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# A Practice Based Approach to Complex Organisational Change

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## Abstract

This research takes a practice-based approach to examine the formation of integration networks after an acquisition. Drawing on the central principle of agency given to non-human actors in Latour's (2005) performative theory human and non-human actors such as financial reports were traced to investigate how these coalesce in the formation and sustaining of a punctualized post-acquisition integration network.

**Keywords:** integration networks, actor-network theory, human and non-human actors and punctualization.

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## I. INTRODUCTION

A common growth and expansion activity that most of the organisations get engaged is acquisition (Jones, 1986; Hitt et al., 1990; Brealey & Whitmore, 2005; and Öberg, 2012). Acquisitions are frequent phenomenon, according to the '2016 Global M & A Report Press Release' the volume of international acquisition activities reached significant amount of \$3.7 trillion in 2016 and continued this pattern throughout 2017. Similar active global acquisition market for the next two years (J. P. Morgan M & A Global Outlook, 2017) is anticipated.

The management and organisational change literatures indicate that, even though acquisitions are so widespread in the corporate world and use a wide range of methodologies to measure the performance of acquisition (Zollo & Meier, 2008), the overall conclusion is that less than half of the deals achieve their objectives (Schoenberg, 2006). Success rates of acquisitions are poor in general (Koi-Akrofi, 2016), and it is reported that 50% of the deals not only does not add to the value, they actually destroy value (Harding & Rouse, 2007; Koi-Akrofi, 2016) regardless of high hopes.

Many of these studies find that the integration processes used to put companies together are integral to a deal's success versus failure (Marks & Mirvis, 2011; Degbey, 2015), and the primary problem in effective management of an acquisition is integrating acquired and acquirer companies into a single operational unit. In fact, the value created after the acquisition hinges on the combined firm's ability to effectively integrate both firms' operations. Thus, creation of integration in the post-acquisition period is critical (Hitt et al., 1990; Marks & Mirvis, 2011; Öberg, 2012; and Capron, 2016) and fundamental (Aklamanu, 2016; Capece et al., 2017) to the success of the newly combined organisation. Scholars have suggested that, while integration adds value to

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the organisations, it is a challenge for the organisations to develop a suitable environment which can support the integration (Haspeslagh & Jemison, 1991; Lauser, 2010; and Caiazza & Volpe, 2015), and many acquisitions fail to succeed integration strategies (Hitt et al., 1990; Schneider, 2003; and Schoenberg, 2006).

Researchers have concentrated their efforts on investigating integration difficulties, and advances have been made by studying a number of different aspects of integration (Öberg, 2012; Rajeev & Jyoti, 2011) including: factors relating to employees (e.g., Hitt et al., 1990); Cartwright & Schoenberg, 2006), organisational learning (e.g., Onwuegbuzi et al., 2009) cultural fit (e.g., Weber & Camerer, 2003), leadership (e.g., Graebner, 2004), trust (e.g., Stahl & Voight, 2004), communication (e.g., Cartwright & Cooper, 1996; Razi & More, 2010), senior managers' attention (e.g., Graebner, 2004), role of financial advisors (e.g., Gulati et al., 2005), need to appoint an integration team (e.g., Haspeslagh & Jemison, 1991) or an integration manager (e.g., Maire & Collette, 2011) using different perspectives.

But the number of studies that investigate possible role that non-human actors (such as numbers) might play in the formation and implementation of integration strategies, are limited, take ostensive (that is limited to the role of humans only) view and only emphasized on the importance of numbers without exploring the role it might play. For instance, according to Kitching (1967, p. 89) “the nature of reporting relationships set up between parent and acquired companies, along with the organisational responsibilities and control systems established, is a dominant influence on the success or failure of acquisition”. This is confirmed later by Buono and Bowditch (2003). Granlund (2003) emphasised that on the role of accounting systems in acquisition, as they can be seen to uphold organisational routines” (p. 215), suggesting that it is important that researchers further their knowledge in this area (Yazdifar et al., 2008).

Some recent studies further emphasized on the active role of financial numbers in strategy formulation and configuration of the identity of the key strategic actor, and in constituting strategy and strategic change (Skaerbaek & Tryggestad, 2010), but it is not clear whether this is still the case in post-acquisition circumstance. This is important because if financial reports play an active role, then it has the potential to enhance the chances of success of the integration that leads to improved acquisition performance.

This study investigates how the involvement of financial reports assists with the establishment and stabilising post-acquisition integration networks. This study is noble because contrary to previous ostensive studies, it takes a “practice-based perspective’ on the accounting- integration strategy relationship (Chua, 2007), inspired by actor-network theory (ANT) and Latour’s (1986) performative theory. Findings of this study further our knowledge and lead to an increase in our understanding about the constitutive powers of financial reports in post-acquisition period.

