



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

MANAGEMENT CONTROL SYSTEMS

- MAKE OR BREAK?

*THIS THESIS IS PRESENTED FOR THE DEGREE OF
BACHELOR OF SCIENCE IN BUSINESS ADMINISTRATION*

BACHELOR THESIS, SPRING TERM 2013
UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW
FEG31E - INTERNATIONAL BUSINESS

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Abstract

Due to the increase in M&A's more implementations are conducted, a focus for any implementation is to have the company's control system in place throughout the whole organization, including the new parts. Even though there is an increase in implementations of MCS the existing research in this field is lacking. There are studies showing influencing factors on corporation, culture being the main factor but it is unclear if this influence extend to implementation processes and especially MCS with their high amount of structure.

To answer the research question "Can culture be the main part that makes or breaks implementation of management control systems?" a case study of an implementation will be used and information from that case will be put against theories on management control systems and culture's influence on corporations.

The conclusions drawn in this thesis can show that MCS are influenced by culture, the most affected part being personnel control. Depending on the case culture can break the implementation of MCS, especially when culture is not handled during the implementation.

Keywords: *Management, Control, System, Culture, Implementation, Japan, Sweden*

Acknowledgements

We would like to thank some important people that has helped us do this thesis, without you this thesis could not have been written. The people who has given us needed information and insight are: Anna Jeansson, CFO for the Region Nordic sales division, Erik Andersson, Vice Director at Volvo Logistics, Christina Skoglund, Senior Strategic Purchaser at Volvo Group NAP, Anna Zachrisson, Director of Integration Japan VGBS and Sanae Murayama, Buyer at Volvo Group IPS. Also special thanks to our tutor Richard Nakamura at the School of Business, Economics and Law, for his support and constructive criticism.

The authors,



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Gothenburg, May 22nd, 2013

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1. Introduction

1.1. Background

The interest in Management Control System (MCS) has been growing the last years and the relationship between strategic choice and types of MCS has been more in focus (Langfield-Smith, 1997). Still it is unclear what MCS specifically means, the definition is broad and there are different approaches to the subject depending on researchers. There is one approach where MCS is a broad concept including management accounting systems (MAS), strategic control and personal and team control. Then there is a more narrowed concept where management control is not including MAS or strategic control but instead focus on personal control (Malmi & Brown, 2008). Problems with defining MCS further increase the difficulty of understanding how and why firms use their specific systems.

In relationship with the MCS there has been a radical increase in Mergers and Acquisitions (M&A) as a strategy to access new markets and increase the possibilities of expansion (Pryor, 2001). The reason for why companies will include M&A in their strategy is because when combining the companies, higher values for the shareholders can be reached (Angwin, 2007), through synergy effects where both companies combined are worth more than the added sum of each company prior to the M&A (Cartwright & Cooper, 1993). With M&A new types of MCS will be implemented, this since it has been suggested that the MCS should be designed to support the strategy so it will lead to competitive advantage and great performance (Langfield-Smith, 1997). Existing research mention external and internal culture as the main influencing factor for firms when it comes to creating and adapting their MCS (Reginato & Guerreiro, 2012). This cultural impact also extends to the implementation process of MCS (Shanks, Parr, et al, 2000). In M&A's both firms involved already have an internal culture set and these cultures can differ to a great extent, especially when it concerns firms operating in highly different external environments and cultures. There is still a lack of research on the implementation process of MCS and the problems that occur using real case studies, a subject that is interesting to know more about since improper implementation of an MCS will lead to financial losses and operational difficulties (Merchant & Van der Stede, 2007:8).

1.2. Problem Discussion

The implementation process of MCS has been more in focus with the high increase of M&A, this since synergies are often the main reason for the strategically choice of doing a M&A (Angwin, 2007) and synergies are reached by having the organizational systems, where MCS are a large part, to work in harmony throughout the firm (Merchant & Van der Stede, 2007:8). Depending on what synergies to be reached the integration of activities, functions and coordination will vary (Stahl & Mendenhall, 2005:19-25).

A large factor that is often disregarded by firms is culture, even though the research on culture and its impact on organizations are major (Cartwright & Cooper, 1993). Of importance is to know if the implementation process of MCS also suffer from this inability to give attention to cultural problems or if those problems occur after the implementation process is finished. It is still clear that culture should have effects on the implementation of MCS (Rad, 2006), mainly in the form of a need for adaption, which is why it is needed to look at what culture really is in order to understand the impact on the organizations and their control systems.

There exists a need for firms to understand the cultural environment but a major problem with that understanding is the fact that defining organizational culture is hard, were a large part of that stems from the ambiguity of organization as a concept since a group of people is not automatically an organization with a shared culture. Culture is what a group learns over time when it faces problems both external and internal. (Schein, 1990) Opposite to culture, the MCS is more definable with actual systems in place that are easier to examine and try to understand, while culture is a more ambiguous concept, which still creates problems in understanding how to handle and adapt to its concept.

Existing research in both the fields of MCS and cultural impact on organizations is extensive. MCS, which is the control systems in place, that facilitates control and managing for the organization (Merchant & Van der Stede, 2007), should be heavily influenced by the external and internal cultural environment in where the MCS are set to function in. The concept of culture takes on many forms; both external factors such as technology and economics of the areas the firm is operating in, but also in the values and shared knowledge within the group (Reginato & Guerreiro, 2012). Since culture is such a broad concept it is difficult for managers to understand

how their specific MCS will be handled in their specific cultural environment. This relation has been researched to a great extent but not with the focus on implementation. The actual implementation process can use more focus for research, this since problems not handled in the early stages may in a later face be too deeply rooted and is therefore a cause for concern for all firms involved in implementing their MCS. Even though MCS and cultural impact on an organization and its control systems is covered in research from the last decades there is still a lack of real case studies and particularly on the implementation of the control systems. Of importance is both the problems that arise in a firm, especially those that can be linked to cultural impact, and also if those problems are addressed and how and in what stage they arise.

To get closer to reality, this thesis will use a case to get more knowledge from the real business industry. Volvo AB, also known as the Volvo Group (Volvo), acquired the Japanese Nissan's truck department named Nissan Diesel, later renamed to UD Trucks, in 2007 (CisionWire, 2007). Volvo has therefore recently been engaged in an implementation in a country with a culture that still is hard to understand for managers that normally operate in the West (Shanks; Parr, et al, 2000). It is possible that a firm neglects regarding culture in their implementation of MCS so that later on problems that could be handled in early stages grow too large for the firm to handle. With this in mind this thesis will address the following question.

1.3. Research Question

Can culture be the main part that makes or breaks implementation of management control systems?

1.4. Purpose

The purpose of this thesis is to identify what kind of MCS that is applied in Volvo Trucks and UD Trucks and from this give firm's insight into the problems they can face when attempting to implement MCS. In other words, main influencing factors will be recognized and analyzed so that firms can get needed information for their decision making process.

1.5. Limitations

This thesis will focus on the specific case of Volvo acquiring Nissan Diesel and the implementation process that follows. From this case the thesis will try to answer the research question. The thesis will not look at Volvo's other acquisitions nor look at other acquisitions by different organizations. The case study will primarily focus on Volvo Trucks and those units of Volvo that works together with Volvo Trucks, this is because of two reasons, the first that Volvo Trucks is by far the largest part of Volvo and also because the acquired company is active in the truck industry.

1.6. Disposition

The thesis is presented with a Background chapter of Management Control System and why this concept is important to look deeper into and this offering a base for the Problem Discussion chapter. In the Problem Discussion a description of several problems is made and this leads to the research question followed by the purpose and limitations of this thesis. Under the Methodology a description is made of how this thesis has been done. The chapter Theoretical Framework will describe the theories about Management Control System and of what Influences Management Control System. The collection of data, in form of interviews with people that has been involved in the implementation process in Japan and Sweden, is then presented under the Empirical Findings chapter. The data that is presented under Empirical Findings is then analyzed in the chapter Discussion. In this chapter the data is filtered through the theories. The last part is the chapter Conclusion in where the thesis answer the research question by describing what influence the implementation of Management Control System and how this can make or break the implementation.

2. Methodology

2.1. Research Design

To attribute this thesis to practice a case study was made on Volvo. This since Volvo acquired Nissan Diesel, Nissan truck department, in 2007 (CisionWire, 2007). This case is an informative example of how an M&A and an implementation of MCS functions. In order to achieve the purpose of this thesis a qualitative research method is used. A qualitative approach means that the investigation goes deeper into the subject and want to form a superintend consent of the problems in the study. The qualitative method processes generally fewer sources of information but in a deeper perspective (Andersen, 1998). Since this thesis will use a specific company as a case study, as stated with own unique culture, a quantitative method would not be of interest, however statistics from earlier research will be included in the theoretical part. This thesis is therefore mainly conducted by studying primary data, this by collecting information from interviews. The questions asked can be found in Appendix 5. Secondary data has been used as a complement to the primary data and this secondary data has been collected from i.e. literature in form of webpages, newspaper, business economic theories and journal articles.

The qualitative method can be problematic since this approach can involve an overly subjective method. This means that the researcher will have the opportunity to control what is interesting and important during the research. As a qualitative method rarely is standardized, it can also be difficult to remake the study. Furthermore, the result may not be the same from one individual to another when you do a qualitative research. (Bryman & Bell, 2007)

2.1.1. Case Studies

A case study on Volvo's M&A of Nissan Diesel will not give an objective view of what kind of problem a company can be fronting in an M&A. The thesis show that culture is unique and MCS are designed to fit a specific company, two central problems that make it problematic to apply this in an objective view. Even thus, Volvo is a large and global company that can be used as a tool to show how a company may act when it enters a new country with different culture.

Five interviews were made with hand picked persons who works at Volvo AB. The interviews was made with persons who were directly linked to management control and Volvo's implementation process in UD Trucks, this to give a trustful and broad view of the implementation process. To get the broad view, persons was selected that had not worked close to each other, but instead persons who had differentiating knowledge of the process.

2.2. Approach

The interviews are the ground for the empirical findings, findings that are presented after a pattern was exposed in the data collection. This thesis will focus primarily on the deductive method in trying to see the differences between the theoretical and practical aspects of an implementation. In a study like this, which uses the deductive method, the study will use general theories that will be tested by inspection of reality (Andersen, 1998).

There is reason to criticize the deductive method because the researcher might be looking for the information that the researcher considers relevant. This means that the information, which is required by the research, also will be found to provide the expectations the researcher possessed at entry of the study (Jacobsen, 2002).

2.2.1 Primary Data– Interviews

The interviews in this thesis have been done in order to get a deeper understanding of how the implementation process of MCS and culture has been handled. The persons that have been interviewed are all different managers at Volvo that have seen the implementation process in Japan from different angles. To avoid misunderstandings, three of the interviews have been done face-to-face on approximately two-hour meetings and two interviews have been done by e-mail.

