

The effect of corporate and business strategies on the post-acquisition changes to a management control system: a case study of a successful Brazilian experience

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Abstract

A great number of merger and acquisitions (M&A) have taken place in the last decades, but studies have shown that many of them turn out to be unsuccessful transactions from the perspective of value generation. The post-acquisition management control system (MCS) has been pointed out in the literature as key both for strategy implementation and for the success of these transactions. The objective of the research herein described was to analyse the effect of the corporate and business strategies on the changes to an acquired company's MCS. The analysis supports three major conclusions: (1) changes to the acquired company's MCS were derived from the new results-oriented strategy introduced by the acquirer with the intent of turning the acquired company in the world leader in its industry within 10 years; (2) the implementation of such strategy implied modifications in production, financial and quality controls; and (3) there is a strong link between the post-acquisition MCS and the success of the new strategy introduced by the acquirer in the acquired company. The results of this field study expand the knowledge on the topic, contributing to reducing the research gap in the management literature.

Keywords: strategy; mergers & acquisitions; management control systems; post-acquisition management.