In this approach strategy is considered to be a social process that is enacted through a variety of organisational routines and practices (Whittington, 2006), necessitating a special consideration of social elements (Roberts, 1990), financial reports are seen as a practical activity and strategy as a verb (i.e., strategies).

This research conducted a field study to investigate the actual integration activities that took place in a company called SIMNET<sup>1</sup> and the role of financial reports therein. This approach provides an opportunity for a detailed description of the chain of related events involved in the integration of the parent and acquired companies.

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<sup>1</sup> In this study all real names are disguised for confidentiality reasons.

Data gathered through semi structured interviews, view of archival documents and observations, helped in the research to construct how a particular factor assisted a certain integration decision to emerge and be acted upon. A particular contribution of the study is that integration is viewed as a process through which two newly merged organisations sought to establish new networks referred to as ‘integration relations’ that created and sustained integration over time. In this approach there is no distinction between technical and social dimensions of action but, rather, the two are merged, making it possible to overcome the limitations inherent in existing theoretical frameworks. Integration relations involve construction of a network of entities enrolled to support the integration and, during such a process, the entities and identities are negotiated and delimited. Actors initiate and frame integration and face many challenges to stabilise them.

This approach enabled the researchers to draw on the concepts of ANT to empirically demonstrate how integration strategy came to be defined relationally. By following actors in the making, the study has illustrated in detail how numbers can shape, reject and defend the strategic options of the integration, and integration economic performance. Finding of the this study provides valuable insights into the routine practices of integration strategy making, and how people enact and draw on a certain financial report on a daily basis to perform integration strategy.

## **II. THEORETICAL FRAMEWORK**

Literature reveals that integration has been studied from different human aspect points of view where “humans given prominence and complexities and contingencies are often overlooked” (Maire & Collette, 2011, p. 285) in terms of non-humans. Similarly, in the economic literature, primacy is accorded to economic explanation of the actions of rational individuals, while social explanations are marginalised.

Asymmetrical treatment of the economic and social elements existing in contrasting theories, are obstructive for investigating integration relations. ANT provides a fresh perspective Callon (1986) for studying integration, by denying the possibility of pure social (human only) relations, and “consider[ing] both social and technical determinism to be flawed. Instead, this theory suggests that all actors (such as humans and technologies like text, machine and accounting numbers and reports, play equally important roles in constructing actor-networks” (in this case integration) (Law, 1994).

This study attempts to understand how various human and non-human alliances create integration of sociotechnical networks. The concept of network in this context is used in a specific manner, where it does not attempt to describe some fixed things but a shift of alliances of actors. According to Callon (1986, p. 68), “entities that comprise networks are often converted into inscriptions or devices such as documents, reports, academic papers, models, books, and computer programs”. Law (1987) asserted that researchers could gain better insights by following the actors to investigate the associations and relations among them, which, in turn, is useful in explaining the expansion of networks. Furthermore, the degree of their influence over others is gained by “enrolling both social and material actors and actant” in new networks (Latour, 1986, p. 275). According to Law (1992), networks are punctualized in order to stabilise them into a form of a single powerful actor.

In examining the research questions in this study, the principles of ANT are useful, in the sense that they consider the use of financial report as a non-human actor that plays a significant role in the creation of integration. To identify their role in the integration process, we need to discover the main actors that participate in creating

accounting numbers and reports, and practices that possibly shape the integration relations and overall future of the post-integration organisation.

### **2.1. Principal Concepts of ANT**

This section provides some details of the principles of ANT that informed this study. First, the principle of generalised symmetry that assumes human and non-human actors must be treated symmetrically, and should be integrated into the same conceptual framework and assigned equal amounts of agency. So an actor in the network can be both human and non-human, and is referred to as ‘actant. Second, the principle of agnosticism (indeterminate interests) where ANT contends that interests of actors are multiple and unspecified (Callon & Law, 1982; Law, 1994) and no interest explanation is to be privileged over others (Latour & Woolgar, 1986). Actor network theorists argue that each actor is associated with many and varied interests and, hence, researchers should be talking of multiple interests rather than a single interest (Law, 2007). Third, is the principle of ‘relationships as a recursive process’ (rather than free-standing structure) (Law, 1994), where such a relationship is considered both as the medium and the outcome of interactions which, recursively and precariously, generates and reproduces itself in further interactions (Law, 1992, 1994). This implies that nothing is permanently stable, complete or final and, hence, stability cannot be taken for granted. The network is considered a site of struggles, resistances and negotiations and, through these, it is constantly in a state of change, one that is both a medium and an outcome of stabilising the relationships.

