

**SISTEMA DE CONTROLE GERENCIAL E CONFIANÇA ENTRE GESTORES E FUNCIONÁRIOS:
ESTUDO DE CASO DURANTE A FUSÃO DE EMPRESA NO BRASIL****MANAGEMENT CONTROL SYSTEM AND TRUST BETWEEN MANAGERS AND EMPLOYEES:
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Objetivo: Este estudo tem como objetivo analisar como o pacote de Sistema de Controle Gerencial impacta a percepção de confiança entre gestores e funcionários de uma empresa que passava por processos de mudança de ativos, como fusão.

Método / abordagem: A metodologia adotada é o estudo de caso em uma empresa de telecomunicações do sul do Brasil, com entrevistas semiestruturadas com cinco sujeitos (dois gerentes e três funcionários) e análise do discurso dos dados coletados.

Principais resultados: Como resultados, foi possível identificar os cinco componentes do pacote de Sistema de Controle Gerencial nos relatos dos entrevistados (controles culturais, planejamento, controles cibernéticos, recompensa e compensação e controles administrativos) e sua relação com as três formas de confiança (contratual, comunicativa e baseada em competência). Foi apontado que a transparência nas ações diárias facilita a ocorrência de confiança entre gestores e colaboradores. Além disso, foi analisada a percepção de dois entrevistados algum tempo após a fusão, verificando que as percepções de confiança foram diferentes, de acordo com a proximidade com o processo de fusão.

Contribuições metodológicas / sociais / gerenciais: Este estudo busca contribuir na análise dos componentes do pacote de Sistema de Controle Gerencial e aspectos de confiança, considerando um processo de fusão.

Originalidade / relevância: É relevante analisar o processo de fusão considerando que esta incerteza sobre o futuro da empresa pode promover nos colaboradores resultados indesejáveis, como diminuição da produtividade, falta de comprometimento com as metas e aumento da rotatividade dos funcionários.

Palavras-chave: Confiança. Estudo de caso. Fusão. Sistemas de Controle Gerencial.

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ABSTRACT

Purpose: This study aims to analyze how Management Control System package impacts the perception of trust between managers and employees of a company that was going through asset change processes, such as merger.

Method / approach: The methodology adopted is the case study in a telecommunication company in southern Brazil, with semi-structured interviews with five subjects (two managers and three employees) and discourse analysis of data collected.

Main findings: As results, it was possible to identify the five components of Management Control System package in the interviewees' reports (cultural controls, planning, cybernetic controls, reward and compensation and administrative controls) and their relationship with the three forms of trust (contractual, communicative and competence-based). It was indicated that transparency in daily actions facilitates the occurrence of trust between managers and employees. In addition, it was analyzed the perception of two interviewees some time after the merger, verifying that trust perceptions were different, according to their proximity to the merger process.

Methodological / social / managerial contributions: This study seeks to contribute as analyzes the components of Management Control System package and trust aspects, considering a merger process.

Originality / relevance: It is relevant to analyze merger process considering that this uncertainty about the company future may promote in employees undesirable results, such as decrease in productivity, lack of commitment to goals and increase on employees' turnover.

Keywords: Case Study. Management Control Systems. Merger. Trust.

1 INTRODUCTION

The study of trust has become a concern in social sciences, particularly at times when there was a sharp decline, such as the 2008 American credit crisis, whose implications are observed in organizations to date (Baldvinsdottir et al., 2011). Thus, the loss of trust of international investors in the markets has demonstrated the key role of accounting information in building (or breaking) this construct, since "the very nature of accounting, and its role in economic and social interaction, point to the importance of understanding trust in such a setting" (Baldvinsdottir et al., 2011, p. 383).

The trust that users have on systems is also important when dealing with situations of organizational changes, such as changes in companies' assets, like mergers. According to Jordão and Souza (2013), the intense merger and acquisition movement is seen as a smart adaptation to ever-changing business environments, which can be caused by retraction of markets, government reforms and technological changes.

Therefore, it can be said that trust begins where knowledge ends, for trust provides a basis for dealing with the uncertain and the complex; as shared knowledge diminishes, the need for common expectations, and therefore trust, becomes even more indispensable (Neu, 1991). In the accounting environment, trust allows that managers implement and use controls with the intention of enabling employees to perform their tasks better, rather than to control undesirable behavior (Väisänen et al., 2021). Hence, trust also play an important role in the use of Management Control System (MCS).

In this way, the efforts of organizations in transmitting information to their employees

and managers can be highlighted. And in this context the Management Control System shows its relevance, because according to Cruz et al. (2019), it is its guidelines, values and strategies that allow companies to achieve their goals and the satisfaction that stakeholders seek.

