Understanding the Management Control System Used by Hybrid Companies

A Case Study of IKEA and MIO

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Laury Chaussée & Marine Foray
Due to the globalization, companies have to review their strategy permanently. In the same way, they need to choose the right management control system which will be in line with their strategy. Recent research has been made and it was highlighted that new strategies have been created to face up to the globalization and stay competitive. One of the new strategies is called “hybrid strategy”. It consists of combining the low-cost competitive advantage with the differentiation competitive advantage. By doing that, a company differentiates itself from its competitors with a special feature and, by the same time, has the lowest cost in its market. This new strategy came after the three generic strategies from Porter, which explains that a company needs to choose a competitive advantage if it wants to be profitable. The competitive advantages are either low-cost or differentiation. Most of the research made about the hybrid strategy was about the efficiency of this strategy. A very few research was made about the management of companies using the hybrid strategy. This is why in this paper, we would like to understand what kind of management control companies using this strategy have, more particularly do they use more a tight or a loose control. We also are looking at what kind of objectives companies using hybrid strategies have. If it is more a short-term or a long-term perspective and if it is more focused on monetary goals or non-monetary goals. For that, we compared the management control implemented in a hybrid company with the management controlled implemented in a low-cost company in Sweden.

Four interviews were made at IKEA and MIO, which are two Swedish furniture companies in Sweden. To be able to draw a conclusion, we choose one hybrid company and one pure company to compare them. IKEA is the company using the hybrid strategy. These interviews gave us a lot of information to better understand the type of management control both companies have implemented. Then, the data were analyzed and discussed in order to highlight a potential conclusion.

The gathered data suggest that hybrid companies and companies using a low-cost strategy have approximately the same management control system which is more tight control. About the objectives, both companies have the same. Indeed, IKEA and MIO
have monetary goals and are more short-term goals oriented, at least for the lower level management. However, there are some differences that we can noticed. The first thing is that MIO uses more the informal control than IKEA. The second thing is that IKEA is more concerned by its employees. To conclude, even if IKEA and MIO are using two different strategies, they are very similar when looking to their management control.

**Keywords:** Management control system; Porter theory; hybrid strategy; pure strategy; low-cost strategy; tight control; loose control; IKEA; MIO; furniture industry; decentralization; centralization; contingency theory; formal control; informal control.
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1 Introduction

1.1 Background

In 1985, Porter invented the three generic strategic theories, which explain that to be profitable, a company has to have a competitive advantage (Porter, 1985). It could be low-cost, differentiation or focus strategies. These are called pure strategies. It also describes that a company cannot combine these three advantages, it has to choose one. If not, the firm is considered undecided and it is not profitable. A lot of research has been made to test this theory. However, during the last past years, some authors (Lapersonne et al., 2015; Baroto et al., 2012) were not totally agreed with Porter's theory. Indeed, due to the globalization, more and more researchers think that it is possible to combine both low-cost and differentiation. This thinking became popular and it was called the hybrid strategy (Wright et al., 1992). To prove that this strategy is working, lots of research has been made about the performance of firms using a hybrid strategy (Claver-Cortés et al., 2012; King, 2015). By comparing a firm that uses a pure strategy with one that uses a hybrid strategy, researchers were allowed to make a conclusion on whether this new strategy is profitable or not. The research was made in different countries and in different industries. The results were that firms using a hybrid strategy are at least as profitable as firms using a pure strategy. Even though there is a lot of research about the performance of this strategy, there is almost no research about the organization of the companies using the hybrid strategy. Now that we know that it is profitable for a company to use the hybrid strategy, we can ask ourselves if the management in these companies is the same as the one in companies that use a pure strategy. Very limited research has been made about this topic and most of the time it is very narrow. Indeed, it is focused on one country and one specific industry. This is why this thesis is about the management in companies using the hybrid strategy more particularly about tight and loose control but also on the types of goals of hybrid companies. Therefore, this paper will extend its discussion to short-term and long-term
goals and monetary and non-monetary goals. Being already the case for pure strategy, it would be interesting to understand the type of control and objectives that are using hybrid companies to have a base and maybe some standards to follow for future companies wanting to implement a hybrid strategy. This research uses two examples as a point of comparison to determine if hybrid companies use a more tight or a loose control. For more reliability, the two companies needed to be in the same country and industry. That is why the two companies chosen are from Sweden and are both in the furniture market. The first company chosen is IKEA. In fact, IKEA is a hybrid company (Baroto et al., 2012; UKEssays, 2013; Kasabov and Warlow, 2009). The company chosen to represent pure strategy is MIO. Indeed, MIO can be considered as a low-cost company since the range of its prices is low compared to its competitors. The prices of the goods are affordable, and the range of prices is comparable to IKEA. Its first goal is to offer quality to its clients with an affordable price (Mio c., 2017). It is with this initial objective that MIO was created (Mio c., 2017). Moreover, it has no differentiation characteristic in its market.