### **2.2. Conceptual Framework**

ANT theorists argue that organizations are seen as a number of networks of heterogeneous actors in more or less stable associations (Law, 1992), formed over time through a process of translation (Callon, 1986). Actors considered within the network may be human or non-human and act, or make a difference within networks (Lowe, 2001) that change in an ongoing process of making and remaking (Callon, 1986). The process by which an actor joins a network is seen as an act of ‘translation’, meaning a displacement from one status to another (Callon, 1986). The process of translation provides construction and stabilisation of the networks (in this case integration) of heterogeneous elements (Latour, 1999). Rather than being seen as a single act, translations will be multiple in the formation of a network and, where they occur across time or space, may be understood as ‘chains of translation’ (mutual) that carry from one actor to the next but with each actor in the chain adding in an element of their own (Latour, 1987). The process of translation is through four steps of ‘problematization’, ‘interessement’, ‘enrolment’ and ‘mobilization’.

A sociotechnical network focuses on the enrolment of social and technical allies, where one group of actors make the effort to impose some specific definitions on the other actors’ conditions (Callon, 1986). At this stage, the process of translations is a means of obliging some actors to consent to a ‘detour’ (Callon, 1986), designed by ‘heterogeneous engineer’. After the consent of actors, the heterogeneous engineer is able to speak on behalf of all the other actors enrolled in the network (Law, 1987, p. 412) and, as long as they share the same interests, are joined in relationships and accept things as given, the network becomes durable and stable enough to survive and serve the purpose (in this case constituting integration). But it is possible that interests of actors change at any given time, and this change can lead to disobeying the heterogeneous engineer which could well lead to the breakup of the network. So, a translator needs to ensure that a network survives and does not break up. At this stage,

the network could become powerful and stable if the process of punctualization takes place. Punctualisation entails a series of patterning that comes to mask the struggles within a network by making them disappear temporally so that the network will pass as a stable one (Law, 2007). It is this term of punctualisation that mainly informs this study.

### **III. RESEARCH METHODOLOGY**

#### **3.1. Data Collection**

In investigating the formation of integration networks with performative approach, it is assumed that integration strategy is constructed ‘in the making’ in chains of relations between actors that requires a researcher to retrace the footsteps of people inside the combined organisation as they go about ‘fact fabrication’ and strategy making, investigating the many different worlds the actors are elaborating for one another. To this end, actors were asked to describe every detail of ‘in the making of integration strategy’ inside SIMNET to investigate the network within which people performed and made up integration strategy. Through interviews with employees of the acquired and acquirer companies involved (prior, during and post) in the acquisition activities, descriptions were sought as to how they were ‘acting out’ everyday life and making integration strategies. This step is in contrast to most of the prior research in the field. These theorists tend to create, on behalf of the actors, a pre-defined context to ‘what strategy is’ and ‘what it is made of’.

Another important assumption of this approach suggests that ‘human action is dislocated via non-human actants’ (Latour, 1986) and that material objects have agency, for instance, a sales report act as a non-human actant that determines/alters the decision and actions of a sales manager. So here, it could be said that report has agency. Consequently, a researcher is required to observe how seemingly passive or static agents shape and give dimension to social life. Thus, performative researchers not only investigate how humans are connected to each other via non-human actants, but also how such seemingly passive actants make people act, and how they transform human action (i.e., strategising integration).

The data were collected (in 2013 and 2014) through semi-structured interviews at various hierarchical levels. Several resources were used in gathering data, to enhance the credibility of the findings. The semi-structured interview method was used in this study as it is rich in empirical potential. However, the method might be subject to the intrusive effects of interviewer bias. These biases may occur while the interview is being conducted, or at the time of transcript analysis (Oliver et al., 2005). Given that bias can affect significantly the credibility of theory building from qualitative data, an interview guide was designed with the aim of “ensuring complete and consistent coverage in each interview (of integration themes under study)” (Langley, 1999, p. 712), as well as minimising researcher intrusion through the pre-specification of neutral questions and probes.

The next set of data were collected through observations (Kawulich, 2005), in addition to interview and observations, to improve construct validity, document reviews formed part of the data collection process, assisting in understanding research settings and providing additional information in determining a process map of the interactions among actors. Document review also revealed prior history and current trends of the relationships. Inscriptions and textual documents revealed strategies that actors used to create and sustain integration relations (Bowen, 2009). Key actors allowed the researchers to review on site some internal documents related to acquisition

and integration activities reports, memos, contracts, budgets, brochures and organisational charts, helpful in gaining deeper understanding of integration efforts. In addition to internal documents, public documents, containing information directly or indirectly related to the integration relations being studied, were also gathered and reviewed. Annual reports, press releases, newspaper items and internet postings were a good source of public information on the integration relations.

Consistent with ANT, this study adopted a narrative approach, which relies on the story as revealed through conversation with interviewees, thereby seeking to preserve the integrity of personal biographies or a series of events that cannot adequately be understood in terms of their discrete elements (Riessman, 2002). The interviews were initially tape-recorded, and transcribed at a later stage.