Previous studies have analyzed MCS in acquisition situations (Jordão & Souza, 2013; Razi & Garrick, 2019; Väisänen et al., 2021), however, only one aspect of the Management Control System is verified at a time. This gap is intended to reach in this study by defining MCS as a package, according to Malmi and Brown's (2008) approach. Those studies also verified trust as a global component, although it is possible to comprehend trust as a construct divided in three types (contractual, communicative and competence-based), which is also the differential of this study.

Considering this context, this study intends to answer the following question: how does the Management Control System (MCS) package impact the perception of trust between managers and employees of a company undergoing a merger process? Therefore, the objective of the research is to analyze how the MCS impacts the perception of trust between managers and employees of a company that is going through asset change processes, such as merger.

To achieve the objective, a case study was carried out in a telecommunications company in the south of Brazil, with semi-structured interviews with managers and employees and discourse analysis of the data collected. The company was undergoing a merger process when the interviews took place.

This research on trust and MCS is justified when considering that the information and communication of information generated by the accounting system, and within it the MCS, can either build or destroy trust between people involved in the organization (Vaz & Espejo, 2020). This is also significant due to the understanding that accounting profession occupies a privileged place in societies, because there is some trust that professionals will provide valuable and responsible knowledge in a competent way (Neu, 1991). Like other careers, "the accounting profession can be regarded as a political body attempting to mediate the interests of its members and other powerful interest groups" (Neu, 1991, p. 297), which can be seen especially in cases of companies' patrimonial changes.

As a theoretical contribution, this study seeks to analyze the components of MCS package and trust aspects, considering a merger process. It is relevant to analyze merger process considering that this uncertainty about the company future may promote in employees undesirable results, such as decrease in productivity, lack of commitment to goals and increase on employees' turnover (Vaz, 2017).

It differs from previous studies, since it analyzes, in the same company, both managers and employees' perspectives of trust in a company undergoing a merger process, including also all components of MCS package in this same analysis, according to Malmi and Brown's (2008) typology. As a practical contribution, it seeks to provide a discussion within organizations, highlighting the transparency in procedures, and so in the MCS package, as relevant to the perception of trust between managers and employees in organizations, especially in times of uncertainty about the future, such as companies merger.

2 THEORY

2.1 THE MANAGEMENT CONTROL SYSTEM APPROACH AS A PACKAGE

Control systems encompass formal procedures and systems that use information to maintain or change patterns of organizational activity (Simons, 1987). Malmi and Brown

(2008) indicated that systems, rules, practices and values aimed at directing employees' behavior are called management controls; if they are complete systems, opposed to a simple rule, then they should be classified as a Management Control System (MCS). If they are only designed to support decision making at any organizational level, leaving the systems without monitoring, they should be called management accounting systems.

According to Malmi and Brown (2008), Management Control Systems can be classified as a package, composed by five types of controls as displayed in Figure 1:

Figure 1
Management Control System package

Cultural Controls						
Clans		Values			Symbols	
Planning		Cybernetic Controls				Reward and Compensation
Long range planning	Action planning	Budgets	Financial Measurement Systems	Non Financial Measurement Systems	Hybrid Measurement Systems	
Administrative Controls						
Governance Structure		Organisation Structure			Policies and Procedures	

Source: Malmi and Brown (2008)

To Malmi and Brown (2008), the five types of controls displayed in Figure 1 can be indicated as:

1. Cultural controls: values, beliefs and social norms that influence employees' behavior;
2. Planning: defines the objectives of functional areas of the organization, providing standards to be achieved in relation to goals and allowing congruence, aligning the objectives of all areas;
3. Cybernetic controls: metrics that allow to quantify and establish performance standards or goals to be met; also provide *feedback* to compare the results of activities with the standard;
4. Reward and compensation: motivate and increase the performance of individuals and groups through reimbursement for the duration and intensity of efforts to reach goals; and
5. Administrative controls: direct employees' behavior through the organization of individuals (governance structure); and specifies how tasks or behaviors should be performed (policies and procedures).

Thus, while these five MCS elements individually perform the function of controlling employees' behavior, it is important that they are understood as a package because the configurations and connections between the elements need to be analyzed according to results and performance they produce (Malmi & Brown, 2008).

In this way, it is understood that the MCS is inserted within an institutional environment, in which members of organizations encode their principles into rules and routines, becoming participants in the reproduction of these principles (Burns & Scapens, 2000; Johansson & Baldvinsdottir, 2003). Therefore, the base theory of this study is the Institutional Theory, in its aspect of the Old Institutional Economy (OIE), for allowing an analysis of the relations between the individuals inside the organization, considering the

behavior of each one of them as producers of the social reality that can be considered institutionalized (Burns & Scapens, 2000).