2.2.2. Secondary Data – Literature research and study

Secondary data is also taken from scientific articles, books and essays, which in their turn derived from the library of University of Gothenburg; School of Business, Economics and Law. Furthermore, information about the companies, Volvo and UD Trucks was taken from the companies website and information regarding data comparison has been referred to the websites

were those services were provided. Using secondary data gave easy access to information that has been used to give a broader view of Nissan and Volvo.

The theoretical framework has been chosen from well-known theories about MCS, culture and implementation processes. Studying the theories and combining them have done a solid theoretical framework.

2.3. Validity

The validity is depending on the relevance of the collected data and if it develops a correct version of the studied phenomenon (Bloor and Wood, 2006). Therefore this thesis validity is depending on the choice of using Volvo as a case example of how culture affects the implementation of MCS.

2.3.1. Internal Validity

A thesis internal validity is if the conclusion that has been made from the studied data can be seen as trustful or not. By using triangulation and attacking the problem from different angles, it can be more safe to say if the thesis has high internal validity or not (Bloor and Wood, 2006). When it comes to triangulation, there can be four different kinds of triangulations. By using either: data triangulation, which is different sources of data; investigator triangulation, which is different researchers; theoretical triangulation, which is different theoretical frameworks; and the methodological triangulation, which is to use different methods (Denzin, 1970, p.301). This thesis will use the theoretical triangulation by looking at different kinds of theories in the area MCS and culture. By using a case study were culture and MCS will be compared between Japan and Sweden, the thesis will also use data triangulation. The primary data will be used to do this comparison. By doing this, the thesis will be of high internal validity.

2.3.2. External Validity

External validity is when the conclusion can be used in general situations and not just in the case (Bloor and Wood, 2006). Since Volvo is a large organization with a global approach it can be said that the thesis can be used on global company's that tries to enter a new and different culture.

But it can also be discussed if the thesis will be too subjective when it comes to company details and this is something that is needed to be remembered.

2.4. Research Reliability and Objectivity

Reliability is the trustworthiness of the research, in other words to what extent the result from an identical study would yield the same result (Bloor and Wood, 2006). The collected data in this research is based on both secondary and primary data. The secondary data are replicative which the primary data are not in the same way. But the choice of both data sorts makes the thesis more objective and trustful.

It is important to evaluate the data gathered in order to avoid faults in the thesis. The risk of biased approaches when using a secondary data will be there since it is hard to control the way the data has been gathered. In the case of secondary data in a quantitative form this risk is much lower due to the use of more formal and structured data collection.

Using qualitative data gathering can easily be too subjective, especially in the use of a certain case. This can be parried by collecting data from sources as different as possible. This is true for both primary and secondary data. In order to avoid subjectivity in the primary data gathering, the interviewees all have different expertise, working in different parts of the company and all with different tasks. This is done to increase the reliability of the gathered data. Furthermore, the questions used are open and non-leading in order to minimize the influence from the interviewer.

3. Theoretical Framework

3.1. Management Control System

The basis for decision that a company uses when deciding on the rules, practices, values and corporate activities will all be under the concept of control. A control system in turn consists of several different types of checks to respond to different situations. These systems, and not an individual rule by itself, will be called Management Control System, MCS. (Malmi & Brown, 2008)

In the most organizations there will be more than one MCS, and in these cases these sets of MCS will be called packages. If all MCS initially were designed to work together, these should be called a single MCS. But because MCS usually are formed at different times and by different interest groups, to control various parts, they will be a control packet and not a holistic MCS. It is important to involve the long-term strategic goals in those packages (Malmi & Brown, 2008:291).

3.1.1. Tight Management Control System

The basic purpose of management control is to increase the probability of achieving the strategic objectives that the companies have. When there is a high probability that the employees will act for the best of the company and for the goals of the organization the MCS is tight. This tightness can be affected in different ways, but it is essential that the organization have knowledge of how the controls are linked to the overall objectives and how these can be effectively implemented into the business. There are four different types of MCS: result, action, personnel and cultural control. These controls can overlap and complement each other to create as tight control as possible. Whether a performance is tight or loose depends on the nature of the definitions of the desired result areas. (Merchant & Van der Stede, 2007:118 & 128-129)

For a result control to be held tight, this must be: precise, objective, timely and understandable. If these properties not will be achieved the tightness will not be achieved then either because it seems likely for behavior problems. Is there also a reward system and / or punishment systems the MCS can become increasingly tighter. (Merchant & Van der Stede, 2007:119; Emmanuel,

Otley, Merchant, 1990:119)

To be considered tight an action control system need to make sure that the actions performed by the employees consistently are the desired ones from the company's point of view, in other words actions that harm or otherwise affect the company in a negative way can not exist in a tight action control system (Merchant & Van der Stede, 2007:122-126). What kind of measures, which should be taken to keep, a personnel control tight is difficult to judge. Corporate cultures tend to be stable and powerful when employees share values and visions, but beside companies with a strong culture, it can not be expected of a company to be able to keep a tight control by only personnel and cultural control (Merchant & Van der Stede, 2007:126-127). A deeper description about culture will be presented at part 3.2.

3.1.2. Result Control

Result control involves a control through result based on goals, which makes result control a rewarding dimension when one can see a clear goal to work towards. This form of control can be applied at various levels within the organization and leads to accountability among employees when the control system does not specify exactly how an employee should act for the results to be achieved, but allows employees themselves to judge how said results should best be achieved. Employees have responsibility for making the results and implications arising out of their actions visible, which in turn create awareness. There are shifts in the degree of self-determination depending on the level of the position in the organization, where higher positions tend value more self-determination. A higher degree of self-determination may in turn lead to a higher creativity and innovativeness in the organization (Merchant & Van der Stede, 2007:25-26; Emmanuel, Otley, Merchant, 1990:110-112 & 116).

Result control is often used as an encouragement for the personnel to reach their target and this is often accomplished with a reward system. This means that a reward, for example a bonus, is linked to the performance and thus creates an incentive for the employees to try their hardest to reach their goals. This form of control also encourages personal growth since such growth might often be needed for an employee to reach her target (Merchant & Van der Stede, 2007:25-26; Emmanuel, Otley, Merchant, 1990:110-112).

In order for result control to be efficient some key factors are required such as a known goal and that the employees can affect the actions needed to reach their goals and that the performances needed are easy to measure (Kerr 2003:27–40; Emmanuel, Otley, Merchant, 1990:115). The main problem of this form of control is the difficulties of setting clear goals and how to measure the performances needed to achieve the goals, in other words it is often difficult to see the connection between what is measured and how that is linked to the overall goals. If there is uncertainty among the employees regarding how they shall fulfill their targets then the use of result control can lead to that the employees are working towards incorrect goals thus creating inefficiency (Merchant & Van der Stede, 2007:25-26).

3.1.3. Action Control

Action control is a form of control used to ensure that the actions taken by the employees benefit or at least does not harm the company, thus making this the most direct of all the forms of control. This form of control will be transferred among the employees and will stay in the organization even when the top management is replaced, unless the new management implement a new form of action control, and this leads to the employees gets an understanding of how to act in the organization which leads to higher efficiency. It is important that the management is aware of what actions are desirable in order to ensure that said actions are undertaken in the correct way. Unlike result control, action control can hinder the creative thinking and innovation among the employees and therefore this form of control should be restricted in certain areas such as research and development. This leads to companies in general complementing action control with result control (Merchant & Van der Stede, 2007:76-83; Emmanuel, Otley, Merchant, 1990:112-113).

Action controls take any of four basic forms: behavioral constraints, pre-action reviews, action accountability, and redundancy. Behavioral constraints shall hinder or prevent the employees from doing unwanted acts. These restrictions can be physical, for example locks on drawers or passwords, or administrative, which can be limitations in the decision making or a splitting of tasks, for example the one registering a payout is not also the receiver of the funds. Action control means that the employees are held responsible for the acts they do. In order for this form of control to work the organization must define what is and what is not a correct way of handling

things and this definition must be emphasized among the personnel. The company must also be able to monitor such acts and have the possibility to reward or punish the personnel in regards to actions taken (Merchant & Van der Stede, 2007:76-83; Emmanuel, Otley, Merchant, 1990:116).

3.1.4. Personnel Control and Cultural Control

Personnel control is used in order to make the employees motivate and control themselves, in other words the company wants to establish a more decentralized form where the personnel is able to have a higher responsibility. This form of control helps the employees to understand what the company wants and expects from them, in addition this form of control shall provide the personnel with the information and material needed in order for them to do the best job they know how to. This will in turn lead to the employees monitoring themselves in order to reach the desired goals.

In order for personnel control to work in an efficient way it is critical that the right kind of employees is in the right place and that this person is handed what she needs in order to do her job. To make it easier to have the right person in the right place the company can educate a person they feel have the right potential (Merchant & Van der Stede, 2007:83-84).

Cultural control works at its best when the personnel share a common vision. This form of control shall strengthen the employee's motivation to work towards a common goal and lets the employees themselves monitor and encourage each other. To efficiently create a community within the organization the company can use a group reward system, this leads to the whole group supporting each other and working together towards their shared goals (Merchant & Van der Stede, 2007:84-86).

3.2. Influences on Management Control System

In order for MCS to function as they are intended a variety of factors must be considered. These factors exists both in a firm's external and internal environment. The external environment is area outside of a firm's control in the regions the firm is operating. These external factors consist of such elements as the economy of the region, laws and regulations and technological level. Another major factor is the more ambiguous parts of the region, such as behavioral patterns and different ways of interaction. These ambiguous parts are together labeled as culture (Reginato &

Guerreiro, 2012). Due to the influence of culture on the MCS there is a need to understand and adapt to the cultural environment for any implementation process and not doing so can result in loss of profit or even the breakdown of the implementation (Rad, 2006).

3.2.1. External and Internal Environment

A nation's or region's cultural influence on firms operating in their areas has long been a focus for research (Garrison, 1998). An individual's performance in her own firm is affected by both the culture of the area of their upbringing but also, usually in the case of larger firms, by the culture of their current workplace, if these two would be different (Hofstede, 1983, Garrison, 1998). Differences in these two cultures can give varied results, in some cases the differences strengthen the individual's performance and in some cases it hampers them. Cultural differences could create tensions in groups within the working environment, but also give strength to a group that derives from having individuals with different perspectives and backgrounds (Schein, 1990). Important to point out is that an individual's personality can not be entirely derived from cultural influence which, in other words mean, that an accurate prediction of how an individual will behave can not be predicted from knowledge of that person's background. This makes research on national culture more difficult to adapt to recommendations for managers on how to interact with their personnel (Mead, 1998:5-11).

The external environment is not the only cultural environment that concerns a firm; there is also the internal environment. A company has to regard both environments in its creation or implementation of the corporate culture (Schein, 1990). Even though culture can be divided in these two areas there are influences, primarily from the external environment on the internal. Among the studies on these influences Hofstede conducted the most famous one in 1967-1963 (Garrison, 1998). In this study the country a company was from would determine how that company's culture would be. The study attempted to highlight differences and similarities between firms from different nations, this information was then to be used by managers to understand what problems could arise from these differences and similarities and then act accordingly to avoid conflict that could threaten the profitability of for example an acquisition (Hofstede, 1972).