### 3.2. Data Analysis

Elements of narrative data analysis and interpretation of the data was achieved following the model suggested by Powell and Renner (2003, p. 5) by:

*The text in the hard copy of transcriptions several times, and then wrote down possible impressions as going through the data. A few key questions that analysis needed to answer were identified to focus the analysis. The researcher then focused on how all employees responded to each question or topic, organising the transcription data by question, to look across all respondents and their answers in order to identify consistencies and differences. This was done by cutting the text out of the printed page and sorting it into different piles with a name representing a category. Source of data was kept with the data so the researcher knew where the text came from. All the data from each question were put together, and the connections and relationships between questions were explored at a later stage.*

Next, themes or issues that recurred throughout the text were identified and organised into coherent emergent categories. This was helpful to bring meaning to the words in the transcriptions, and was achieved by assigning codes (words instead of abbreviations were chosen) and placing them next to the themes and ideas found in the text. The codes were allocated as whole narratives, rather than as each separate element. The process of coding followed the reading of the narratives and organising them into common patterns. Then, each category was provided with a descriptive label. As a result, “patterns and connections emerged, both within and between the categories” (Powell & Renner, 2003, p. 26), which was helpful in explaining the final findings on why and how integration relations formed. Data were interpreted by following a chronological relation of the information, key events, specific various surroundings, people, and processes or matters related to the integration activities that took place in the organisation. Data were categorised and sorted initially, then a list of significant facts and findings was prepared. Direct quotes and descriptive were used to demonstrate key points in making the case. Moreover, a diagram with boxes and arrows was developed to show how all the pieces fit together and draw conclusions.

Individual items of information were assessed in terms of three criteria: a) how credible were the informants? Statements made by employees with whom the researcher had a relationship of trust (as a result of spending a reasonable amount of time with them), statements seem to be trustworthy as indicators of actual events as informants had no reason to lie, b) were statements made in response to the researcher’s question, or were they spontaneous? From other sources of data it is evident that statements indicate similar assertions (as employee responses) had the researcher not been present, and c) how does the presence or absence of the researcher

or the researcher's informant influence the actions and statements of other group members? Reactivity to being observed can never be ruled out as a possible explanation for some directly observed social phenomenon. However, the researcher carefully compared what the informant said when the researcher was not present, what the researcher observed directly, and what other employees said about their normal practices, and so the extent of reactivity could be assessed to some extent.

### **3.3. Research Site**

SIMNET was of a particular interest to this study as they made number of acquisitions in the recent year (including the acquisition of GNET). Each of these acquisitions had been integrated into the company's business operations, and had contributed to consolidated revenue and bolstered profits and earnings growth throughout the years provided a unique opportunity to examine integration efforts and activities that happen on a regular basis in the company. The CEO and managing director (MGD) initiated the integration project and consulted with a team of executives to plan and execute the relevant activities. The MGD was charged with leading the integration agenda and played an important role in executing integration plans where she faced many challenges and unpredicted problems. The process took one and half year to finally provide increased sales and numbers of customers.

## **IV. PRE-INTEGRATION NETWORK ANALYSIS**

Subsequent sections provide an actor network view of the networks of SIMNET and GNET before the integration. The study of pre-integration networks is useful in gaining a better understanding of the network change processes that were necessary to implement a successful integration. For the integration strategy to be formulated and implemented effectively, first, some of the pre-integration punctualized networks had to cease and, second, some new relations, according to the management, integration objectives had to be formed and stabilised. Understanding these processes is helpful in developing a deeper understanding of the actor network view of the situation, which, in turn, leads to a better analysis of the role of accounting in shaping and performing the process of creation and stabilising the new integration relation networks.

It must be noted that actor networks presented in this section are only a snapshot of pre-acquisition existing networks which are briefly described by the interviewees at the time. Examination of how these networks came to existence and stabilised over time are not discussed here, as it is out of the scope of this study. The researchers only focused on the actor network analysis of the post-acquisition integration (presented in section 5). This was specially the case with acquired company, as there was only limited information available for the period before the acquisition, possibly because they were not publicly listed, and operated as a small business.