Regarding the role of MCS in companies mergers, Jordão and Souza (2013) analyzed the effect of the corporate strategy on the changes that took place in a merger of two companies in Minas Gerais, Brazil. They concluded that although the MCS has helped the company in the implementation of its new strategies and in the establishment of competitive differentials, there are still challenges in improving this system to increase its decision-making potential.

Jordão and Souza (2013) also concluded that previous studies that analyses control in the context of acquisitions over time has been observed from different perspectives, such as: (1) related the difficulty of establishing an adequate MCS as a cause of failure of acquisitions; (2) pointed this system as a primordial condition for the transaction to be successful and for the objectives to be achieved; and (3) no matter how good the acquisition planning is, it is in the integration stage, after the merger, that the biggest management challenges arise. Therefore, it can be seen that the MCS facilitates strategic coordination between the parent company and its subsidiaries, improves the quality of post-acquisition management and is influenced by this strategy (Jordão & Souza, 2013).

Recently, Razi and Garrick (2019) conducted a case study in an Australian company which had completed a number of acquisitions. They conducted semi-structured interviews and reviewed archival documents to investigate the role of MCS in the establishment of post-acquisition integration. As results, they concluded that managers who are engaged in acquisitions and making integration decisions need to comprehend that MCS play an important active role in formulation, configuration and enactment of integration strategies.

The following item addresses the concepts and terminologies used in accounting literature for trust, as well as exploring previous studies that discussed the topic.

2.2 TRUST BETWEEN MANAGERS AND EMPLOYEES IN ORGANIZATIONS

In Accounting literature, trust has been defined as a belief that management will do what is in the best interest of organizations (Smith, 2005). Therefore, what makes accounting reliable is consistent behavior over an extended period (Smith, 2005).

Trust allows to adopt schemes that provide freedom of choice, without trying to process more information about the world than one can; therefore, trust implies adopting a belief without complete information, that is, notions of trust and information requirements are closely linked (Tomkins, 2001).

According to Reina and Reina (2007), there are three types of trust: contractual, communicative and competence-based. Contractual trust implies mutual understanding between people, that is, each part of the relationship will comply with what it says it will do (Reina & Reina, 2007). Some behaviors that can build contractual trust are: managing relationship expectations, encouraging actions mutually and maintaining agreements (Reina & Reina, 2007).

The second form of trust, communicative, gives employees security to ask questions, honestly talk about their thoughts, raise questions, give and receive *feedback*, and seek help to comprehend what they do not understand (Reina & Reina, 2007). Sharing information and speaking the truth are examples of behaviors that encourage its construction (Reina & Reina, 2007).

The third type, competence-based trust, is identified when the leader seeks the

employee's contribution, demonstrating trust in the individual; in this way, the employee's trust in their own competence is nurtured, and in return, trust in the leader is extended (Reina & Reina, 2007). This type of trust is built when employees feel free to use their knowledge and have opportunities to grow and develop themselves; however, it is broken in environments where leaders lack the ability to delegate tasks (Reina & Reina, 2007).

Previous studies have analyzed trust in the relationship between managers and employees, therefore interpersonal and inside organizations, and how elements from the MCS can impact on this relationship. Hartman and Slapnicar (2009) sought to verify the relationship between performance evaluation and interpersonal trust between superiors and subordinates, verifying that the subordinates' trust in superiors depends on the formality of performance evaluation process and this relationship is mediated by management perceptions of fairness and *feedback*.

Lavarda, Feliu and Palanca (2009) carried out a case study in a small Spanish furniture company and identified internalization factors that influence the institutionalization of MCS change, such as: knowledge and skills of agents involved in change, computer resources, personnel training, planning process and trust relationships. In addition, they found that achieving employees' remuneration expectations and timekeeping as incentive systems are perceived as a way to demonstrate trust between employees and superiors.

Langevin and Mendoza (2013) suggest that the mechanism in which MCS's perception of justice works is through trust in a supervisor. This is because when managers consider MCS as fair, they will trust their supervisors and therefore will be less inclined to build budgetary gap. For the authors, another positive effect of perceived organizational fairness is the promotion of trust in supervisors.

Beuren et al. (2016) conducted descriptive research in which was analyzed 67 from the list of 500 Best and Biggest Companies in Brazil by Exame Magazine. The authors used Structural Equation Modeling to verify whether the perception of justice regarding the dimensions of MCS increases managers' commitment and trust. As results, they concluded that managers' trust is influenced by perceptions of distributive and interactional justice. They also affirm that managers' commitment and trust can be prominent attitudinal and behavioral factors in reducing retaliatory actions caused by a sense of organizational unfairness.