1.2 Problem statement
Past research about hybrid strategy has been done as mentioned before in the background of this paper. All these research projects were about performance. In fact, it analyzes how efficient companies which used hybrid strategy are in comparison with companies who use pure strategy. The research has been done in different countries and in different industries. It was found that these companies were as efficient as companies using a pure strategy. However, only narrow amounts of research have been done about the way of how these companies were managed (Claver-Cortés et al., 2012; King, 2005). That is why the authors wanted to know more about the management control inside these firms. This study is focused on tight and loose control. Now that it has been proven that this type of strategy is working in a globalized world as today, the management of companies that use this strategy needs to be known. For the pure strategy, some rules had been established in terms of management control (Porter, 1985). These rules are useful for managers as they can serve as a guideline. It would be interesting to know what kind of rules hybrid companies follow.
1.3 **Aim and purpose**

The aim of this study is to investigate and understand the types of management control used by a hybrid company compared to a pure company. In order to execute this study, the authors choose two companies. One that has a hybrid strategy, IKEA, and one that has a pure strategy, MIO. The hopes are to be able to provide sufficient data to allow future research to find management control theories that can be applied to hybrid companies in general. This research focuses on tight and loose control but also on the types of goals used hybrid companies. Therefore, this paper will extend its discussion to short-term and long-term objectives and monetary and non-monetary goals.

1.4 **Research question**

The authors of this study will explore the following research question:

*What type of management control does the implementation of a hybrid strategy lead to compared to a pure strategy?*

The authors will test for tight or loose control, short or long-term goals, and monetary or non-monetary goals.

Supportive questions:

- Is there a difference between the level of autonomy in pure companies and hybrid companies?
- Is there a difference between the trust that managers have in their employees' skills and expertise in pure companies and hybrid companies?
- Is there a difference between the ratio of power between employees and managers in pure companies and hybrid companies?
- Are the objectives more short-term or long-term in hybrid companies compared to pure companies?
- Do hybrid companies have more monetary goals compared to pure companies?
1.5 *Scope of the research*

According to recent research (Baroto et al., 2012), there are only few companies which can combine low-cost and differentiation strategy. This type of strategy is new and generates a lot of interest mostly about performance and not about management control. This study needed an example of a hybrid company as a support. The famous furniture company IKEA is one of the few companies which uses a hybrid strategy (Baroto et al., 2012). In this paper, the information about management control had been collected in IKEA Linköping. This information will be compared to those collected in MIO Linköping, a furniture company which uses a pure strategy. Thus, the researchers will be able to find the type of management control that a hybrid company uses and give some clue for future researchers who want to know more about the management related to this type of strategy. This topic is interesting because more and more companies tend to adopt a hybrid strategy and it would be useful for them to know what kind of management control they need to adopt if they want to succeed.
2 Theoretical framework

The theoretical framework is divided into two parts. The first part allows a better understanding of the Porter theory and the different strategies that a company can choose. The second part is about management control system. The second part is related to the first one. In other words, it describes which type of management control is recommended for each strategy.