The major differences between Sweden and Japan is that Japanese employees: prefer a higher level of hierarchy with a power structure where managers have more power compared to Swedish managers, have a higher sense of group accomplishment compared to Swedish employees that are more focused on individual performance, value success and winning while Swedish employees value quality of life and enjoyment of the workplace, wants structure and formalized procedures compared to Swedish employees for whom it its important to be able to deviate from set norms and rely on experience instead of rules (Hofstede, 1972).

Even though it is one of the largest studies in the area of corporate culture Hofstede's research has been criticized in a number of points including that Hofstede's assumes that a country only have one culture, thus disregarding any cultural differences within a nation, another point of criticism can be raised against the fact that the study was conducted in a single company, IBM, which is renowned for having a strong company culture of its own, this could lead to the survey being skewed. Finally the research confirms western stereotypes but there is questions raised whether this confirmation comes from the stereotypes actually being correct or if it is because the people conducting the research were westerners and thus brought their cultural bias with them to the survey (Mead, 1998:5-11).

Another viewpoint that is general in that sense that it incorporates all types of firms is the view that it is by adapting to the external environment and handling problems in the internal environment that a corporate culture is born. A company does not usually have the power or influence to change their external environment but there are ways to shape the internal environment, primarily management related tasks (Schein, 1990). Regardless of viewpoint there is a connection between culture and the performance of the company (Hofstede, 1972, Schein, 1990). This connection makes it integral for managers performing an implementation process of control system to integrate the needed adaptation to a new external environment in their processes (Rad, 2006).

3.2.2. Corporate Culture

One way of trying to understand corporate culture is by categorizing culture in different types, each with their own main characteristics (Harrison, 1972). Examples of characteristics are: decision making processes, are they done by group or individuals, hierarchy level in the company, level of creativity in the working environment and so on (Harrison, 1972). While this approach give means for managers to try and understand what type of culture they have in the company it also risks being too general. While a company culture may correspond with a general type it will be unclear to what degree that correspondence is and also how much such general conclusions can be used for more specific tasks or problems. Contradicting the view of general types of corporate culture is the approach where the internal group creates internal culture or groups as they solve problems, create a "way of doing things here" mentality and when individuals in the group interact with each other (Schein, 1990, Garrison, 1998). In this approach all cultures will be unique to a larger extent due to the fact that the accumulated experience of the group that will give birth to a culture will be different for each group (Schein, 1990, Garrison, 1998, Reginato & Guerreiro, 2012). In this second view culture can be divided in two parts: the shallower top layer and a deeper layer that is harder to grasp (Schein, 1990, Garrison, 1998). The first layer consists of the things that a new employee would first be faced with such as a way of speaking among employees, dress code, layout and feel of the working environment, how interaction with managers of different levels are handled (Garrison, 1998). These are the definable parts of the corporate culture but it is not the only part. These behaviors stem from shared values and beliefs among the employees that have been rooted over time (Schein, 1990).

A way of speaking among employees can be observed and understood but grasping the underlying values that led to that behavior is much more difficult (Schein, 1990). Even though it is harder to understand the deeper parts of a corporate culture it is paramount to do so for managers, especially when conducting an implementation due to an M&A where parts of a company with different culture has to be able to function together, because failure to understand differences in the values and beliefs of the employees and act accordingly can result in the breakdown of the implementation as a whole due to a high amount of internal conflicts. The deeper parts of the corporate culture are also often firm and resistant to change, thus requiring large efforts or events with great impact in order to be changeable. (Schein, 1990)

4. Empirical Findings

4.1. Volvo and UD Trucks

Volvo is one of the worlds largest manufacturer of trucks, busses, construction equipment and marine and industrial engines. Volvo also provides complete solutions for financing and service. Today Volvo has more than 115 000 employees, the production are located in 19 different countries and sell their products in more than 190 markets around the globe. The headquarter is located in Gothenburg, Sweden and the company is publicly noted on the OMX Nordic Exchange Stockholm. (AB Volvo, 2013a) Volvo owns the rights to the following brands: Volvo, Renault Trucks, Mack, UD Trucks, Eicher, Volvo Penta, SDLG, Prevost and Nova Bus. (AB Volvo, 2013b)

In March 2006 Volvo released information, which said that they had bought 13 percent of the shares in Nissan Diesel and later that year new information was sent that an additional 6 percent of the shares had been bought (CisionWire, 2006). In March 2007 Volvo bought the remaining shares of Nissan Diesel, which gave Volvo full ownership of Nissan Diesel (CisionWire, 2006). Due to the fact that Volvo had already begun a partnership one year prior to the acquisition there was an existing cooperation between the companies in place, but when Nissan Diesel became a fully owned part of Volvo the process was changed to that of an implementation where, from this point on, UD Trucks was intended to be integrated in the Volvo corporate group (Andersson, personal interview 2013-05-02).

UD Trucks, formerly known as Nissan Diesel was founded in 1935 and is one of the worlds leading manufacturers of busses and trucks. For the last 60 years the company has developed and marketed different types of vehicles in the light, medium and heavyweight classes. UD Trucks has a wide variety of products, ranging from trucks and busses to automobile components and special vehicles. In Japan the company has a mix of directly managed and independently owned local dealerships, which all in all amount to a total of 180 sales outlets (Hoovers Inc., 2013) and are the parent company for ten legal units in Japan, this stated by Sanae Murayama (personal interview 2013-05-10), Buyer at Volvo Group IPS. UD Trucks have an international sales network consisting of 55 distributors and seven partially owned sales companies across the globe (AB Volvo, 2013d).

UD Trucks main competitors are: Cummins Inc., Daimler Trucks, Hino Motors, Ltd. (Hoovers Inc., 2013).

4.1.1. Earlier Structure in the Organization

Christina Skoglund (personal interview 2013-05-15) senior Strategic Purchaser at Volvo Group NAP, said that the previous structure, which was in place at the time of the purchase of UD Trucks, was that of a matrix organization as can be seen in Appendix 2. This is the structure that UD Trucks was supposed to be merged into. The organization was divided in Business Areas and Business Units. A Business Area was centered on a product type such as busses or trucks, this contributing to the names of the different Areas. The other part, the Business Units was the units that worked with more supplementary tasks. Sales is a function that could be seen as supplementary and thus should be a part of the Business Units but it was not, instead each Business Area had their own sales organization. Units instead consisted of 3P which was the research and development for the four different truck Business Areas, Powertrain which is the engine and transmission unit involved in most of the Business Areas work and so on. Much of the legal structure from this time is still intact and this creates major problems in the present organization (Skoglund, personal interview 2013-05-15).

4.1.2. Restructuring in the Organization

Erik Andersson, Vice Director at Volvo Logistics, said in an interview that in order to take better care of their global potential, Volvo did a large restructuring in 2012 which was a period of time where the implementation process in UD Trucks was still ongoing, this was also done to strengthen their brands in the truck industry. This affected the implementation since the organization where UD Trucks was supposed to be integrated into was to be structured differently (Andersson, personal interview 2013-05-02).

Volvo has chosen to put marketing and sales for all truck companies in three common regional organizational units directly below the corporate group president. In similar ways have all research and development of trucks and engines been integrated in two new central organizational units below the corporate group president. (AB Volvo, 2012) A significant difference is that the CEO of Volvo, Olof Persson, today has an operational responsibility for

several units, something that did not exist in the previous structure (Andersson, personal interview 2013-05-02).

Anna Jeansson (personal interview 2013-02-04), CFO for the Region Nordic sales division, said in an interview that the biggest difference is that the organization is now divided in business areas to a greater extent. The sales unit has to generate income and thus will now only focus on sales (Jeansson, personal interview 2013-02-04). One of the major reasons for the restructuring was that Volvo wanted to loosen the groupings that had happen in the organization so that Volvo could benefit from potential synergies and economies of scale (Skoglund, personal interview 2013-05-15).

4.1.3. The Structure in the Organization Today

Volvo is a centralized organization with a framework consisting of authorized rules for the employees. When directives are sent from the higher levels the lower levels of the organization has to accept that. There is a continuous flow of reports from below going upwards, usually the report is sent to the nearest manager; see Appendix 3, (Jeansson, personal interview 2013-02-04).

Volvo have gone to an increasingly centralized organizational structure with higher operational control from the CEO Olof Persson which has led to higher demands being set on the subdivisions (Andersson, personal interview 2013-05-02). Even though there is a clear set of regulations the personnel have great freedom in deciding how they will work but with clear limits on where the boundaries on their responsibility are. These limits define the size of the bills, the size of the credits given, financial rules as well as the amount of discount that can be given without the approval of higher authority. With this freedom there comes a responsibility that is continuously followed up (Jeansson, personal interview 2013-02-04).

Within the different parts of the organization different bonus systems are used. For example, the Volvo employees in Sweden have previously got a bonus that rest on Volvo's total revenue (Jeansson, personal interview 2013-02-04). This is something that varies in the countries Volvo has operations, rewards and bonuses is not handled in the same way throughout the organization and the earlier mentioned bonus was specific for Sweden (Skoglund, personal interview 2013-05-15). Anna Zachrisson (personal interview 2013-04-12) Director of Integration Japan VGBS

states that Volvo Group Business Services (VBGS) in Japan does not have a bonus system. The salaries for managers vary, as well depending on the results from the unit the manager is responsible for. The results are not measured against set budget targets since this is believed to bring the risk of setting the goals too low in order to acquire the bonuses. The results are instead compared to the results of the previous year, which can lead to varied conditions since external effects such as a financial crisis can influence the results (Jeansson, personal interview 2013-02-04).

The only bonus system that applies throughout the corporate group is the one affecting people in top management positions. In all other positions the rewards and bonuses paid is affected by what nation the employee is working, this due to the great influence that national legislation have, together with the influence from the business world of a nation or geographical region (Andersson, personal interview 2013-05-02).

4.2. Management Control Systems in the Organization

4.2.1 Previous Situation

At the time of the purchase of Nissan Diesel, Volvo used so-called challenge letters during their budget process; this system was part of the implementation at the start. These letters included long-term strategic goals as a foundation and followed the guidelines and content the management wished to change in the budget targets. Challenge letters was then sent in accordance with the “top-down” principle and was thus sent to all subdivisions, which in turn digested the fiscal objectives and through discussion created more substantial goals together with the closest subdivision, goals that were then sent back up with feedback from every division. The purpose of this was to get input from the whole organization before the overall goals were finalized in the next management meeting. The goals set were of a more general nature and could be in the form of a raise in price with a certain percentage or to not increase expenditures compared to previous year and so on. After the general goals were set on management level these were then sent down the corporate group, the subdivisions then formulated the activities necessary to achieve their respective goals. These activities did not have to be targeted at financial key figures, instead they could include actions that had to be taken so that an activity with a financial target could be accomplished. According to our respondents, the goals that were

sent down from the management were only about key financial targets; it was only in the subdivisions that targets could be on actions instead.