Vaz and Espejo (2020) analyzed the perception of managers and employees of a Brazilian research institute about trust and MCS. As results, they found out that although the elements of transparency, commitment to results and good interpersonal relationship were perceived as important in maintaining trust, the structure of the company makes it difficult to perceive MCS as a facilitator of trust building between managers and employees.

Väisänen et al. (2021) conducted a case study in a Finnish company acquired by a Canadian large company, in which they analyzed that rapid implementation of new MCS, due to circumstances such as mergers and acquisitions, can leave employees feeling coerced into using them, making it difficult to foster enabling perceptions. The authors also suggests that trust can facilitate the implementation of new MCS, when considered that rigid controls can generate mistrust. And doing so, they concluded that if managers are unable to signal their trust toward employees, they should seek for trust-building activities, and communicate their intentions behind the implementation of the new MCS, to reduce employees' feelings of mistrust.

After indicating MCS as a package and concepts and approaches of trust used in accounting literature, the next item indicates the methodology of this study.

3 METHODS

This study is characterized by a qualitative approach to the problem (Cooper & Schindler, 2011), in which the case study was used as a research strategy. The case study followed Eisenhardt's (1989) theoretical framework, as it recognizes the establishment of existing patterns of relationships within the analyzed cases. It also allows the identification of configurations, contemplating multiple levels of analysis in a single case.

Considering these characteristics of the case study, the phenomenon of trust among people in organizations was observed in this research within its context in reality, seeking to expand the studies that have already been carried out, establishing new boundaries, contexts and results to provide a new perspective about the phenomenon (Eisenhardt, 1989). For this purpose, a semi-structured interview was carried out with managers and employees of a company in southern Brazil, whose name will remain in secrecy, as requested. The semi-structured interview was elaborated by Vaz (2017) and allows the joint analysis of MCS package components and types of trust, in the perception of both leaders and employees, especially in situations of company mergers.

The company is in telecommunications branch, whose visited subsidiary includes customer service and Human Resources department for this area. The five interviews were conducted in January/2016 and had a total of 210 minutes of recording. The company made available one day for all interviews to be conducted.

This company was undergoing a merger process at the time of the interviews. Therefore, it was decided to return to the interviewees and question them again about their perception some moment after the merger. This return occurred in November and December/2016 and January/2017. Two interviewees agreed to participate again in the survey, in a total of 40 minutes of recording.

The organization was relevant to the purpose of the study due to the availability and openness of the interviewees, that is, the ease of access to the information provided that the interviewees could present their ideas about the analyzed constructs. The objective of the semi-structured interview was to analyze how the MCS package impacts the perception of trust between managers and employees, considering the merger process that the company was going through.

The data collected in the interviews were examined by discourse analysis, according to Gaskell (2013). The choice of not using *software* to analyze the data collected in interviews is related to the search for researcher's ability and sensitivity, because "due to the fact that computer packages have many possibilities, they contain the danger that the researcher may be absorbed in technology and lose sight of the text" (Gaskell, 2013, p.88, our translation).

That said, it is considered that the discourse analysis of the data collected in the interviews enables the conviction that knowledge is socially constructed, and has four main forms: the concern with the discourse itself, that is, the search for understanding what the interviewees are talking about; a view of language as constructive (creative) and socially constructed; an emphasis on discourse as a form of action by individuals; and a conviction in the rhetorical organization of discourse (Gill, 2013). In this research, discourse was considered as a social practice, since it allows the insertion of language as action, while simultaneously considering its interpretive context.

The steps to carry out the discourse analysis, according to Gill (2013), and which were followed in the realization of this study, are: (1) formulation of the initial research questions; (2) choosing the texts to be analyzed, or conducting interviews, in the case of this research;

(3) transcription of texts with the greatest possible level of detail; (4) critical reading and interrogation of the transcribed text; (5) coding of observations made during the interviews; (6) analysis of regularities and variability in the data; (7) analysis of reliability and validity through deviant cases, participant understanding or consistency analysis; and (8) detailed description of the findings and their interpretations.

Considering the methodological choices of the research, the next item brings results and discussion of data obtained in the case study interviews.

4 RESULTS AND DISCUSSION

The initial contact with the company that participated in the case study was conducted in November 2015, with a Human Resources (HR) manager who schedule all interviews with managers and employees. This organization is in telecommunications branch, and operates especially in the provision of telephony, pay TV and internet services.