2.1 Porter theory

In order to compete in its market, a company needs to have a competitive advantage. According to Porter (1985), there are two types of competitive advantage for a company, which are either low cost or differentiation. These two advantages lead to "three generic strategies" (Porter, 1985, p. 11). These strategies are also called pure strategies. There are the following: cost leadership, differentiation, and focus. Cost focus and differentiation focus are the two variants possible for the focus strategy (Porter, 1985). To compete against its competitors, a company has to choose between these two competitive advantages if it wants to be sustainable and profitable. The choice of one of these competitive advantages will guide the company on which strategy to use. Depending on which strategy a company has chosen, its management control and its organization will not be the same. Besides a competitive advantage, a company also has to choose its market(s). Its target(s) can be very large or, on the contrary, very narrow. These two choices, which are the competitive advantage and the market size, will define the strategy of the company. Based on that, the company has a clear goal and knows its objectives.
This three generic strategies theory explains that a company has to do a choice for achieving one of the competitive advantage (Porter, 1985). The company has to work and make good decisions to obtain a durable advantage. For Porter (1985), wanting to satisfy everyone by doing everything is a poor strategy and leads to a bad performance. Indeed, most of the time, companies adopting this mindset do not have any competitive advantage (Porter, 1985).

### 2.1.1 Cost leadership

The goal of companies using the cost leadership strategy is to become the producer with the lowest costs in its market (Porter, 1985). To achieve this objective, companies tend to have economies of scale, raw materials, etc. Most of the time, companies that use this strategy sell standard products/services that are easy to produce at a huge volume. Usually, the power is centralized and the management control is tight. The price is generally lower than the market price. However, to be profitable in the long-term perspective, companies need to make sure that they have a profit even if they sell at a low price. If they do not, they will be bankrupt in the future.
2.1.2 Differentiation

By using this strategy, the purpose of companies is to "be unique" (Porter, 1985, p. 14) in their market by offering services/products with different features. Most of the time, these special services/products are sold at a higher price than the market price. The differentiation can take several forms. It can be on the product/service, on the marketing, the image of the company, the customer care, etc. (Porter, 1985). To be profitable in the long-term perspective, the uniqueness of a company needs to be different from its competitors. If not, two companies will sell the same product/service and it will no longer be a differentiation strategy.

2.1.3 Focus

This last strategy is different from the two first ones since the focus strategy narrow the market. Indeed, companies that use this strategy choose to target a group or to select a segment within the market (Porter, 1985). By doing that, companies have fewer competitors and a better chance to have a competitive advantage. Cost focus and differentiation focus are the two variants of this strategy (Porter, 1985). With the cost focus, companies try to be the producer with the lowest cost within its segment and with the differentiation focus, companies reach to have a uniqueness compared to other companies in their segment.

2.1.4 Stuck-in-the-middle

A firm is called stuck-in-the-middle when it tries to achieve one of the generic strategies but fails. Due to this failure, it has no competitive advantage at all (Porter, 1985). Most of the time, this situation happens when companies are unwilling "to make choices about how to compete" (Porter, 1985, p. 17). Indeed, the actions to have a cost strategy, a differentiation strategy or a focus strategy are very different and can sometimes be the opposite. That is why it is not possible for a company to have every strategy. It needs to take a decision on which one it wants to have, the one which is more appropriate for its
industry. Companies have to avoid this position at all cost since it is not profitable in the long term.

2.1.5 Hybrid strategy

Some articles mention that with the globalization and new technologies, more and more companies nowadays combine the low-cost competitive advantage and the differentiation one without being stuck-in-the-middle (Lapersonne, Shangavi & De Mattos, 2015). They call this new strategy the hybrid strategy. A lot of articles had been written about it and it is now considered as an established theory. Furthermore, because it is new, there is still a lot to learn which let place for further researches. That is why this thesis is about the comparison between one company that uses a hybrid strategy and one that uses a pure strategy.

