stakeholder outreach (group dynamic)

32) Besides lessons learned (failure causations), academic literature has acknowledged six determinants for a successful completion of a M&A project, can you give me an idea into which extent your organisation has taken into account one of those six determinants?

i. *Strategic vision and fit*: set clear vision and long-term strategy in order to create competitive advantage and look for potential synergies into "size, geography, people or services" (Epstein, 2005, p. 41)
ii. Deal structure: determination of the price and way of financing.
iii. Due diligence: a review into the compatibility of the target organisation by e.g. the assets, liabilities, culture, expenses, organisational fit.
iv. Premerger planning: During this period, the integration process is formulated and key decisions are made in the areas of leadership, structure, and timeline for the process. It is important to establish clarity in roles and responsibilities for those involved in the integration process, versus those in operating businesses.
v. Post merger integration: the strategy of both the new organisation and the integration process must be clear and the new organisational structure must be well defined.
vi. *External factors*: distinguishing external factors which could damage both short- as long term merger value.

33) How did you experience the speed of pre-acquisition process? Was it to quick or to slow?
"the speed depends on whether the organisation is in good health and is currently doing good. In such cases there is no need to rush the implementation. But if the acquiring organisation has some problems or is not very well managed, it is important to integrate them as soon as possible."

Theme 5: Propositions – *an identification of the expected relation responsibility accounting has on merger success based on the proposed research model*

Besides the just discussed open-ended questions which helps gain case study insights, I would like to ask you some literary based statements (stellingen) and want to hear your personal opinion and feedback on those propositions. (YES/NO answers + potential explanations)

M&A factors:

Statement 1:

I belief that if both strategic fit and organisational fit are explored/achieved, it can lead to (an increased) merger successes.

Statement 2:

However, I belief that an integration orientation (pre-assessment during the pre-acquisitions phase) towards organisational fit is indeed necessary before deal making (transaction phase) in order to overcome problems in a later stage. → *Such as preventing costly tedious merger processes, which in the end are cancelled due to organisational problems.*

Statement 3:

I belief that a pre-orientation into both merging organisations their management accounting mechanism can support the overall organisational "fit" and therewith provide a smoother integration process and therewith can contribute positive to the merger outcome.

Statement 4:

I belief that external factors such as market uncertainties and timing can have effect on a merger attempt, and therewith on a merger its success rate.

Statement 5:

I belief that stakeholder motives should be aligned in order to achieve merger successes.

Statement 6:

I don't belief in the established M&A phases provided by academic research, (pre- transaction and post-acquisition phase). They are just guidelines and especially in nowadays changing circumstances, an organisation should lie on their experiences.

Responsibility accounting factors:

Statement 7:

I belief that responsibility accounting (the delegation of responsibilities throughout an organisation) is a fundamental element on how an organisation organises themselves, and need to be set right, otherwise they can become a problem for changing circumstances.

Statement 8:

I belief that the overall level of control (on both financial as operational) within organisations should be high in order to deal with uncertain processes such as M&A trajectories or organisational restructurings and complete them successfully.

Statement 9:

I belief that there should be a clear agreement within organisations, regarding the usage of the responsibility accounting mechanism and therewith the allocated responsibilities, and how to use and frame those responsibilities (planning, allocation, control, price decisions etc.)

Statement 10:

I belief that if an organisation its structure is clear, responsibilities and its related responsibility center managers can be made clear, and level of control can therefore be handled.

Statement 11:
I belief that if responsibilities and roles are set clear throughout the organisation, a merger cancellation can be prevented. → *your proposition is one I have confidence in.*

Theme 6: Conclusive questions - future oriented questions

34) What is your personal opinion of your organisation its growth incentives?

35) What is the greatest challenge today for your organisation, and how do they handle these challenges? → *is this the assignment of responsibilities or are there other causations?*

Thank you for all your time and provided information. If you look the on literature based research model, can you give me any other interesting views / recommendations on how you see the expected relationship, based on your experiences in the past?

Appendix C: Interview analysis scheme (confidential)

Appendix B shows the interview analysis schemas of the nine conducted semi-structured interviews of this research. The interviews are transcribed and approved by the interviewees, from where the striking quotes as shown in the tables below are selected. These striking quotes are the primary empirical data sources which have been used in chapter five.

Note: as described in section Appendix A, all interviews are recorded and confidential. The reader can contact the researcher in order to retrieve the records and transcripts whereon this appendix B, has been based.