As for the interviewees, the company selected two managers (subjects A and B) and three employees (subjects C, D and E) to participate in the research:

- Subject A: operations manager of customer service department; he/she has been in this position for four years and in the company for 15 years;
- Subject B: customer service quality manager; he/she has been in this position for a year and in the company for eight years;
- Subject C: communications coordinator; he/she has been in this position for three years and in the company for ten years;
- Subject D: quality coordinator; he/she has been in this position for a year and in the company for seven years; and
- Subject E: quality monitoring department supervisor; he/she has been in this position for two years and in the company for six years.

In the following items, data obtained in the interviews regarding MCS package and trust is displayed, as well as the analysis and discussion with theory.

4.1 INTERVIEWEES' PERCEPTION OF THE MANAGEMENT CONTROL SYSTEM PACKAGE IN THE COMPANY

In this item, the interviewees' perception of MCS package is described. Regarding **cultural controls**, the first element of Malmi and Brown's package (2008), all interviewees stated that values, beliefs and rules the company shares with employees are available in the ethics' code. This code is disseminated to employees upon training the moment they join the organization. According to subject D, employees need to sign a term stating that they have received and are in accordance with this code. Such code also brings unacceptable behaviors and attitudes, as indicated by subjects A and C. However, subject E stated that he/she was not aware of the unacceptable conduct code.

Regarding the second element of MCS package, **planning**, according to subject A, he/she does not have access to the company's long-term written plan but participates in meetings at the beginning of each year, in which each area objectives are informed as well as the goals the company wants to achieve. He/she also stated that all managers participate in these meetings and they pass along the information to their subordinates.

As for the third element of MCS' package, **cybernetic controls**, the interviewees were asked to reflect on budgets, financial and non-financial controls. Only subject C claimed to have knowledge about the budget process in his department. The other interviewees stated that they did not know the budgeting process, since there is a specific company management

area for this. Subject A stated that whenever he/she needs resources, he/she questions another manager about availability, and this person solely control those values. Subject B also stated that access to the availability of values is easy, and everything is up to that specific management area.

On the fourth item of MCS' package, **rewards and compensation**, the interviewees were asked to explain about employees' recruitment and training process and about company's internal compensation policies. To subject A, remuneration policies are periodically reviewed in order to avoid flaws and feelings of unfairness. He/she also stated that remuneration policy is already passed on to employees as soon as they become a candidate for a company's position, which, according to him/her, avoids misunderstandings. However, he/she believes that one of this process failures is in communication field, because sometimes some change in salary information is made without time to inform the consulting firm that performs all hirings; therefore, values reported to candidates may be incorrect.

Regarding the fifth item of MCS' package, the **administrative controls**, interviewees were questioned about organizational chart of activities and policies and procedures. Subject A stated that, in light of the company's restructuring process, all new formal organizational charts had already been passed on, including functions and names of employees. However, the organizational chart updates are not constant, that is, they do not occur every time there are changes of employees. Regarding policies and procedures, subject A said they are formalized and available to all employees, including an online consultation on the intranet.

In Table 1 the interviewees' perception of the components of the MCS package is summarized.

Table 1
Interviewees' perception of MCS package

Components of MCS package	Interviewees' perception
Cultural controls	Ethic code with values, beliefs and rules that also brings unacceptable behaviors and attitudes available to all employees
Planning	Long-term written plans are not available to all employees
Cybernetic controls	The budgeting process is available only to a specific management area
Reward and compensation	Remuneration policies are periodically reviewed and available to all employees
Administrative controls	Policies and procedures are formalized and available to all employees

In the next item, the perception of trust between managers and employees is verified within the interviews.

4.2 INTERVIEWEES' PERCEPTION OF THE RELATIONSHIP OF TRUST BETWEEN MANAGERS AND EMPLOYEES IN THE COMPANY

The relationship of trust between managers and employees was questioned to the participants in the case study through inquiries that sought to delimit the types of trust. Regarding **contractual trust**, when asked if one expects to receive trust from their leader in day-to-day actions, subject A stated: "(...) trust is more in the time that we have of coexistence than properly expecting something from him. Trust will come if they believe in my work or if they trust that they are being seen and heard". Subject B stressed the importance on the way the control system is structured to reinforce this type of trust, because without it there is no focus, which "opens up an opportunity for people to make assumptions".

Regarding **communicative trust**, subject A stated that some employees' behaviors may indicate that they rely on management, especially for achieving goals and increasing production. In addition, he/she believes that "freedom to expose what he is feeling" is an example of this type of trust. In subject B's opinion, transparency is the most important behavior to construct this type of trust.