The hybrid strategy is the one combining the two competitive advantages which are low-cost and differentiation. This strategy is also called "mixed", "integrated" or "combination" strategy (Baroto, Abdullah & Wan, 2012, p.123). This strategy does not have to be compared with the stuck-in-the-middle position. Indeed, compared to the stuck-in-the-middle position, this strategy is profitable in a long-term perspective (Baroto, Abdullah & Wan, 2012). Nowadays, more and more companies use this strategy because the needs of the clients had evolved. Actually, for some industries, it is not enough now to only use the low-cost competitive advantage. Clients want more than just a good price. They are looking for something special with a great quality. They want a product/service different from what the other competitors can offer (Ireland et al, 2010). Thanks to these two competitive advantages, companies that use hybrid strategy can adapt their offer very quickly depending on what the customers want at a certain period of time (Baroto, Abdullah & Wan, 2012).
2.2 Management control

Once a company has formulated a strategy, it needs to implement it (Anthony et al., 1992). The process to implement a strategy is called management control. Management control is "the formalized, information-based routines, structures and processes used by management to formulate strategies and to implement them by influencing employee behavior" (Nilsson and Rapp, 2004, p. 99). Management control is used to reach the goals fixed by the company's stakeholders. The main objective of management control is goal congruence. That means that individuals and organizations need to have the same goals and objectives otherwise the company cannot work well.

2.2.1 Centralization and decentralization

A company can choose between two kinds of organizations: decentralized or centralized organization.

Centralized is when "managers of subunits can communicate directly with the board, receive their instructions directly from the board and report directly to the board" (Anthony et al., 1992, p. 196). It is used when a company chooses a functional structure. That means that a manager is responsible for a single function, such as marketing or finance for example, and the company has short-term orientation goal (Anthony et al., 1992). The strategic objective is to focus on efficiency and on the stability of the production in terms of quality/quantity.

Decentralized means that the "distribution of decision-making, roles, functions, accountability, responsibility, people or resources away from a central location to lower hierarchical levels" (Anthony et al., 1992, p. 196). It is used when a company chooses to use business units or a divisionalized structure. That means that a manager is responsible for a product or a region and not all functions, as said previously, and the company balanced between short-term and long-term orientation. The business units are often semi-dependent within the company. The strategic objective is to focus on effectiveness, on the participation of the employees, the empowerment and the improvement of capabilities and resources. The most common type of organization in big companies is decentralized organization. It is in the interest of management control.
2.2.2 Formal and informal management control

Two types of management control exist: formal and informal management control (Anthony et al., 1992). These two types can appear in one company at the same time. In fact, formal management control system is necessary for the work of large and decentralized organizations (Anthony et al., 1992). Formal management control means that the company uses an organizational structure (hierarchy), explicit set of rules (manuals, job descriptions, physical controls), formal plannings and control cycles of all formal procedures for strategy implementation. Informal control refers to informal communication between the employees and managers and the culture and the tacit rules of the company.

2.2.3 Top-down and bottom-up role of management control

Top-down and bottom-up are two strategies used by management and organization to convey information between the senior managers and lower managers. "The top-down role of management control system is to help decentralized managers decide what decision to take, what results to achieve and where to lead their employees and how to use their resources" (Anthony et al., 1992, p. 7). "The bottom-up role is to inform managers about what decisions will be taken or have been taken, what results will be achieved or have been achieved, where employees will be led or have been led and which resources will be used or have been used" (Anthony et al., 1992, p. 7).

Top-Down and Bottom up role of management control

2.2.4 Tight and loose control

The level of decentralization in a company in terms of management control is often described by two models: tight and loose control (Anthony et al., 1992). Before implementing a tight or loose control, three questions needs to be asked: "What are the potential benefits?; What are the costs?; and Are any harmful side effects likely?" (Merchant and Van der Stede, 2007, p. 224).