### **4.1. SIMNET Prior to Acquisition**

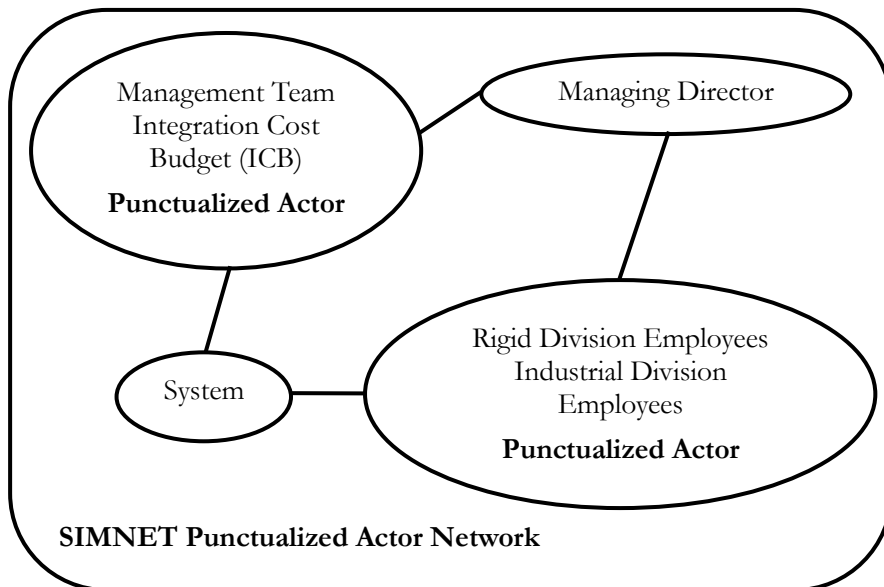
Prior to the integration, existing actor-network of the company was consisting of top management, MGD, shareholders, employees and Simpto system. There was also a specific software (BI) specifically designed for the top management by the IT department that had the capability to gather all historical data and amalgamate them into Simpto data, and run analysis outside of Simpto. All the major reports were produced from this analysis and top management used the reports for decision-making purposes. BI also was used as a strong control and monitoring tool in the achievement of organisational goals.



Top management, comprising several individual actors such as the MGD, CEO, and CFO, appeared to be a tightly aligned network within the larger company network, with the key interest of ensuring the company's growth by acquisition strategy, increasing the customer base and revenue and bottom line profitability. The role of the MGD was identified as a distinguished actor (i.e focal actor) in the pre-integration period. Individual employees constituted an important part of the old SIMNET's network. The interests of employees were largely defined by their positions with respect to a number of actors/networks, most notably their company management, colleagues, policies, and so on. These interests were temporarily aligned with the rest of the network through above-market pay, benefits, retirement packages and job security.

**Figure 4.1.**

**Pre-Integration SIMNET Network**



Employees at different levels relied heavily on the use of Simpto to complete their day-to-day tasks, and Simpto had an important role as it can create conditions for controls that need to be performed. It acted as obligatory passage point, because its use was compulsory for all employees. Thus, it was recognised as a non-human actor. Data shows that Simpto and employees were punctualized in a network. Prior to the integration, the different actors existed in a reasonably close alignment (as shown in the Figure 4.1), and thereby allowed the company to be viewed as one coherent actor within the larger network constituting the business environment.

**4.2. GNET Prior to Acquisition**

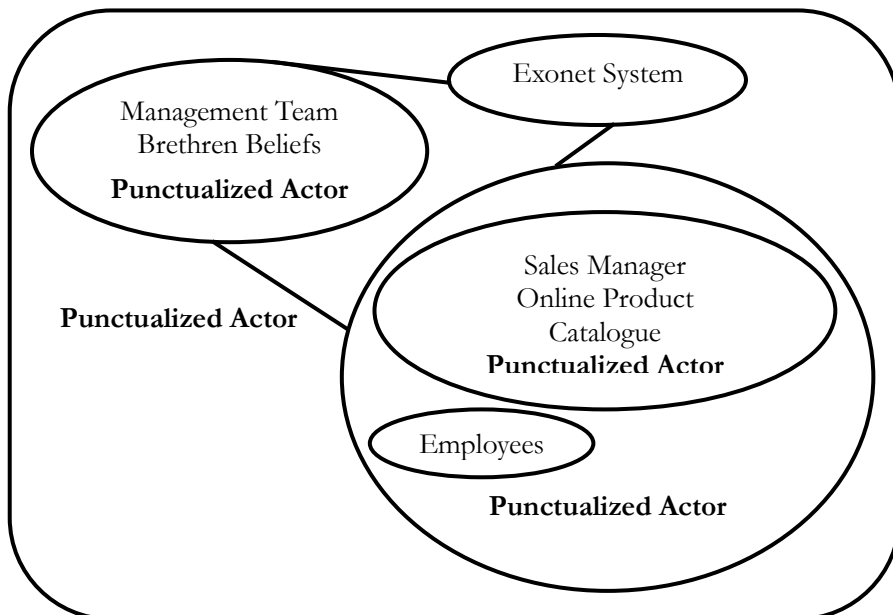
The acquired company was a small Sydney-based business that was operating with ten employees and owned by a group of Christian religious brethren. The company was a distributor of industrial packaging, safety and warehouse products with annual turnover of approximately A\$7 million at the time of acquisition. In the years prior to the acquisition the company had developed significant intellectual property in the creation of comprehensive catalogues and mailing lists. The management team (six brothers) and most of the employees belonged to a specific religious group. Their belief had a big impact, and influenced their business practices greatly. According to their

belief they would not work for other companies that are not of their beliefs; they did a lot of business among themselves and had very strong ties with their Brethren customers, who formed the majority of their customer base. The influence of strong religious beliefs and principles of the management team presented itself as an actor in GNET networks.