Regarding **competence trust**, subject A indicated that employees can also contribute to his/her personal development, because without them his/her position would not need to exist. To subject B, subordinates contribute to his/her development, because labor relations are composed by exchanges based on experience, ideas, creativity and different ways of performing tasks.

In Table 2 the interviewees' perception of trust between managers and employees is summarized.

Table 2
Interviewees' perception of trust between managers and employees

Types of trust	Interviewees' perception
Contractual trust	Believing in management's work and the way the control system is structured
Communicative trust	Freedom to express opinion and transparency
Competence trust	Employees contributing to managers' development

In the following item, an analysis of questions about MCS and perceived trust in interviewees' speech is provided.

4.3 ANALYSIS OF MCS AND TRUST IN THE COMPANY

Initially, to analyze data obtained from the case study interviews, it is highlighted the institutional characteristics of the organization, especially its vision as a union of habits, routines, rules and procedures (Burns & Scapens, 2000). Thus, institutions shape the action of individuals, codifying principles into rules and procedures, making them participants in reproducing organizational principles (Johansson & Baldvinsdottir, 2003). This was observed when interviewees were questioned about communicative trust, especially in subjects B's and D's speeches, when they indicated that transparency in operations facilitates the understanding of what needs to be done, avoiding misunderstandings. Similarly, the company's tendency to hold periodic meetings to disseminate new policies and procedures can facilitate institutionalization of new practices, as reported by subjects A, B and D, when asked about dissemination of planning.

In addition to these meetings, a second way to facilitate institutionalization of procedures is displaying information on many channels, such as intranet and corporate email. This occurrence was reported by all interviewees, when asked about how information of different elements of MCS' package reaches them and if there is a follow-up of this disclosure.

It is also important to highlight interviewees concern about possible changes in company's structure due to its restructuring and merger process with another company. At various times, the interviewees stressed their speech was supposed to be linked to the current moment, and they were not sure about how future would be shaped. This change in company policies and procedures was formal, evolutionary and regressive (Burns & Scapens, 2000), as observed in the interviewees' reports.

Such uncertainty about the future and concerns about changes arising from the merger

process is seen at various times, especially in subject A's speech when asked about company's planning control. In particular, it was noticed that a lot of information about the merger process was still not being passed on to all employees, which can generate anxiety and possibly increase employees' turnover, since the difficulty in anticipating results can reduce feelings of stability and security (Angonese & Lavarda, 2014).

Considering the current MCS structure in the organization, it was observed that, in general, all components of Malmi and Brown package (2008) were perceived and reported by interviewees: as for Cultural control, the company has a written code of ethics, which also addresses unacceptable conduct. Beliefs, mission and values are available through several channels and transmitted to employees as soon as they become part of the company. However, there is no formal periodic recycling of this theme.

Regarding Planning, interviewees reported not having knowledge or access to the company's long-term plans, information that is restricted to the board of directors. However, there is an annual meeting with senior management and some parameters are passed on to other employees, following the hierarchical chain.

As for Cybernetic controls, similar to the previous element, not all interviewees have access to the company's budget system (only subject C declares to know the process), which restricts access and control to a finance department. Compensation policies are clear to all interviewees, mainly because the company works with a variable remuneration system according to production and goals achievement. Goals follow-up are well defined and clear, although many metrics may not be understood by all, as reported by subject B.

In the Administrative controls, roles of each employee are clear, although the whole company's organization chart is not widely publicized. Likewise, policies and procedures of each department are clear and available to each team on company's intranet.

In this way, it was noticed the occurrence of trust in the direct relationship between managers and employees. According to the interviewees' reports, contractual trust is facilitated by the way MCS is currently structured. Subjects A, B, D and E stated that system clarity, combined with information availability, facilitates relationships of trust between managers and employees. This statement is also in line with Reina and Reina (2007) and Lavarda, Feliu and Palanca (2009), since they indicated that keeping agreements and planning and development of personnel process facilitates trust and maintenance of MCS.

As for communicative trust, subjects B and D believe that transparency in daily actions facilitates the occurrence of this type of trust, since access to information reduces errors, allowing feelings of belonging in the workplace. Therefore, these findings corroborate what was indicated by Reina and Reina (2007) and Hartman and Slapnicar (2009), who stated that sharing information and process formality promote feelings of trust.

The third type of trust, competence-based trust, was perceived by interviewees as the leaders' availability to seek subordinates contribution, mainly as stated by subjects B and C. Therefore, these findings confirm what was indicated by Reina and Reina (2007) and Langevin and Mendoza (2013), since the search for employees' contribution and trust in superiors helps the effectiveness of MCS.