Appendix D: A summary of the theoretical proposition findings

Appendix C shows an elaboration of the eleventh theoretical proposition in which striking comments and interesting views are discussed. As mentioned in section 6.4, those are in line with the findings earlier presented in sections 6.2 and 6.3

Statement 1: *I belief that if both strategic fit and organisational fit are explored/achieved, it can lead to (an increased) merger successes.*

In general, the interviewees stand very positive towards this theoretical proposition. Both the importance of strategic fit as well as organisational fit is acknowledged. As one of the interviewees has states *"it is crucial, and if a certain alignment is not met, success is probably not achievable".* The interviewees acknowledge that strategic ground is of importance because if both organisations do not adapt to each other their strategic visions, *"you never walk the same direction with each other". If* strategic fit is researched, organisational fit is of importance, and than not so much organisational fit in general, but more importantly the overall fit of management levels and management styles. For this particular case study most of the "fit" has been identified in the production process of both organisations, creating synergy between the crucial production parts.

Based on the obtained interviewee perspectives, it can be stated that both the strategic fit as well as organisational fit, and the management fit should be explored in order to increase the likelihood of merger success. Something which was already pronounced during the merger attempt discussion as shown in section 6.3.

Statement 2: *I belief that an integration orientation (pre-assessment during the pre-acquisitions phase) towards organisational fit is indeed necessary before a deal can be made (transaction phase) in order to overcome problems in a later stage.*

Each of the interviewees has acknowledged that the more preparation goes into an extensive collaboration attempt, the better the potential output should be. However, the extensive integration orientation was not found as a necessity for this particular case study, as they were already approximately similar. As one of them stated: *"both organisations could be slid into each other. They would have their own businesses, but those differences were subservient to the established group strategy. If one makes a strategic point for the coming five to ten years, an organisation its fit is subservient, and can be adjusted towards that strategy".*

So yes, indeed it is of importance but not a firm's must have, it only makes things easier. One of the interviewees emphasis this by acknowledging that *"I belief that organisations should think through their "fit" and need to figure out a plan on how to integrate from an early stage on, for example by a 3-5 strategic plan and how organisational wise their business should look like – how to integrate."* If an integration plan is set, whereby also towards the lower management levels, and correspondingly those employees, a clear plan is presented, an integration process would be smoother.

It can therefore be stated that indeed a good preparation is always a necessity, but it moreover depends on the equivalence of both merging organisations. The earlier organisations look into those integration issues in general, the better they can anticipate on potential bottlenecks.

Statement 3: *I belief that a pre-orientation into both merging organisations their management accounting mechanism can support the overall organisational "fit" and it therewith provides a smoother integration process and contributes positive to the merger outcome.*

This particular statement has brought more information than originating expected. A majority of the interviewees has indicated that they found it of more importance than the first two statements orienting towards strategic and organisational fit: *"As it is the steering team of an*

organisation and the better they align, the better fort he organisation as they need to build the new organisation. If those are supportive tot he merger, and know what to do and how to structure the new organisation, the rest of the organisation will correspondingly follow."
Another interviewee has acknowledged that it indeed bears towards a more merger success chance. He even indicated that the management structures would potential give more chance to merger successfully, than the orientation into organisational fit, as the management levels eventually were the parties who should work together and are therefore of importance by stimulating those alignments. This is by one of the interviewees enlarged by underlying the importance of nowadays IT systems.
So, it can be stated that the alignment of managers and correspondingly the management accounting systems of both organisations, is of even more importance than the organisation their strategic and organisational fit in general. As the managers and the related systems are the regulators within an organisation, and if those are on board, organisational restructurings will be better received by the entire organisation and therewith ensure a smoother integration process.

Statement 4: *I belief that external factors such as market uncertainties and timing can have effect on a merger attempt, and therewith on a merger its success rate.*
This theoretical statement has shown, that the importance of external factors for this practical case study were not of such importance as originated thought by the researcher. Interviewees enhance that external factors such as market size, capacity and service could have potential have influence on a M&A trajectory, but for this particular case study it is shown that external factors were not applicable, as they were for both organisations approximately the same. As one of them stated *"the effect of external factors was not rigorous, as both organisations had to deal with likeminded factors".* The only thing applicable was the fact that by merging both organisations, different market cycles could be used in order to absorb substantial high and lows. Furthermore, one of the interviewees has acknowledged that due to to much focus on the integration process and synergy creation processes, the focus on external factors such as competitors and consumers should not be ignored, as according to the interviewee; *"due to a lack of focus on the external environment of merging organisation it can happen that consolidated they have less market share/market penetration than they had separated from each other due to to much focus/priority on internal projects".*
Unexpectedly this research has shown that the external factors did not have had huge influence during this particular case study, and therewith non of the interviewees has saw those as contributed to merger success. However, some of them acknowledge that if mergers would be done between organisations in different economies, this could portray a different picture and therewith a different outcome due to increasing market uncertainties and competitive environments.