The management team had close relationships with their employees and customers in particular, with two key employees (sales and warehouse managers) who were identified as an important (independent of other employees) actor in the pre-integration network. The sales manager played a critical role in the organisation and generated most of the sales and grew it significantly over the years.

**Figure 4.2.**

**Pre-Integration GNET Network**



The warehouse manager was similarly a competent and high-performing employee, and was running the warehouse effectively. Other employees also had a good knowledge of the products, processes and procedures, and were working together as a team.

Employees were certain that the religious beliefs of the management team had a strong presence and influenced social interactions and entire practices in the business and all the important decisions about customers and suppliers, and even the manner of handling employees was dependent on Brethren principles. Therefore, Brethren principles were an actor in GNET networks. They were dealing with many suppliers and servicing a combination of major and 'end user' customers. They used the Exonet accounting system to manage day-to-day operations. All actors were highly punctualized (as seen in Figure 4.2.) and were working effectively together, and that was the main factor for their success.

## **V. POST-ACQUISITION INTEGRATION IN SIMNET**

In order to achieve synergies and create financial value from the acquisition effective systems integration was the most important objective. In May 2012 an integration team consisting of top management, the MGD, and few other key

employees were formed and charged with the responsibility of immediate planning and implementing necessary courses of integration actions. With the approval of the Board, they prepared a cost report (CR) that illustrated numbers and financial templates for the allocation of funds for whole consolidation, settling in the new building, attractive salary packages offered to the employees of newly acquired companies, and all other integration activities. Data gathered reveals that CR played a big role in the integration process at every stage.

In June 2012 the actual physical integration took place, where four disparate New South Wales operations were relocated, consolidated and integrated into a single unit of operation. The team decided to run the systems of GNET standalone (in the same premises) for a while. According to the most of the interviewees this was due to the fact that systems integration had not receive adequate considerations during due diligence and was not sufficient to plan for the integration straight away. Consequently, it proved to be difficult and presented challenges at later stage.

### **5.1. Actors and Initial Establishment of Integration**

Top management team problematized that integration was vital to see the benefits of the acquisitions. The MGD, as the speaker of the focal actor, assumed the responsibility of identifying and enrolling other key actors, initiated the first stage of the translation by seeking to align the interests of all the team members. As the initial step, the MGD arranged strategy meetings and invited IT department head (as an important actor) since migrating all the business under one single IT system (Simpto) was at the top of the list of the tasks. At that stage, it was essential to have the IT department's participation in the new network. Their task was at the first stage, and crucial to the rest of the process and difficult to achieve. GNET used different IT system, product codes, stock descriptions and inventory identification numbers and the IT manager was instrumental in this and his team was crucial in building integration networks. The MGD also made efforts to enrol key employees of the acquired company to join the new network. Having sufficient funds allocated in the CR for new employee above market salaries enabled her to discuss new exciting opportunities and make systematic attempts to enrol the acquired company employees through offers of various roles in the company. They all signed employment contracts and joined. Moreover, she successfully enrolled SIMNET employees by moving them to a modern and much larger facility, offer of new rewards, full time employment, improved working conditions and additional privileges. This was in their interest and increased motivation among the employees and they all joined the network shortly. MGD's interestment and enrolment attempt seemed to be successful.

### **5.2. Mutual Translations**

As one of the important actors, participation of management team of the acquired company was crucial for a successful integration, as their personal interests would influence the construction of integration. But nevertheless, evidence shows that parent company's management failed to recognise the significance of the GNET management team at the time of due diligence. This presented itself as a challenge in the stability of integration at later stage as the time passed, the management came to realise that acquired company's management did not wish to participate in integration efforts. Their strong belief that they could not work for a non-Brethren organisation led them to establish a new similar business and successfully encouraged couple of key employees to join them, and to the disappointment of the management, they demonstrated a lack of interest, were not helpful in any of the integration efforts, and

left in August 2012. So, in actor network language they had different interests from focal actor, and this led to initiate their own translation processes, and parallel attempts of enrolment of GNET employees became apparent. As a result, it became increasingly difficult for MGD to align the entire network towards the interests of the integration.

So, she met with the CEO and the board the next day, and informed them of the situation. The IT manager was called in and asked to discuss his views. At the meeting he expressed his concerns with the departure of GNET management, and Simpto's incompatibility with the products of the acquired company. His views seemed reasonable and top management decided to address issues raised by him.