These findings also corroborate the study by Vaz and Espejo (2020), as they concluded that cases of high trust in vertical relationships can positively influence trust in horizontal relationships, and the opposite also occurs, that is, the lack of trust in vertical relationships can contribute to a lack of trust in horizontal relationships. Despite this, in this study, the elements of transparency, MCS structure and availability of managers were perceived as important in maintaining trust between managers and employees.

The following item indicates the analysis of interviewees' answers after the merger.

4.4 ANALYSIS OF INTERVIEWEES' PERCEPTION AFTER THE COMPANY'S MERGER

Approximately one year after initial interviews, it was possible to return to the company, seeking to analyze MCS and trust some time after the merger. This time, contact was made directly with the Management Control Director, which promptly obtained HR authorization to continue with this new stage of the research. The Director provided all interviewees' email and telephone numbers, so it was possible to personally contact each one of them.

Subjects A and D responded to the request once again, suggesting also an available date. However, contact with subject C was compromised, since he/she was on vacation at initial contact and in a second moment, his/her email no longer received messages. It is believed that he/she resigned the company. In turn, subjects B and E accepted, at first, to participate again in the research. However, when asked to indicate a date to schedule interviews, they no longer responded to several attempts of communication.

In a way, it is believed that the power represented by the HR manager in the initial interviews encouraged employees participation, which was not verified in this second part of the interviews. However, the participation of subjects A and D provided valid insights regarding the perception of MCS and trust after merger.

Regarding the way the merger process occurred, subject D indicated "the entire company had the information at the same time, distributed through communications." In addition, he/she indicated the existence of a branding program, composed by many phases, in which the entire company was involved. Subject D had the opportunity to participate in the programming and meetings at which all phases were defined and completed.

According to subject A, information about the merger process came to his/her attention directly from his/her manager, who at all times indicated what would happen, attempting not to diminish productivity. However, despite having revealed in the initial interview that the company's goals and values would be changed, this time, subject A reported that there were no changes, neither in objectives, nor in rules, beliefs and values. In his/her view, the code of ethics had not been altered yet.

At the time of these second interviews, subjects A and D had not yet observed changes in recruitment and training of employees, in transmission of short- and long-term plans, and in transmission of budget information. However, they both observed changes in employees' monitoring and rewards system. To subject D, this change was positive, with some changes in benefit values; the new goals were communicated to the entire company and the form of transmission was considered valid, since everyone had access to the new values. However, subject A does not believe that the change was positive, since the way information was passed on compromised employees' understanding: "The point I would change is that goals are released with the month already in progress; in my view we need to have the goals before the month starts," that is, the timeliness of information ends up interfering with goals achievement.

Regarding the formal organization of activities, subject D stated there were no changes, however, subject A indicated that there were changes, disclosed by HR, and that the form of transmission was positive and valid. It is noteworthy that none of the two subjects had changed their position after the merger.

Regarding feelings of mutual trust after the merger, subject A reported that this process did not change his/her relationship with subordinates and that maintained the sense

of trust in management. However, he/she believed that the process "was very fast and largely unsuitable for the more operational positions."

To subject D, the way in which the merger process was carried out changed his/her relationship with colleagues, because "at first it caused some insecurity in people, which is normal in any merger process; but as the information was passed according to changes, that feeling was diluted." Subject D believes that he/she maintained the level of trust he/she had with the manager and feels the process was very transparent.

In Table 3 the interviewees' perception after the company's merger is summarized.

Table 3
Interviewees' perception after company's merger

Components of MCS package	Interviewees' perception of changes after the merger
Cultural controls	The code of ethics had not been altered
Planning	There were no changes observed in transmission of short and long-term plans
Cybernetic controls	There were no changes observed in transmission of budget information
Reward and compensation	Positive and negative changes in reward and compensation (values and metrics)
Administrative controls	Positive changes in transmission of the formal organization of activities

Given these reports from subjects A and D, it is observed that transparency in the process was once again reported as a key point for trust to exist in the company, even in times of structural change, such as a merger. This is also highlighted by Jordão and Souza (2013) when they perceived in their case study that the involvement and vision of the main executive, associated with investments, training of employees and clear incentive policies, awakened in people the feeling of strong leadership, encouraging their commitment to achieving the desired results.

However, subject D participated in the joining brands meetings and scheduling, so his view on process transparency differs from other employees who did not have such opportunity. This appears in subject A's report, who indicated that the process was too fast and many employees did not have time to understand what was happening. Thus, subject A's speech corroborates the study from Angonese and Lavarda (2014), when they indicated that change can reduce employees' feelings of stability and tranquility, increasing turnover and absenteeism. This also corroborates the study of Väisänen et al (2021), when they affirm that it is important that managers seek trust-building activities and communicated their intentions underlying the implementation of new MCS, in order to reduce employees' negative feelings.