Statement 5: *I belief that stakeholder motives should be aligned in order to achieve merger successes.*
As already indicated in the third section of chapter five, the stakeholder interaction was really high during this merger attempt, and eventually was one of the mayor causes of the merger cancellation. It is therefore not surprising to see, that each of the interviewees acknowledge the importance of stakeholder motives during merger trajectories, and therewith acknowledge that shareholder alignment is needed for increasing the overall merger success rate. One of the interviewees acknowledge that the importance of stakeholder motives and the alignment of those motives is even more of importance than statement 3, the alignment of management levels. Especially the alignment was in this case study hard to achieve, as both organisations have had their own stakeholder structure. In addition, it can be concluded that by the

interviewees not only their shareholders are seen as important, but also the internal employees should not be forgotten, as they together form a functioning organisation.

So, as already expected by both the academic literature review and the conclusions of section 6.3, the importance of stakeholder motives and the alignment of those motives is of highly importance and contributes towards the overall merger successes rate. Organisations should avoid complex stakeholder structures and try to achieve a standard stakeholder construction in which the share distribution is even. Something which is hard to achieve as shown by this particular case study, who have tried to standardize their shares distribution, but have failed.

Statement 6: *I do not belief in the established M&A phases provided by academic research, (pre- transaction and post-acquisition phase). They are just guidelines and especially in nowadays changing circumstances, an organisation should rely on their experiences.*

As already indicated in section 6.3, the case study organisation did not use a clear mapped path for the merger attempt. This moreover is the effect of the practicality of the organisation, as some of the interviewees mentioned. The conclusion made in the third section of chapter five therefore agrees on the general idea of this statement, as a majority of the interviewees has said that they do not belief in the established M&A phases. They see them as guidelines, but it is a process in which not everything is controllable and certain risks are unavoidable. The usage of set phases is even a restriction, as one of the interviewees stated: *"if phases are seen as tight and not adaptable, one has the chance to find bottlenecks into one of the phase which can cause a disorder and eventually can cause a merger cancellation."* However, it can be stated that if the process was evaluated by the by academic provided phases, the communication could be based on those orientations and this would eliminate some of the uncertainties. More importantly should be a predetermined *"road book"* on how to integrate both businesses, with discussed topics such as where do we want to be in the next following years. The interviewees acknowledged that if a certain road book, or also called a structural plan with for example milestones, clear responsibilities and KPI, should have been made for this particular case study, merger bottlenecks could potential have been identified earlier and there would be more chance to merger success.

So, as already expected by both the academic literature review and the conclusions of section 6.3, it can be stated that the case study organisation does not belief in the pre-specified phases as provided by academic literature. They do however acknowledge, that more preparation, orientation and evaluation by those phases could have helped eliminating some of the experienced uncertainties.

Statement 7: *I belief that responsibility accounting (the delegation of responsibilities throughout an organisation) is a fundamental element on how an organisation organises themselves, and need to be set right. Otherwise they can become a problem for changing circumstances.*

For this statement, the same applies as for the other statements related to responsibility accounting: the interviewees acknowledge the importance to a certain level. As one of the interviewees stated, the delegation of responsibilities should be assigned to a specific management level if one would succeed in the organisational transition. The assignment of responsibilities towards all individuals in the organisation makes no sense, they do follow their manager, because especially in SME organisations *"The more is predetermined in terms of responsibilities, the more inflexible the organisation will be".* Therefore, it can be stated that the case study organisation beliefs indeed that the responsibilities should be arranged to a certain level in the organisation, and from that moment on should be put away throughout the organisation its management levels. Especially in times where self-regulated teams are upcoming in modern business society, it is the interaction an organisation has to determine between a fully committed responsibility accounting mechanism or think more outside a responsible manager its framework. Especially this last is by a majority of the interviewees acknowledged as most important: *"make employees feel responsible, not only for their own responsibilities, but more importantly responsible for the whole organisation its strategy execution".* Another interviewee support this finding by stating that due to the new ISO regulation, protocols have been narrowed down, and alignments have been made on process descriptions. There are however, also made some comments on this statement as one of the interviewees has stated that if a rigid determination of responsibilities is still applicable in nowadays economical environments whereby more organisations are build agile and by scrum. ***In general, it can be stated that the importance of responsibility assignment is acknowledged by the case study organisation and the interviewed managers. However, organisations, especially SME organisations, must weigh to what extent it locks out responsibilities and should take into consideration a responsibility accounting mechanism which provides employees a flexible system in which they feel and act responsible.***