4.2.2. Current Situation

At the same time that Olof Persson was appointed the new CEO of Volvo it was not just the organizational structure that changed but also how the control systems of the organization would be designed. The budgeting process within Volvo also changed during the restructure in 2012. (Jeansson, personal interview 2013-02-04) Challenge letters were removed and replaced by a more centralized form of control. Today the goals are set on a central level were there no longer is any room for feedback from the subdivisions as were the case with the challenge letters. The goals are set from the very start and there is an expectation that the subdivisions will be able to accomplish the goals that are handed to them. Another change is that today the goals are conveyed to shareholders and other stakeholders, which lead to a greater pressure for the divisions to accomplish their goals. In the old system the goals were internal only, which created space for changing them. Even though there has been a restructuring and a new control system has been implemented the activity creating system of control is kept in Volvo. In other words, there is stillroom for the subdivisions to, on their own, create the activities they deem necessary to achieve their goals. (Andersson, personal interview 2013-05-02)

The different divisions have set goals to achieve and according to Christina Skoglund (personal interview 2013-05-15) a great deal of freedom to influence on how those goals should be achieved is given. What activities that each individual shall perform is included in each employees Personal Business Plan (PBP), a document which lay as the foundation for each employees salary and is that employees personal plan on what should be accomplished in the near future. The near future means in this case the time until the follow-ups that is conducted in the form of a performance review. What should be accomplished according to the PBP can be some form of financial key figure being reached but it can also be an activity necessary for different reasons, such a reason could be a policy directing an action. For example the procurement of a supplier could be the result of the need for a cost saving but it can also be that there is a policy that dictates that the supplier agreements must be renegotiated every, say, five years. That Volvo works with certain policies and regulations can be seen when looking at how

projects are conducted. The projects are divided into several steps where Volvo use so called gates and gatekeepers, where the gate symbolizes the opening and closing of respective steps in the project; see Appendix 4. The gatekeepers is in this case the group of people responsible for concluding that a step is completed, thus closing that phase of the project and opening the next gate, which means starting the next step (Skoglund, personal interview 2013-05-15).

The projects themselves are handed to specific teams of hand picked individuals that together shall reach the project goal. There is a clear tactic in the choosing of the members that will take part in the project, in some cases it can be of the utmost importance that a certain nationality is represented, in most cases the teams are created to achieve the highest diversity possible. In order for teams with members located in different countries to be able to work together Volvo has created their own intranet, named Team place, where the employees gain access to the groups they are taking part in. Volvo also strives to ensure that their employees have access to the material and means needed to perform their work. (Skoglund, personal interview 2013-05-15).

On a corporate group level Volvo has abandoned the previous goals that net sales should increase with ten percent annually and that the operating margin should exceed seven percent during a business cycle. The new goals is instead based on a comparison with their competitors, for example, should the different operations organic sales growth be higher than the weighted average of a comparative competitor (Jeansson, personal interview 2013-02-04). It is however clear that Volvo faces limitations in their external benchmarking and this is due to EU regulations concerning cartels. Therefore Volvo have an awareness when choosing which variables that they can use in their benchmarking, for example price is a variable that is restricted by the regulations (Skoglund, personal interview 2013-05-15). At Nordic level Volvo use internal benchmarking between units in the same division but located in different countries, the same goes for suppliers (Jeansson, personal interview 2013-02-04), something that Christina Skoglund (personal interview 2013-05-15) verifies that Volvo do regardless of country and that the divisions and units who work with international teams use benchmarking between countries as one of the cornerstones for their work regarding quality and cost savings.

Within the budget process an agenda is set where overall goals are created for a range of main activities and these goals are then sent down in the organization, after which a plan in business control is decided in order to support the overall agenda. Increasing support for the overall agenda is given through the PBP, which details what each employees, should do in order for Volvo to reach their strategic goals (Jeansson, personal interview 2013-02-04). There is also awareness about taking care of creativity and giving space for innovation, something Volvo is exceptionally good at in the division Volvo Trucks Technology (Skoglund, personal interview 2013-05-15).

Volvo uses different kinds of financial key figures in order to be able to follow up how the business runs in different aspects. Measurement is done on the three main sales categories of new vehicles, after sales and retail. Measurements and follow ups are mostly focused on return on total capital, operative results and gross revenue, the revenue after accounted expenditures. There are also measurements on the profit margins in order to be able to follow up the size of the profit in regards to total volume of sales. Store keeping is used both regarding spare parts and used products, which is why inventory turnover is measured as well. Volvo does this to be able to quickly estimate how much sales account for but also to calculate the time spare parts and vehicles spend in store. A used product should not be kept in store for more than 60 days. Volume of sales and total expenditures are something that is measured constantly in order to spot deviations from earlier periods of time and to use the measured content to plan for the future. It is not only financial key figures that are measured, key figures such as customer satisfaction, image and committed coworker-index are all checked continuously. Volvo also use internal pricing within the organization where the price represent market price in order to create an awareness of costs in the company, this is done to ensure that the units within Volvo are competitive and also so that Volvo's own Truck Centers does not get any advantages towards external retailers. There is work being done to decrease the amount of internal billing as much as possible. (Jeansson, personal interview 2013-02-04)

Divisions such as Volvo-IT are no longer allowed to bill other companies in Volvo for their time spent. This is because of the recently established policy that Volvo's companies should not generate income from work spent in their sister companies. It used to be that some units had a price on the services they provided other companies within the corporate group while some units

were not allowed to do that, this made internal comparisons flawed. Internal billing also had the effect that the goals for different units could be too far apart, units whose work were not that different, since some were targeted at creating profits while other were targeted at reducing costs (Skoglund, personal interview 2013-05-15). VSBG is an example of a division that before the restructuring was working towards results and profits but now their focus is on reducing costs and increasing efficiency. Even if the major shift is that the unit goes from targeting results to targeting costs the work done is much more than just cost reductions according to Anna Zachrisson (personal interview 2013-04-12), new focus areas together with cost reductions are quality and customer satisfaction and for VGBS their customers are the other parts of the corporate group (Zachrisson, personal interview 2013-04-12).

Volvo uses internal auditing where they evaluate how the work is conducted in different parts of the organization, which then becomes the foundation for the discussions on improvements that occur on a frequent basis (Jeansson, personal interview 2013-02-04). Rules regulating the auditing work depend on local laws and directives when it concerns the external revision, but the internal revision is regulated by Volvo (Zachrisson, personal interview 2013-04-12). Internal recruitment and educations is something Volvo actively works with and it is rare that a management position is filled by an external source. Last year there was a program in the Nordic parts of the organization where talent was sought and those chosen due to their potential was then educated so that they could take a leading role within the organization. Personal goals are set during the performance review, for example Anna Jeansson (personal interview 2013-02-04) says that she has a personal goal to integrate the sales unit of Renault into the new organization in a satisfactory way (Jeansson, personal interview 2013-02-04). Another example of Volvo's focus in internal recruitment and education is that in VGBS Japan there is a program for the enhancement of competence being formulated and it is scheduled to be implemented during the years of 2013 to 2015 (Zachrisson, personal interview 2013-04-12).

4.3. Culture in the Organization

Volvo describes their values and guidelines for the corporation in a document by the name of "The Volvo Way". This document is accessible for all employees in the organization. The Volvo Way" can be divided into two parts, customer focus and Volvo's way of work. The first part,

customer focus, is about the core values in the company, about the visions and what factors that will make Volvo successful. The core values quality, safety and environmental care are the foundation for Volvo and their work. These values take shape in increased efficiency and innovation, research and improvements in the field of traffic safety but also the working environment and the ongoing work of reducing the negative effects that Volvo's products have on the environment. The customer focus is not only about the core values. "The Volvo Way" describes how the organization should work and prioritize in order to satisfy their customers. By continuous processes targeted at increasing innovation, on achieving constant improvements in every field and by using the gathered knowledge and expertise in the organization Volvo will meet their customers many demands as well as their unspoken needs (AB Volvo, 2009).

Volvo's way of work, as it is described in "The Volvo Way" has its own "core values" and those are energy, passion and respect for the individual. Energy is about flexibility, efficiency and the drive to give more than asked for, to go that extra mile in order to satisfy the customer. Passion is about finding a purpose in your daily work, of feeling part of something bigger and feeling pride for what you and the company are doing. Respect for the individual is about caring for the co workers, for respecting, appreciating, listening and encouraging the other employees to create a relationship of trust and mutual understanding (AB Volvo, 2009).

"The Volvo Way" describes factors that influence the workplace and the employees and thus are a vital part of creating the desired culture. Keeping an open dialog and giving and receiving feedback is needed to further coordination and increase the communication within the organization. Teamwork is needed for increasing quality and productivity, by working together problems can be solved and solutions may come from anyone, it is for the same reason that diversity is important. In order to look at a problem from every angle you need people from every angle (AB Volvo, 2009).

It is meant that "The Volvo Way" should imbue the total organization and that all employees should be taught and has knowledge of this value-system. Further does "The Volvo Way" aim to convey what it means to work at Volvo and what culture that should exist within the corporate group. Volvo is, in other words, actively working with ensuring that their employees adopt the culture of the organization, this is done in even the smallest way such as printing the core values

on the coffee mugs in the staff room (Jeansson, personal interview 2013-02-04), and that Volvo focus on spreading their culture is further verified by Christina Skoglund (personal interview 2013-05-15).

A possible problem with a cultural value-system such as the one in Volvo is according to Christina Skoglund (personal interview 2013-05-15) that it is open for interpretation. This will lead to situations where employees from different countries will have different opinions in matters depending on their own fundamental values but, and this is the result of the interpretations, everyone in the discussion will point at “The Volvo Way” as support for their arguments. That different interpretations lead to discussions is not a negative thing says Christina Skoglund (personal interview 2013-05-15) instead it helps bring to light topics of importance and the discussions help to avoid misunderstandings which in turn lead to a greater unity among the employees. When asked if she thinks that “The Volvo Way” is in need of rewriting, Christina Skoglund (personal interview 2013-05-15) says that it is not necessary to rewrite “The Volvo Way” in order to reduce the potential for misinterpretations and that the message that Volvo wants to send might be lost in an increase in details, at the same time is an increase in details no guarantee that there would be no misinterpretations. In order to ensure that the positive culture Volvo wants to create actually exists co worker evaluations are conducted every year where the employees can speak their mind in a range of questions concerning their workplace (Skoglund, personal interview 2013-05-15).

Volvo also uses a well formulated Code of Conduct, which is meant to function as a support for the employees when it comes to prioritizing, how to behave in different situations as well as the rules and policies that should be followed. For example there are policies on how book values are calculated, in other words how the repurchase of trucks are valued. (Jeansson, personal interview 2013-02-04) Volvo can create the policies and rules when they set the norms for the corporate group, but it can also be that policies and rules are the results of legislation, either local or multinational. The responsibility to ensure that rules and policies are followed lays in each division, Anna Zachrisson (personal interview 2013-04-12) says that they can not make sure that what is going on outside of their division complies with Volvo’s rules and policies but that they can work with processes that increase the likelihood that rules and policies are obeyed even in the areas where Volvo has no direct control.