It is also important to note that at the time of the first interviews, subjects reported that there could be changes throughout the company structure, which was not confirmed by subjects A's and D's second interviews, since only the reward and compensation system was changed. According to subject A, the organizational chart of activities had also been altered, which was not observed by subject D.

Given this, it is believed that the merger process was perceived differently by managers and employees, as operational areas were left in the background, as indicated by subject A. Although competence-based trust was observed in the report of subject D, who was deeply involved in the merger process, contractual trust may not have been observed by all employees, since the lack of some information may have compromised employees' expectations. This was also verified by Razi and Garrick (2019) when they concluded in their study that relations in the early stages of a merger can be highly unpredictable, they also

observed a deep sense of betrayal early in the merger process that had lingering effects.

Likewise, communicative trust was observed by subject D, who had access to information, but may not have been observed by other employees who did not have the same access, as indicated by subject A. This sense of belonging and participation was also highlighted by Beuren et al. (2016) as an important factor in the relationship of trust and commitment, when they stated that these may be preponderant attitudinal and behavioral factors in the reduction of retaliatory actions caused by the feeling of injustice.

5 CONCLUSIONS

This study aimed to analyze how the Management Control System (MCS) package impacts perception of trust between managers and employees of a company undergoing a merger process. Seeking the achievement of the research objective, the phenomenon of trust among people in the company was observed within its context in reality. And so, a case study was conducted using a semi-structured interview with two managers and three employees from a telecommunications company in southern Brazil. This company was undergoing a merger process at the time of the interviews. Thus, it was decided to return to the interviewees and question them again about possible changes in their perception some moment after the merger.

As a result, it was observed that, in general, all the components of Malmi and Brown's MCS package (2008) were perceived and reported by the interviewees: cultural control (written code of ethics with unacceptable behaviors, beliefs, mission and values available through various channels); planning (the company's long-term plans are restricted to the board of directors); cybernetic controls (not all interviewees have access to the company's budget system); rewards and compensation (variable remuneration, clear policies for all interviewees); and administrative controls (the roles of each employee are clear and available to each team on the intranet).

Thus, the three types of trust were also observed in the direct relationship between managers and employees. According to interviewees' reports, contractual trust is facilitated in the company by the way MCS is currently structured. This statement is in line with Reina and Reina (2007) and Lavarda, Feliu and Palanca (2009), as they indicated that keeping agreements and planning and development of personnel process facilitates trust and MCS execution.

On communicative trust, it was indicated that transparency in daily actions facilitates its occurrence, because the access to information reduces errors, facilitating feelings of belonging in the workplace. Therefore, these findings corroborate what was indicated by Reina and Reina (2007) and Hartman and Slapnicar (2009), stating that sharing information and process formality promotes feelings of trust.

The third type, competence-based trust, was perceived as the leader's willingness to seek employees' contribution. Therefore, these findings confirm what was indicated by Reina and Reina (2007) and Langevin and Mendoza (2013), since the search for employees' contribution and trust in superior helps the MCS effectiveness.

This said, it was possible to return and analyze interviewees' perception after the company's merger, and also answer the research question of this study. The interviewees emphasized the process was perceived differently by managers and employees, as more operational areas were left in background. Therefore, contractual trust may not have been observed by all employees, since the lack of some information may have hampered employees' expectations. Therefore, the transparency in the process and in eventual MCS

changes was reported as a key point for trust to exist in the company, even in times of structural change, such as a merger. Because employees who had direct access in the joining brands meetings and scheduling (subject D) perceived the process as transparent, differently from those employees who did not have such opportunity (subject A).

Considering these results, the theoretical contribution of this study is the joint analysis of the five components of MCS' package and three types of trust, considering a merger process. It differs from previous studies, since it analyzes, in the same organization, both managers and employees' perception of trust in a company undergoing a merger process. Its practical contribution is to promote a discussion at internal levels of organizations, including trust between managers and employees as relevant to the effectiveness of MCS' components, also considering moments of uncertainty about the future, such as processes of corporate changes like mergers.

However, the research strategies used in this study impose some limitations that may be the object of further investigations. The sample size and non-probabilistic sampling process may have biased the results. It is therefore recommended that studies involving this theme are not restricted to intentional samples, expanding data collection and, thus, seeking triangulation within the same organization, providing a space for document analysis.

For future studies, we also suggest comparing this environment with other companies, as well as analyzing the perception of trust in other levels of companies, making it possible to verify different aspects of MCS, such as policies and procedures, and cybernetic controls, which were not acknowledged by interviewees in this case study.

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