The CFO prepared an updated CR report that offered generous funds, accommodating the issues raised by him. He was assigned to the task of migrating Exonet system into Simpto, and was allowed to hire additional IT assistants and would receive increased incentives for leading the new IT team that was formally assigned to complete systems integration. At the next meeting, the new accounting report was presented to the team, hard copies were distributed. Participants were captivated with the content of the new financial report that was presented. There were lengthy discussions to resolve the issues and at the end of the meeting everyone was in agreement and many constructive decisions were made. There was no major opposition to the new proposal and initial steps in implementing systems integration were taken immediately. Soon the MGD formed close alliances with other actors in the organisation and the integration team mobilised support for the problem (integration) constructed by the MGD and top management. In the following days, the human resource department prepared a new contract for the IT manager to sign after which he sent a memo to the CEO expressing his alliance with the interest of top management and satisfaction with the decision.

A project plan was prepared detailing tasks and responsibilities and due dates and the team was to track against that. The initial stage of the plan involved a rigorous GNET product analysis, followed by suitable formatting. The IT department examined existing data in their systems, and reformatted to create a version that was acceptable to Simpto. At that stage acquired company's management team and some key employees had left, and the remaining employees did not possess enough knowledge to assist the process. The next stage was that the conversion processes and procedures were automated and converted to Microsoft Excel, and uploaded into the central system. So the acquired companies' products and customers, purchasing and sales, were integrated into Simpto. Towards the end of the year the execution of the plan took place. The management team was hopeful that it will lead to improved sales results.

### **5.3. Sustaining Integration**

To the disappointment of the executives, the updated financial report displayed a big discrepancy between the predicted and actual budgets. The updated report that was presented listed revenue figures in comparison with their competitors in the previous 12 months. It was pointed out that the company was underperforming relative to its competitors. Reports disappointingly showed further drop in sales and significant loss of GNET customers, and proved that customer and product integration and revenue objectives did not materialise. It was apparent that, due to ineffective integration, the expected synergies, such as enhanced revenue and cost savings from acquisitions, did not eventuate. Decline in operational performance led to poor value creation for customers and shareholders. This report triggered a new level of contention in the organisation, people started arguments, blaming each other, new political and social

alliances emerged leading to loss of motivation and commitment to integration (Sarker et al., 2006). As the warehouse manager explained:

*“Anger, resentment and even hostility started to build up in employees, and it was expressed in subversive behaviour revealing a loss of faith and trust in the competency and credibility of manager, some of the employees even were openly questioning top management’s decisions”.*

In actor network language, even though the translation process had started well, and top management had successfully enrolled actors, the overall enrolment process seemed unsuccessful (Sarker et al., 2006). At this stage, some of the important integration disintegrated, and focal actors needed to form new strong integration and stabilise them quickly.

So, management decided to make fundamental changes to operational processes and procedures to improve performance. The MGD commenced on a new problematization and enrolled the actors to actively participate in the new integration initiatives. They developed a strategic action with tightened controls. They investigated system problems and identified mistakes made at the conversion process. The warehouse manager explained:

*“When they [GNET] came to our system there was a few duplications, few issues with codes, cross references and units of measures was not set up properly, it was such a whole new training thing for myself. Because the SIMNET side of things, for example, we sell a box of gloves, or sticky tape we sell it by the box, GNET actually would open the box and sell you one roll. So when they integrated the GNET side of the products units of the measures were not set up properly, so sometimes customers would get extra and sometimes customers were getting less. And then also training the guys who are picking you have to correct the unit of measure, because they are so used to picking up the whole box you know. When they see something is coming through, for example a role of tape they question it. Because some of the key people had left we did not have the knowledge, there was a delay and timeframe to get it all up and to run it properly”.*

These problems and mistakes worked against top management’s interest and weakened the new network. To make matters worse, lack of familiarity of the new staff members with Simpto reduced productivity. Due to lack of funds trainings were offered only in house bases and were not sufficient, and led to further dissatisfaction and customer service problems. This problem needed to be addressed as soon as possible. So, MGD obtained additional funds from an external source, prepared a new action plan and produced an updated CR that presented sufficient funds to execute the plan. Then she assigned a new team of IT specialists to work on the issues. The team held a series of weekly meetings with the head and other experts of the IT department, and worked tirelessly for the next couple of months and fixed all the issues. In addition, external consultants assisted with training needs and in the following weeks a number of problems were identified and resolved and things improved afterwards.

There was evidence that the integration efforts had proven to be successful as the reports of improvement in the sales and customer satisfaction emerged. Integration seemed to be established and stabilised at that stage and was inscribed by the use of manuals on day to day operation basis (Latour, 1986).