VGBS used to have a Service Policy, this policy was more difficult to implement since values affected its interpretations. Today is the Service Policy no longer there, Anna Zachrisson (personal interview 2013-04-12) can not say why but name three possible explanations: that the management decided to remove it, that the organization has grown to encompass more continents than Europe and North America or that there has not been enough time to create a new one after the restructuring.

“The Volvo Way” together with the Code of Conduct are crucial parts in all the processes where there is a need to pursue change and the reach of common ways of work. It might not be that it is spoken lengths about their importance in the daily work but when new units are created it is desirable that it is confirmed that the behavior code and the corporate culture has been taught (Zachrisson, personal interview 2013-04-12).

4.4. The Implementation Process

4.4.1. Earlier Implementation Process

The implementation process Volvo faced after the acquisition of UD Trucks was extensive and planned to take a long time. Because of this Volvo did create a special unit named Volvo Alliance Office whose main purpose was to, in the strategically best way possible, investigate what needed to be done regarding the implementation and to ensure that the time plan was held. Due to the high complexity and the extensiveness of the implementation, Volvo Alliance Office chose to work with a phased implementation processes that had a clear priority order. (Andersson, personal interview 2013-05-02)

The reasons for the use of a priority order were partially of a technical nature, to be able to implement an IT system the division of Volvo IT had to be implemented, and Volvo IT is the division with the responsibility for all IT related operations in the corporate group. The second reason for the priority order was that parts of UD Trucks were of greater importance for the global operations than others, for example UD Trucks engine operations was integrated fully in Volvo Powertrain which is Volvo's division for all operations related to engines and transmission, this integration can be compared to the dealers network in Japan who basically was left as it was prior to the purchase. (Andersson, personal interview 2013-05-02)

Another example of the priority order is that Finance and Accounting implemented a standard system in the year of 2007 while a similar implementation done in Human Resources was not conducted until 2012 (Zachrisson, personal interview 2013-04-12). The integration of the dealers network was as mentioned left as it was when the implementation started, the dealers network started to integrate in 2009 but is still not fully integrated in Volvo (Murayama, personal interview 2013-05-10). The priority order was a contributing factor to the long time horizon on the implementation but it was not the only reason (Andersson, personal interview 2013-05-02).

Volvo had chosen as strategy for the implementation to take it slow and move forward in a calm and careful way, this is according to Erik Andersson (personal interview 2013-05-02) typical for a Swedish way of handling implementations. Executing changes to quickly will, according to Erik Andersson (personal interview 2013-05-02) lead to unwanted consequences which happened during a case involving Daimler and Mitsubishi were Daimler moved so fast and in such an uncompromising way that the personnel in Mitsubishi resented the acquisition to such an extent that the implementation process was damaged (Andersson, personal interview 2013-05-02). Moving at a slower phase is better in the way that the company is not shocked to badly, instead there will exist a possibility to learn the language and culture present in the acquired company (Andersson, personal interview 2013-05-02; Skoglund, personal interview 2013-05-15).

The ability to learn from the acquired company was of great importance to Volvo and this showed in how the implementation was handled. For example all expatriates that would be sent to Japan were educated about Japan so that they would bring with them an understanding of the Japanese way of work that existed within UD Trucks. This shows that Volvo made an active choice to approach UD Trucks culture in a humble way and that there existed a will to understand the corporate culture that was in place before any changes would be made. Since the employees sent to Japan did not have any objectives to change the way to work and the behavior in their new workplaces it became, for them, a workplace with different norms, values and behavior than they were used to since the norms and values came from the Japanese culture and its business world. (Andersson, personal interview 2013-05-02)

An example of a difference in behavior in the workplace is that when disagreements occur expatriates from the west want to discuss those disagreements while the Japanese employees engage in discussions as little as possible (Zachrisson, personal interview 2013-04-12).

In Japan today it still exists a web of old traditions and the deeply rooted rituals that are connected to those traditions. There are both similarities and differences between Sweden and Japan, something Erik Andersson (personal interview 2013-05-02) said can be seen in Hofstede's analysis about national cultures. Erik Andersson (personal interview 2013-02-15) continues by saying that these differences are possible to observe in the everyday life. UD Trucks shared a common trait with other Japanese firms and an example of that was that each day started with a common light workout to the tunes of a melody that was first played shortly after the founding of the company, in this case Nissan Diesel, and that melody has been played ever since (Andersson, personal interview 2013-05-02).

Another example of differences is that when it is time for lunch a bell rings to mark the start of the lunch, shortly after the lights are turned off in the offices so that none stay behind and work and at the end of the lunch the bell rings again to tell everyone that it is time to get back to work (Skoglund, personal interview 2013-05-15). These deeply rooted rituals are something that, according to Erik Andersson (personal interview 2013-05-02), distinguish the Japanese business world and also mark them as different compared to the behavior in the rest of Volvo's corporate group and especially the Swedish parts of Volvo (Andersson, personal interview 2013-05-02). A specific control UD Truck uses is that all desks in the offices are of the same size, 120cm times 70cm, and they are all facing the same way with the manager situated on the long side facing the employees and thus constantly supervising them. When compared to Sweden this form of control would be to go to the extreme regarding harmonizing and would not be appreciated by Swedish employees since it would restrict the personal freedom too much. (Andersson, personal interview 2013-05-02)

To be treated as a group and not individuals is a characteristic in the Japanese way of work and this can be seen in the salary system where salaries should be equal and groups are rewarded instead of lone individuals. This has had the effect that Volvo can only apply their bonus systems on managers in top position in UD Trucks. In Japan the daily press will twice a year publish

what initial payment each company has chosen, this leads to increased pressure to remain fair and have increased transparency on the Japanese companies (Andersson, personal interview 2013-05-02).

To ensure that an implementation is conducted in the best way possible it is vital, according to Erik Andersson (personal interview 2013-05-02), that Volvo regard cultural differences such as the ones mentioned above, avoid or soften potential clashes so that the control systems of Volvo can be integrated slowly but surely. An example of this is the challenge letters that on a structural level were the same in all divisions on Volvo but when looking closer at each subdivision it is clear that there are differences due to what country the spectated subdivision resides. When formulating the activities necessary to reach the strategic goals there is, in the Japanese part of Volvo, a higher degree of details and consensus in the decision making than in the Swedish parts. The fact that the control system is flexible enough to allow for these differences contribute to making the implementation of the system as a whole easier (Andersson, personal interview 2013-05-02).

Even though the control systems are implemented on paper it does not mean that the personnel in UD Trucks has fully adopted the system, instead it can be the case of working with both the old system and the new system parallel (Andersson, personal interview 2013-05-02). An example is that VGBS has implemented their systems in VGBS Japan but there is still an uncertainty if the systems are actually being used as intended. In order to ensure that a system works as intended it is needed that the employees become more active and take a bigger part in the process, this leads to the vision on how to work being anchored (Zachrisson, personal interview 2013-04-12).

The implementation of “The Volvo Way” was, according to Erik Andersson (personal interview 2013-05-02) a given and it was conducted so that the personnel in Japan was informed of what “The Volvo Way” is, the core values of Volvo and they were all given the compendium of “The Volvo Way” so they could read and understand it in their own way (Andersson, personal interview 2013-05-02). Anna Zachrisson (personal interview 2013-04-12) says that it should have been demanded of all managers that the employees they were responsible for was educated in “The Volvo Way” (Zachrisson, personal interview 2013-04-12). In the same way as have been done in Sweden, the core values of Volvo were printed on apparatus such as pencils. This is part

of Volvo's way of educating and reminding their personnel of the core values that should affect their work and that should be shared among all employees (Andersson, personal interview 2013-05-02). Problems arising in this field is related to the fact that the employees wants to be a part of both UD Trucks and Volvo, this stems from the employees holding on to their loyalty to Nissan Diesel and at the same time they are loyal and respectful towards the owner which is now Volvo (Zachrisson, personal interview 2013-04-12).

Even though Volvo educated the personnel in UD Trucks and printed core values where they felt it appropriate the majority of the work with implementing the corporate culture was handled in different ways. One such way was the sending of Japanese employees to Volvo's operations in other countries such as Sweden, USA and France. These Japanese employees then worked a period of time in these countries in order to broaden their understanding of other cultures and thus making it possible for them to work in teams consisting of members from different countries. Erik Andersson (personal interview 2013-05-02) says that the Japanese employees experienced cultural clashes as part of the experience and give the example of a Japanese employee that he was given the responsibility of introducing Volvo Logistics in Sweden to and Erik Andersson (personal interview 2013-05-02) mentions one clash that occurred and this was concerning lunch. As have been mentioned earlier, lunch is regulated in UD Trucks in such a way that everyone eats at the same time, in Sweden the lunch hour is more flexible and this lead to a conversation where the Japanese employee did not think that "When are you hungry?" to be an appropriate answer to the question of when it was time for lunch (Andersson, personal interview 2013-05-02).

The international teams that were created have the greatest influence on Volvo's pursuit to make their employees international, since members of such a team either has to broaden their cultural understanding or fail with accomplishing their work in a satisfactory way and are therefore replaced. That the employees should become international is made easier, according to Erik Andersson (personal interview 2013-05-02) by the fact that the value system of Volvo is not Swedish but contains influences from all culture were Volvo has operations and the fact that Volvo strives to be as international as possible (Andersson, personal interview 2013-05-02). When the implementation process first started were there major differences between Volvo and UD Trucks but as time pass these differences are diminishing, something that Erik Andersson

(personal interview 2013-05-02) says indicate that an implementation of the corporate culture has taken place. Those units that were highly prioritized have moved further along the path of integrating the culture with “The Volvo Way” compared to those that was not as prioritized (Andersson, personal interview 2013-05-02).

4.4.2. Current Implementation Process

Christina Skoglund (personal interview 2013-05-15) start with verifying what Erik Andersson (personal interview 2013-05-02) said about there being differences in Volvo's operations in Sweden compared to Japan. The control system, compared to the corporate culture, has been more clearly implemented in UD Trucks (Skoglund, personal interview 2013-05-15) but there is still work to be done even there which can be seen in several of UD Trucks units where there is currently work being done to set a common supplier or process for each unit, since this will lead to increased efficiency and reduced costs (Murayama, personal interview 2013-05-10). Expatriates has been sent from Volvos different operations across the globe to Japan to achieve the implementation of Volvo’s control systems (Skoglund, personal interview 2013-05-15) an example of such an expatriate is Anna Zachrisson who was sent from Sweden to implement VGBS in Japan (Zachrisson, personal interview 2013-04-12). In the division Christina Skoglund (personal interview 2013-05-15) work they are using financial target to strive against, these goals has been sent from above, but they also formulate different goals within the division depending on the form their activities take. This is in line with the information presented by Erik Andersson (personal interview 2013-05-02) and Anna Jeansson (personal interview 2013-02-04) on how the works in their divisions are handled. There are set goals that each division has to accomplish but also a great deal of freedom in how to accomplish those goals; this is the same both for Japan and Sweden.