Statement 8: *I belief that the overall level of control (on both financial as operational) within organisations should be high in order to deal with uncertain processes such as M&A trajectories or organisational restructurings.*
In general, the high level of control is by the interviewees seen as needed in order to cope with uncertain circumstances. Each of the interviewees has acknowledged the importance of a high level of control, but did not give additional explanations on how they would explain their point of view.
It can therewith be stated that the importance of organisational control is acknowledge, but no one could pinpoint the effect a high level of control has within M&A trajectories.

Statement 9: *I belief that there should be a clear agreement within organisations, regarding the usage of the responsibility accounting mechanism and therewith the allocated responsibilities, and how to use and frame those responsibilities (planning, allocation, control, price decisions etc.)*
The statement as described above is also considered right by most of the interviewees. As one of them stated *"if this particular alignment is not made, we all could go to different directions"*. Another interviewee extended this view by stating that the difficulties lie within the fact that one should make the end goal clear as it has influence on both the organisational and individual targets. In other words, the clearer those agreements are, the better one can steer on them. However, this statement applies that it is an interaction between how much is agreed on and how much responsibility a manager takes. Something which is seen as a hard job to do for organisations, as it has to do with both the attitude of the employees as well as the established regulations: *"You have to make employees responsible for not their own agreed activities but also for their whole organisation and take into account their colleagues and therewith other departments."*
In sum, it can therefore be stated that the clearness of an organisations its responsibility accounting mechanism, and the usage of the concept is of importance in order to define a clear and well used strategy. As it is one way to monitor an integral plan, but also here the human interaction is of highly importance and need to be taken into account.

***Statement 10:** I belief that if an organisation its structure is clear, responsibilities and its related responsibility center managers can be made clear, and level of control can therefore be handled.*

Assigning responsibilities towards different roles based on the organisation its structure, is something which is seen as logically by the interviewees. First a basic organisational structure is build, from where responsibilities are assigned. Organisations need some kind of regulations regarding their organisational responsibilities and indeed a way to regulated those assignments is by looking at an organisation its structure. Hereby the interviewees have acknowledged their clear communicated organisational structure has been the base of assigning their task and responsibilities. Due to their organisational growth, a new strategy has been formed and correspondingly new job profiles are needed, and so are managers looking top down in the organisations, which roles are additionally needed, and how should those responsibilities be assigned. As one of them sated: *"I belief more in responsibility as a way to form growth, I prefer to look into where is more attention needed, and how can we accommodate those roles".* This vision is in line with one of the top managers, who state that their organisational structure is based on their main processes, which was applicable for both organisations. Based on that main process, main responsibilities are assigned to. In general, those are the same for both organisations, and the executing on lower levels could potential be different, but those are quick to adjust in comparison with the main management levels. One of the interviewees gives a create explanation on how to see and interpreted this statement as he acknowledged: *Structure follows strategy,* in other words, it is the strategy which determines the organisational structures, and from their responsibilities are assigned to.

The statements are in line with the explanations given in section 6.2. The organisational structure is based on the main process of the organisation, and correspondingly responsibilities are assigned. The interviewees experience this as the right way to do, and due to their structure, organisational control can be achieved. Therefore, it can be concluded that based on this case study, SME production organisations should address their responsibilities based on their main structure, and by those responsibilities, roles and tasks should be assigned to. However, organisations hereby need to take into account that especially within SME organisations, there can be exceptional responsibility roles, which defer from the roles originating from the organisational structure.

***Statement 11:** I belief that if responsibilities and roles are set clear throughout the organisation, a merger cancellation can be prevented.*

Not each of the interviewees has directly acknowledged the direct effect clear responsibilities have had on merger cancellation. This due to the fact that the merger cancellation was the result of several factors and not just only the assignment of responsibilities. However, they do acknowledge that the assignment of responsibilities has had a definitely contributed effect to the cancellation. In general, it can be stated that if organisations use their *"common sense"* they can frame their responsibilities in a logical way. Hereby not only the focus should be on organisational structures, and a fully captured responsibility, but employees should also feel some ownership, as one of the interviewees has stated.

Overall, based on this statement it can therewith be concluded that the interviewees, as already expected, agree on the depicted relationship as anticipated in chapter five, and see the importance of clear and well structured responsibility accounting mechanisms during merger attempts, whereby responsible employees should feel their ownership over the framework in which they can do business.