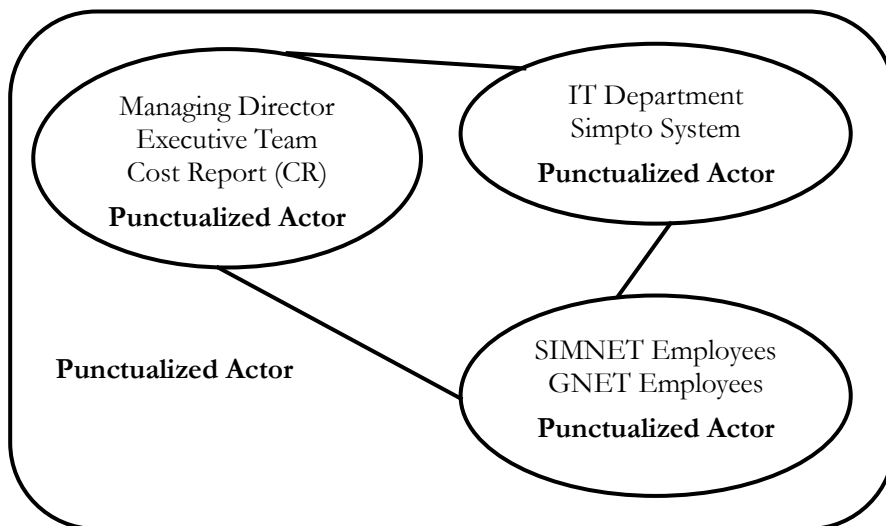
## VI. DISCUSSION

From the above narrations it is evident that at the initial stage, financials played an important role in enrolling new local actors into the new integration strategy. The integration strategy emerged through heterogeneous networks of practice and was shaped by people and non-human actors such as CR. The updated financial report successfully pursued the interests attributed to all actors, strengthened the bonds between them and aligned their interests (e.g., the successful enrolment of IT manager, and alignment of his interests).

As it was illustrated, in the case of initial unsuccessful systems integration, lack of proper functioning of Simpto and employee participation, created misalignment of interests among actors, worked against top management's interest and weakened the stability of the new integration. Furthermore, inadequate addressing of GNET management issues created problems, changed the nature of relationships in the network, and destabilised the formation of alliances in support (Latour, 1986) of the integration vision. As integration efforts progressed, the network of alliance with them disintegrated as their interests were very different from the focal actor who let them initiate their own translation processes. But, despite all these great challenges faced, at the end, CR acted as an effective interest and enrollment tool that was deployed by management to persuade and enroll actors into enactment of integration strategies and formation of a punctualized integration. But more importantly, it acted as a device that punctualized and performed the network and created new output and activities. It became a crucial non-human actant which made struggles disappear and every actor in the web of integration to be part of a strong connection. It was able to create a punctualized integration network that generated new integration activities and actions leading to a successful (as seen in Figure 6.1.) post-acquisition integration.

**Figure 6.1.**

**SIMNET Integration Actor Network**



## VII. CONCLUSION

This study examined how post-acquisition integration networks are formed by focusing on exploring and explaining the role played by non-human actors in the process. The findings show that integration strategy is not established and maintained

solely by people, instead, non-humans are actively involved in formulating and enacting integration strategies. So, we can conclude that findings of Skaerbaek and Tryggestad (2010) are valid in acquisition circumstance. Evidence show that integration cost reports as a crucial non-human actor successfully eliminated key strategic actors (such as GNET management team) who destabilised integration network, re-shaped strategic identities (such as IT manager) and significantly influenced the constitution of system integration strategies, punctualized integration network that was stable enough to survive over the time and improved acquisition performance.

Drawing largely on the sociotechnical framework of ANT, this analysis particularly has shown how financial reports actively punctualized sociotechnical (Law, 1992) integration networks and reconfigured the strategic centre in the combined organisation. In the post-acquisition circumstance it is crucial to completely explore the possible complex links between financial reports and human actors.

This study contributes to the management accounting theory by examining financial reports in action in creating integration. It provides a fresh narrative approach on the evolution of financial reports and its effects on integration processes. Currently there is little evidence on the enactment of financial reports in integration practice (Latour, 2005). The particular contribution of this study to the theory is that, financial reports have the capability to form and punctualize post-acquisition networks. This provides a broader analytical framework (Yazdifar et al., 2008) for exploring and analysing the construction and sustaining integration relations. In this approach there is no distinction between technical and social dimensions of action but rather, the two are merged. This makes it possible to overcome the limitations inherent in existing theoretical frameworks.

This study also makes contribution towards practice, by providing guidance to the managers who are involved in integration activities, as it gives managers who are actively involved in acquisition and integration a clear direction and guidance on concentrating their precious time, energy and resources on non-human critical factors to achieve integration in shorter matter of time, in more effective ways with minimized distraction from the core business, and overall enhanced performance.

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