The differences between the countries are more in behavior, in Japan there is a greater fear for taking the wrong decision and the personnel strive for a greater sense of security by avoiding taking decision on their own but instead seek the approval of the nearest manager (Skoglund, personal interview 2013-05-15). This can be seen in the daily work and mainly within projects through the need to spend a lot of time in pre-studies, enquiries and anchoring decision but when everyone is “onboard” and know what needs to be done the project progress rapidly. In Sweden

it is more the other way around where the time spent on pre-studies are generally shorter and problems are handled as they arise which leads to a longer time for the rest of the project compared to the ones conducted in Japan. Total amount of time will roughly be the same for both methods. In order to make the work in the projects easier it is of great importance that the one in charge is clear and visualizes what needs to be done (Zachrisson, personal interview 2013-04-12). Of equal great importance to make the work easier is to make it clear how much responsibility each member of the project has, especially those projects where a change in the organization will be the target (Murayama, personal interview 2013-05-10).

That it should be equally possible for an employee in Japan as in Sweden to be granted the financial means she feels necessary, as long as the employee can ensure that the investment will grant higher profitability for the company, is something Christina Skoglund (personal interview 2013-05-15) says it should be but are not. If this is the result of the higher degree of details in the Japanese control systems described earlier can not be confirmed since Christina Skoglund (personal interview 2013-05-15) says that such a form of control systems is not compatible with “The Volvo Way”, since it includes freedom and pursuit of creativity among the employees (Skoglund, personal interview 2013-05-15). Rules and policies such as the Code of Conduct, rules about revision, labor unit agreements, salary agreements and conditions of employment were integrated in UD Trucks and are thus in place throughout the corporate group (Zachrisson, personal interview 2013-04-12).

“The Volvo Way” is something Volvo is today working with in Japan to a greater extent than before since it still has not been fully applied to UD Trucks. The reason for the increase in implementation related work is that the culture that existed in UD Trucks is not in line with the culture Volvo wants to be connected to. As mentioned earlier, Volvo use a slow and careful approach to get to know the corporate culture in UD Trucks but also because this slow approach is, according to Christina Skoglund (personal interview 2013-05-15) in line with “The Volvo Way”. When it was later on discovered that there were problems with the culture that was a legacy of Nissan Diesel the increase earlier did commence. Personnel was replaced in such a way that older and more traditional Japanese employees was transferred or retired and a mix of people from different backgrounds and ethnicity was mixed with the Japanese personnel, this was done in order to loosen and break apart the culture in place, a culture that was left from the

days of Nissan Diesel (Skoglund, personal interview 2013-05-15). The mentioned culture of Nissan Diesel is a culture that depends on relations and trust; this culture is equalized with Japanese culture. A culture where business relies on trust will lead to great importance being placed on personal relations between the people involved in, for example, a project or when crafting an agreement, this can be seen in the behavior where a lot of time is spent on meeting and conversations before activities start to progress in earnest. Anna Zachrisson (personal interview 2013-04-12) says that the mentioned culture is what made her assignment vital for the implementation since she was in Japan and was thus able to create the relations needed for any work to be done, at the same time she would function as a bridge between Europe and Japan conveying information in both ways in such a way that misunderstanding could be avoided (Zachrisson, personal interview 2013-04-12).

Volvo has used a conscious approach in Sweden to mix gender among the people in top positions and within project teams, it is today more women and more gender equalized in the company than before. This is not something that is the same in UD Trucks, which instead is heavily dominated by men. This might not be so odd, says Christina Skoglund (personal interview 2013-05-15), since the Japanese operations are more masculine and physically demanding. It is a company that constructs trucks and is less automatized than what is seen in the Swedish factories (Skoglund, personal interview 2013-05-15). Anna Zachrisson (personal interview 2013-04-12) verifies this by saying that there is a clear dominance of the male gender in UD Trucks and this together with the age of the male employees gives the perception that UD Trucks is an old-fashioned company since it looks a lot like how manufacturing companies in the west used to look like (Zachrisson, personal interview 2013-04-12). One effect of the male dominance in UD Trucks is that women are being neglected and that they do not have equal status as men, this leads to problems with the implementation of “The Volvo Way” since it preaches equality between all employees regardless of gender (Murayama, personal interview 2013-05-10). When Christina Skoglund (personal interview 2013-05-15) was about to leave for Japan and her work there she was informed that it could be seen as odd from a Japanese employee's point of view that a woman works in a leading position. Christina Skoglund (personal interview 2013-05-15) says that this is not anything she encountered while there and she thinks it depends on the fact that she is a foreigner and is therefore treated with a different kind of respect than what a woman of Japanese origin would have, she says it matters a lot in Japan what kind of support you have backing you

and your gender becomes less important when you are the person being sent from the head office (Skoglund, personal interview 2013-05-15). Anna Zachrisson (personal interview 2013-04-12) says that it takes a while before you are accepted, however this has nothing to do with gender but is instead about trust. It is not until a relation where you trust one another that work regarding change can progress, as in the case of an implementation process (Zachrisson, personal interview 2013-04-12).

That there is an increase in the work with the implementation is something Christina Skoglund (personal interview 2013-05-15) says can be seen in the steps taken and this is something she think is positive since she says that it is a well thought-out system which functions well in the daily work. She can share visions more clearly with colleagues and she knows that the value system is the same for everyone in Volvo (Skoglund, personal interview 2013-05-15). The importance of the corporate culture and that Volvos is a good one is something Anna Zachrisson (personal interview 2013-04-12) says and also that it works at its best when it is a part of the daily work and complemented with some kind of practice in the form of a dialog or a workshop, those practices is used to drive the progress with the culture implementation further. She admits however that not all people adopted “The Volvo Way” as much as desired (Zachrisson, personal interview 2013-04-12). Problems arising with the culture and its implementation are related to the language difficulties that exist in a corporate group where the language used is not the native language for all employees and the fact that people from different cultures will have different values (Skoglund, personal interview 2013-05-15). The mentioned language difficulties are something that hinder the implementation of “The Volvo Way” in UD Trucks since the level of the employees English skills are rather low, among employees as well as suppliers (Murayama, personal interview 2013-05-10).

That “The Volvo Way” is interpreted differently depending on the employees own values is not a negative thing according to Christina Skoglund (personal interview 2013-05-15), instead it can create discussions which brings problems into the light to a greater extent than if the discussions had never occurred. It can be difficult to distinguish if a problem is due to a difficulty in language or if its differences in views that leads to misunderstandings and incompleteness in the exchange of information. Anna Zachrisson (personal interview 2013-04-12) also says that “The Volvo Way” will be interpreted differently depending on a person's background and values but

that there areas of “The Volvo Way” such as Respect for the individual that can be interpreted differently but the differences can not be too far apart since no employee is allowed to treat another in a negative way (Zachrisson, personal interview 2013-04-12).

Volvo are using team for their projects in the same way Erik Andersson (personal interview 2013-05-02) has described, teams that consist of a mix of persons from around the globe. This is still being used and the employees in the teams can be from all countries where Volvo has operations such as Sweden, India and Japan. The reason behind using people from different countries is that Volvo wants to create a culture that is international. But it is not only in teams that this mix is found, it is also used when appointing people to higher management positions and this is a direct decision taken to split the culture in UD Trucks that has been there since the days of Nissan Diesel (Skoglund, personal interview 2013-05-15). By using teams with employees from different cultures Volvo wants, as have been mentioned earlier, broaden the personnel’s awareness of other cultures since the obliviousness for other views and behaviors has been a problem leading to no significant changes in the willingness to adopt the new culture among the UD Trucks employees during the time of the implementation process. There has been reluctance among the employees to change anything in UD Trucks since the days of Nissan Diesel, especially where those changes would be major (Murayama, personal interview 2013-05-10). Christina Skoglund (personal interview 2013-05-15) resumes the trail of thought about the difficulties regarding language, especially when it concerns the implementation of the corporate culture. She says that purchasers in UD Trucks would not meet her without a translator present even though she was fairly certain they understood English well enough. She thinks there can be two reasons for this behavior; one is that it is a tactic used to gain more time to think before giving an answer and while some might do just that she thinks the main reason is that the persons she met did not feel confident or were embarrassed of their English skills and therefore chose to use a translator. By using mixed teams the need to be able to speak English increase and there should therefore be a positive change in the English skills possessed by the Japanese employees (Skoglund, personal interview 2013-05-15)

In order to achieve control throughout the corporate group it is needed that the same form of control systems are used in each part of the corporate group. There exist differences in the conditions for the employees in Sweden compared to Japan. Christina Skoglund (personal

interview 2013-05-15) mentions the working environment as a clear example of those differences since it is a major problem in Japan and the standards are far below those in Sweden. The ventilation does not function properly and the air in the office is in such a bad state that it hinders the work being done in the office. Also little things, like the absence of a coffee machine in the Japanese offices, shows that there are differences since the lack of a coffee machine in a Swedish office would lead to great resentment among the personnel (Skoglund, personal interview 2013-05-15).

A great difference among the Japanese parts of Volvo and the Swedish is the hierarchy within the subdivisions and units. Christina Skoglund (personal interview 2013-05-15) says that the Japanese parts are more hierarchical and have a higher degree of top-down management compared to the Swedish parts. For example can a Swedish employee contact managers on the very top if it is required for them to accomplish their work while a Japanese employee needs to be introduced every for every new level (Skoglund, personal interview 2013-05-15). The need to be introduced slows down the implementation processes since it takes time to gain the approval needed to continue working (Murayama, personal interview 2013-05-10). Even though there are elements of new thinking personnel there are still lots of personnel that is not inclined to think outside the box, this contributes to UD Trucks keeping the hierarchical structure that existed in Nissan Diesel. Due to the hierarchy that exists in UD Trucks it is important to keep track of where in this hierarchy employees are according to Anna Zachrisson (personal interview 2013-04-12), for example if a manager does something that is wrong or incorrect and the employees below that manager spot it they will not correct their manager since she is above them in the hierarchy. This is something expatriates must bear in mind so that they do not put unreasonable demands on employees (Zachrisson, personal interview 2013-04-12). That personnel will not correct their managers in Japan is something Erik Andersson (personal interview 2013-05-02) says as well. This behavior is something that Volvo tries to change since all employees should have the same rights and the same freedom regardless of in what country the employee works. The work being done to change this behavior coincide with the one regarding language difficulties since the replacing of personnel with new ones, will in the cases where the replacing person is not from Japan lead to a lessening of the hierarchical view in UD Trucks (Skoglund, personal interview 2013-05-15).

Christina Skoglund (personal interview 2013-05-15) finishes by saying that it is her view that Volvo have succeeded with the implementation of their control systems and to some extent part of their culture but that it is clear that the culture of UD Trucks still is significantly different from the rest of Volvo (Skoglund, personal interview 2013-05-15). As mentioned is the culture of UD Trucks changing towards Volvo's but there is a great pride towards the culture of UD Trucks since there is still a pride in having been part of Nissan (Zachrisson, personal interview 2013-04-12).

5. Discussion

5.1. Management Control Systems in the Organization

The control system is constructed and overlapping in the same way Malmi & Brown (2008) say that system tend to be when a company uses a package of control systems. Volvo has a unique set of control systems that include different types of setups dependent on where in the organization they are placed, this adaption to the external environment is according Schein (1990) and Rad (2006) needed for the systems to function properly. Even though the control systems are created by Volvo and thus are unique, there are connections to the theories described by Merchant & Van der Stede (2007) regarding MCS. The overall control where financial targets are set at the highest level and then sent down the organization corresponds to the theory of result control by Merchant & Van der Stede (2007) and Kerr (2003) where financial key figures influence the strategy and is what the divisions should focus on. The use of control packages exists in the divisions as well. Return on total capital, operative results and gross revenue, the revenue after accounted expenditures, which according to Merchant & Van der Stede (2007) are all a form of result control. Activities that is created to accomplish a certain task will go under action control, such as a required renegotiation of supplier contracts or the creation and follow-ups of processes that enforce the rules and norms of Volvo (Merchant & Van der Stede, 2007). In these activities there is room for personal freedom when creating the activities, which can be seen in the high amount of trust by the managers. This makes it possible for employees to excel which enables them to climb inside the corporation. All this is included in “The Volvo Way” which connects to the personnel control described by Merchant & Van der Stede (2007) where work is directed towards a strong and united corporate culture. Their Code of Conduct and policies also functions as personnel control where the purpose is that all employees of Volvo should think and act in accordance with the corporate culture and its values. This also bears close resemblance to what Merchant & Van der Stede (2007) and Malmi & Brown (2008) call cultural control. Since Volvo is a large organization with lots of subdivision all incorporated in a corporate group where large divisions, such as Volvo Trucks, work with different targets there is a risk for the creation of a lot of cultures, “The Volvo Way” is therefore used to bring all the parts of Volvo together in the creation of a common culture. The creation of a common culture with shared values will decrease the risk for future conflicts in the corporation (Schein, 1990).

The fact that different systems are used together in a package corresponds with the theory by Malmi & Brown (2008) where different control systems are used simultaneously.

Volvo leaves, generally, more space for personal freedom regarding decision making and responsibility at the higher levels and uses a stricter and stricter form of action control further down the organization and at the bottom there is almost no space for creativity left. This can be connected to the theory on tightness in control systems by Emmanuel, Otley, Merchant (1990), Merchant & Van der Stede (2007), who describes the importance of adapting the control to keep tightness throughout the organization in order to avoid problems and inefficiency. Volvo has made a conscious choice of using a tighter action control in the lower parts of the organization and looser controls in the higher where the employees have more personal freedom. Volvo has also made a conscious choice to limit their action control in Volvo Trucks Technology, something a company should do according to Merchant & Van der Stede (2007) since they mention that it is important to not restrict creativity in units working with research and development. Volvo uses benchmarking on both an external level but also internal while working at targeted financial key figures. By doing so, Volvo can be seen to use a classic result control defined by Merchant & Van der Stede (2007).

5.2. Differences in the Implemented Management Control Systems

Volvo's result control with financial goals sent to the units from the top management varies depending on geographical area. When comparing UD Trucks to the rest of the corporation the managers in the units use a stricter control over their units and involve their employees to a lesser extent than managers in the other parts of Volvo. According to Hofstede (1972) Japan is a more hierarchical society than Sweden so managers having more power should be expected when compared to especially their Swedish counterparts. As seen there is also a trend among the Japanese employees to avoid taking decisions on their own and instead anchoring all decisions with the closest manager, this indicate that this behavior is a part of the internal culture described by (Schein, 1990) of UD Trucks. This part of the culture is an example of when external environment influence the internal environment described by Schein (1990), Hofstede (1972) and Garrison (1998). Examples of where the external environment prevented the implementation of existing systems are: there are no bonus systems in VBGS Japan even though there are in

Sweden, and the salary system in use in UD Trucks is their old from Nissan Diesel where salary is set after group performance and not individual as is the case in the rest of Volvo.

The usage of challenge letters will go in line with the description made by Merchant & Van der Stede (2007) of how result control can be used. This form of control was the first implemented control system in UD Trucks but was later changed. In the previous control system where challenge letters were used the units had a possibility of sending feedback to the top and thus be a part of the goal creating process. After the restructure the system was changed to be more centralized where the goals were set and handed down. According to Hofstede (1972) Japanese personnel prefer a more centralized structure and also a higher degree of rules and norms, thus should Japanese employees prefer the newer system to the old. This preference among Japanese employees suggest that action control would be of great use since according to Merchant & Van der Stede (2007) in order for action control to function as intended it is needed that the personnel feels satisfied with not being able to decide in situations and that the personnel accepts that with a tight action control system they will have lesser space for creativity than with a looser control system. Action control is therefore directly influenced by how the personnel view this form of control, for example a company used to a strict form of action control will prefer this strictness in a new system as well (Merchant & Van der Stede, 2007).

Even though action control could be preferable, when analyzing the systems that has been implemented, it can be seen that a major part of the control systems consist of personnel control, where “The Volvo Way” and the Code of Conduct, as said previously, is used to a great extent. Still, action control can be found in a detailed level such as: how to act, dress code and routines. But the action control will not be a dominating control in the control package since Volvo is aware of its impact on creativity and motivation as was stated by Christina Skoglund (personal interview 2013-05-15). The use of personnel control over action control should fit Swedish employees since they, according to Hofstede (1972), does not want a high degree of rules and regulations but instead prefer using their own experience to decide how to work. With Japanese employees preferring a higher amount of action control compared to their Swedish colleagues it can be seen that there is a clash in the internal culture of the organization because of the influence from the external environment. These different preferences can be seen in the examples described by our respondents regarding: lunch time, where UD Trucks have a set time; the

regulations on desk size and placement; the morning routine in UD Trucks where all employees do gymnastics together. None of these examples would be well received in Sweden if Volvo should try it meant our respondents. Another part where culture can clash is, according to Hofstede (1972), the focus on groups or individuals. Volvo's use of a PBP is personnel control with focus on the individuals, which in some cases clashes with the culture in UD Trucks. The PBP is in the rest of Volvo used for determining an employee's salary but in UD Trucks this is not the case since salary is determined on group performance. Clashes due to differences in internal culture are a major cause for inefficiency (Schein, 1990; Garrison, 1998).

The use of "The Volvo Way" and codes of conduct is a broad and company specific way to reach personnel control (Volvo, 2009). "The Volvo Way" is created as a guideline to make the employees more creative and more motivated to work in a way that Volvo want (Volvo, 2009) and this way of control is in line with Merchant & Van der Stede's (2007) description of why a company should use personnel control. As Volvo has done a restructuring in order to reach more centralization, which is opposite to what personnel control is meant to strive for, according to Merchant & Van der Stede (2007), personnel control should instead be used to reach a more decentralized structure. Still, "The Volvo Way" is meant to be a form of control that motivate and create responsibility and this type of control goes in line with Merchant & Van der Stede's (2007) description of personnel control. According to Schein (1990) and Rad (2006), control will be affected by the external environment the company can create policies but there can also be policies due to legislation, such as the salary and benefits agreements in the Code of Conduct. The responsibility that the policies are followed is on the divisions (Zachrisson, personal interview 2013-04-12), but at the same time there can be seen that a part of the internal culture has the effect that employees will not correct their managers (Zachrisson, personal interview 2013-04-12). This is also in line with Hofstede's (1972) argument that managers in Japan have more power over their employees compared to Swedish managers.

Furthermore, when using personnel control it is important that the right people is in the right places, this in order to keep the control tight (Emmanuel, Otley, Merchant, 1990) since the actions taken has the qualification to be the most desirable for Volvo. A clear strategy for having the right persons in the right places can be seen in Skoglund's (personal interview 2013-05-15) description of how teams for projects are assembled. Facilitating teamwork is a part of Volvo's

personnel control which can be seen in the example earlier but also in the fact that an intranet is created in order to make multinational teams possible, this corresponds with Merchant and Van der Stede's (2007) argument that in order for personnel control to function it is important that the personnel are given the means necessary for them to accomplish their tasks. As stated by Skoglund (personal interview 2013-05-15) it can be seen that there is differences in the interpretation of "The Volvo Way" which leads to discussions. With Volvo's focus on diversity in their teams (AB Volvo, 2009), discussions will happen due to differences in values. While this is described in "The Volvo Way" and stated by Skoglund (personal interview 2013-05-15) to be something positive, Schein (1990) and Rad (2006) claim that differences in values can lead to the breakdown of any implementation. Furthermore, both Malmi & Brown (2008) and Merchant & Van der Stede (2007) has stated that values are something that has to be shared throughout the corporation in order to work in best way.

The internal culture can be seen to differ in Japan and Sweden, which affect the teamwork since values and behavior will be different e.g. how to handle conflict, structuring project and view on group behavior (Andersson, personal interview 2013-05-10; Skoglund, personal interview 2013-05-15; Murayama, personal interview 2013-05-10). The shape of the internal culture in UD Trucks is explained through influences from the external environment and the legacy regarding values from Nissan, (Andersson, personal interview 2013-05-02) has described how the culture still exist from Nissan Diesel in UD Trucks. That values would be carried over from Nissan can be explained by Schein's (1990) argument that values are resistant to change and that great effort is needed to actively change them, but also since Volvo from the beginning of the implementation chose to not change the existing values in UD Trucks (Andersson, personal interview 2013-05-02). There was a conscious choice to take it slow and learn about the culture left from Nissan Diesel and therefore a choice was made to not change too much inside UD Trucks when it came to their internal culture, this since such an approach had worked before and also because they were aware of the case of Daimler and Mitsubishi described by Andersson (personal interview 2013-05-02), the slow approach is also confirmed by Murayama (personal interview 2013-05-10). Regarding effort to change values, Skoglund (personal interview 2013-05-15) has described how Volvo in the later part of the implementation focused more on the cultural implementation; employees that could not adapt to a new culture with new values were transferred or retired. Skoglund (personal interview 2013-05-15) says that a mix of people from

different backgrounds and with different ethnicity was mixed with the current Japanese staff for the purpose of breaking the existent culture left from Nissan Diesel.

As has been seen, MCS are filling the criteria that Merchant and Van der Stede (2013), Malmi and Brown (2008) and Kerr (2003) has described it. Even though the systems correspond with the theories, it does not mean that the systems are working as efficiently as possible. Tightness in the MCS is something that Andersson (personal interview 2013-05-02) and Zachrisson (personal interview 2013-04-12) have mentioned is problematic to identify. Even though the control systems seems to be implemented it does not mean that the employees in UD Trucks has fully embraced the system, instead it can be the case of working with both the old system and the new system parallel (Andersson, personal interview 2013-05-02). Parallels can be dragged to the internal culture, which consists of the one that was in place in Nissan Diesel, especially since Schein (1990) and Garrison (1998) describe internal culture as “a way of doing things here” and control systems control how work is done.

6. Conclusion

The type of control system that has the lowest chance of breaking due to cultural influence is the result control. This can be seen in the fact that the overall result control used was not changed when implemented. But it is clear that the result control faces some changes in their more specific parts. In the discussed cases about different salary and bonus systems earlier, the influence from the external environment is evident but these influences stems from sources that demands adaptation, such as legislation and general behavior rules in the economic region.

When comparing the cultural influence on action control with the influence on result control there is a higher amount of influence on the action control related systems. In this case the employees in Japan is accepting and prefer a stricter action control system than Swedish employees. In this specific case the culture is not in risk of breaking the implementation of action control, instead it is facilitating it. But this is in the case of an implementation in Japan from Sweden, which indicates that in an opposite case, where a Japanese system was to be implemented in Sweden, cultural differences could break such an implementation. Therefore a research on an Asian company that conducts an implementation of control systems in a western country is something that is recommend for future research.

In the discussion it is evident that action control is used to a less extent than personnel control, this since Volvo use “The Volvo Way” to educate employees in how they should work. By using values and behavior codes in regulating employees the use of personnel control is clear and action control is less needed. Regarding personnel control, clear differences between Swedish and Japanese employees is seen in the interpretations of “The Volvo Way” and in the differences in behavior such as decision making and engaging in discussions. Such differences are evidence of the cultural influence on the personnel control system. This influence derives foremost from the internal culture that was in place when the implementation started. External environment influences can also be seen, but usually in the case where the external environment affect the internal environment which in turn influence the control system. The fact that Volvo in the later parts of the implementation had a greater focus on changing the values that was left by Nissan Diesel shows that the conflicting values is a problem. The result of not changing the values among the Japanese employees when the implementation started was a control system that was

not tight. Japanese employees does not utilize the freedom given by the personnel control system and fear relying on themselves, interpretations of “The Volvo Way” have resulted in a way of work that with the current control system is less effective than the one used by western employees. The reason for the different interpretations is the difference in values in the internal cultures.

The control system has seen to be affected by culture and the personnel control was the most affected control system. The reason is that the personnel control require the employees to monitor themselves and act in a desired way without strict rules in place guiding them. The conclusion that can be made is that a higher degree of involvement from the employees regarding values and behavior leads to a higher extent of influence from culture, especially internal culture. Furthermore, this shows that a company’s package of different control system together with the internal culture in place in the target for implementation will be the major forces behind how an MCS implementation will be affected by culture. It is possible that culture breaks such an implementation, even though that was not the case in the implementation studied in this thesis. The reason for that is the change in how Volvo handled the culture in the later stages of the implementation and the fact that the new system after the restructure was not clashing with the culture in UD Trucks but instead it was closer to the type of system the employees were used to.

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8. Appendix

8.1 Appendix 1



(AB Volvo, 2013c)

8.2 Appendix 2

Volvo Group before re-organisation



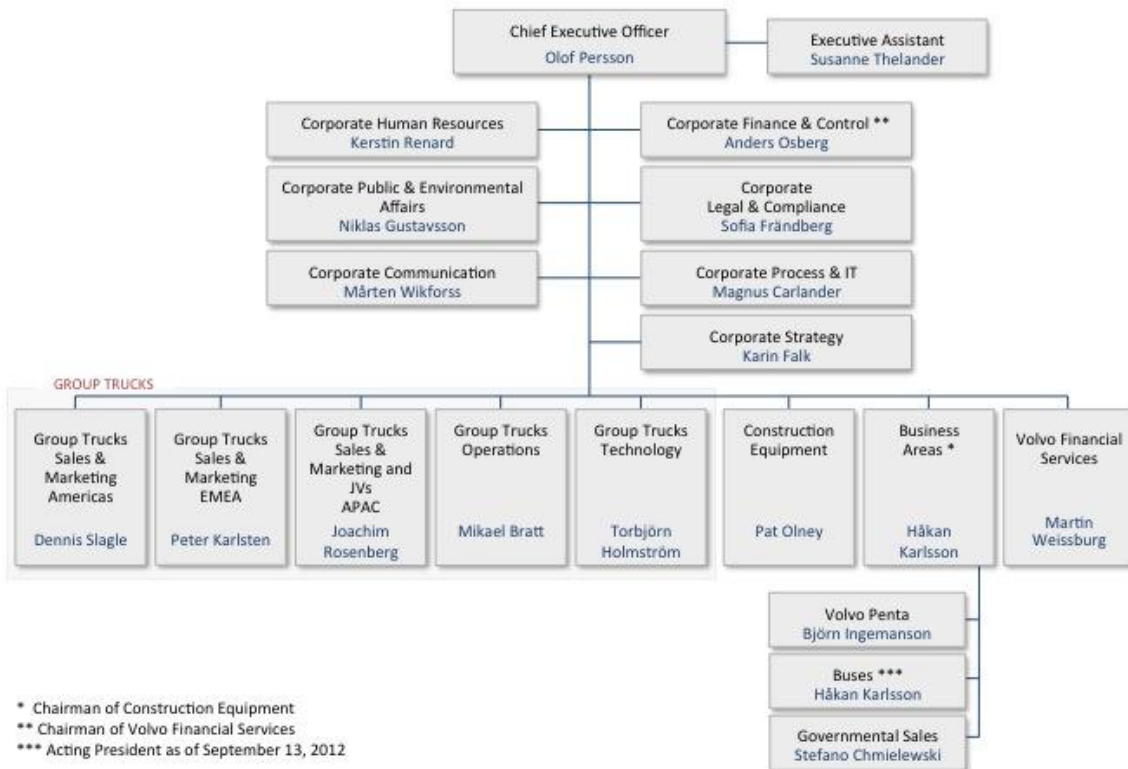
VGNAP, Kicki Skoglund,
2011-01-14

1

Date

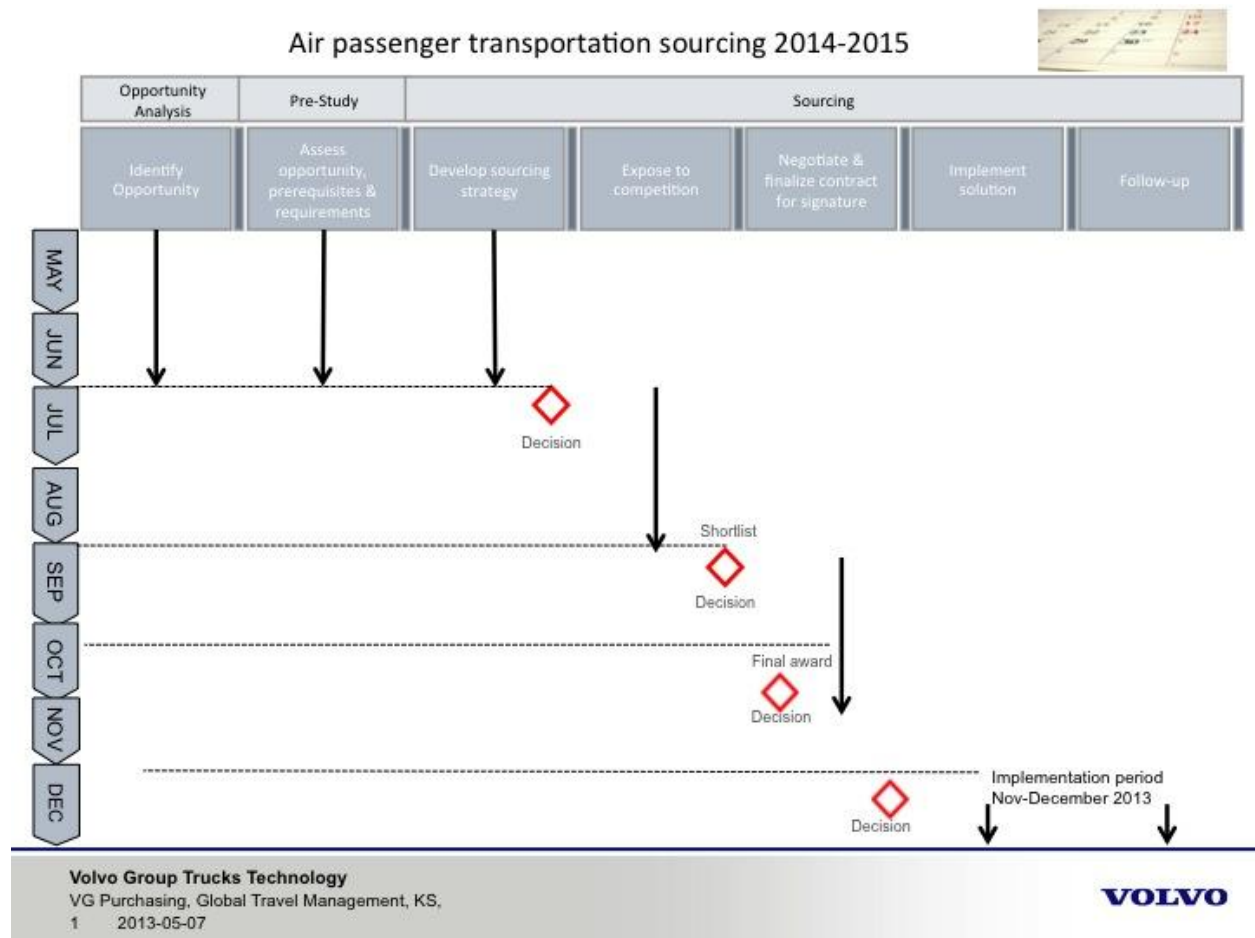
(Skoglund, 2013)

8.3 Appendix 3



(Skoglund, 2013)

8.4 Appendix 4



(Skoglund, 2013)

8.5 Appendix 5

Interview

Who are you?

- What is your name and what is your role at Volvo. In order to provide a good reference, we need to know a little about you.

What kind of control system do you use?

- What kind of goals and performance measures are the employees working at in different levels of the organization?
- How do you set your goals?
- How have these changed since the reorganization in 2012?
- How do you work with rules and policies?
 - Is it more strict at different levels?
 - Have you experienced any problems with your rules and policies?
- Are you using a reward system,
 - If you do, describe them.

With the responses from above in mind..

- How has the implementation of these systems, policies, goals been done in Japan?
- Will you describe this as successful or have there been any kind of problems, if there has been can you describe them?
 - How far into the process are you at?

How does your corporate culture look like.

- How important is company culture at Volvo?
 - Is it something you're actively working with?
- We have read "The Volvo Way", does it function well?
 - What does Volvo's vision look like?
 - Does Volvo work with values that should imbue the whole corporation?
- How does Volvo handle the education of their employees?
 - Internal or external recruitment?

With the responses from above in mind...

- How has the implementation of corporate culture been made?
- Is there a clear Volvo culture in Japan and does it coincide with "The Volvo Way"?

- Is there anything left of the culture that existed within Nissan Diesel?
 - If so, are there conflicts between different cultures?

- What difficulties with the implementation process can be traced to the corporate culture?

More implementation

- Is there any distinction between what should be done at different points of time depending on the time from purchase?

- Has there been a clear order of which components that will be implemented when?

- Have the control systems and the corporate control been handled differently?
 - If so, how?

- Are there any more factors that had any effect on the implementation process in this case?
 - If so, which and what have this achieved?