Tight control can be described as "a set of mutually understood rules enforced by an inspection and feedback system" (Thompson 2018). Under tight control, the role of senior management is very important. In fact, subordinates do a better job at making decisions when senior management is involved in the process (Anthony et al., 1992). This type of control implies short-term and specific decisions and monthly report about objectives and performance (Anthony et al., 1992). This type of control avoids uncertainty but it causes more stress and low tolerance from the managers (Verweire and Berghe, 2004). Tight control is often implemented in critical areas to allow the success of the company (Merchant and Van der Stede, 2007). In fact, it permits a better control and strict reviews, therefore, fewer mistakes are committed. However, this can be costly because it means that people need to be hired to review and control the work done.

Loose control is based on the savoir-faire, as in knowing what to do, of the people hired by the company. The company trusts its managers and let them do their work. The objectives are mostly long terms and are adjusted depending on the environment. This type of control allows delegating the tasks and empowering the managers (Anthony et al., 1992). This type of control can be costly if the people hired do not do their job properly and efficiently.

However, using tight or loose control depends on the situation (Govindarajan, 1988). There are no exact rules of when using it, just tendency. According to Peter and Waterman (1982), there are some companies that use both. It calls simultaneous tight- loose controls. On one hand, employees and managers are autonomous. Managers encourage entrepreneurship and innovation. On the other hand, employees need to follow rigid values and objectives that can be considered as tight control. In these companies, there is no need to have protocols and procedures.
2.2.5 Contingency theory

The strategy chosen by a company implies that the management control system needs to be in line with it. According to the contingency theory, "management control in organizations is, or at least should be, designed to be in line with the environment the organizations are facing" (Anthony et al., 1992, p. 87) in order to have a better performance. This theory implies two types of management control systems: mechanistic, which is generally used when the environment is stable, and organic, which is appropriate when the environment is dynamic (Burns & Stalker, 1961).

The mechanistic management system implies that managers have to well-define the tasks and the responsibilities of the employees. Moreover, a clear hierarchy and structure are very important in this type of model just as a good and efficient communication about instructions and decisions. The decisions and measures are broken down vertically. That means that the control is mostly top-down (Anthony et al., 1992).

As for the organic management system, it implies a good cooperation between employees and managers. The tasks are always redefined depending on the external factors. Furthermore, the company works like a network where everyone is empowered to make decisions. The decisions and measures are horizontal. It implies a bottom-up management control (Anthony et al., 1992).

2.2.5.1 Low-cost strategy

According to Porter (1985), a low-cost strategy needs to follow some rules in terms of organizational structure and control. First, the company needs to control the costs and keep reducing them to keep its competitive advantage. Second, the company has to focus on costs and productivity by doing frequent and detailed control reports (Anthony et al., 1992). Then, the company needs to have a clear structure with an obvious organization. The responsibilities have to be well-defined. Finally, the objectives of low-cost companies are often quantitative and very tight. There is no place for uncertainty. That is why a mechanistic management control would be appropriate for low-cost strategy (Anthony et al., 1992). Thus, companies which use a low-cost strategy tend to have a mechanistic management control system. This implies that they often use a top-down management control and tight control.
2.2.5.2 **Differentiation strategy**

Porter (1985) said that a differentiation strategy needs to follow some rules in terms of organizational structure and control. First, the coordination between the different departments and teams of the company needs to be strong. Indeed, they need to work all together and need to know what the others are doing. Their work must always be coordinate and be in tune with each other. The communication between all the teams need to be effective, the bottom-up approach is, in that case, the most appropriate. Then, since the environment is moving quickly in a differentiation strategy company, the objectives move in the same way. Employees need to adapt themselves and not count on quantitative objectives. Finally, these types of company have to attract the right people and keep them. The competitive advantage of these company are the people inside and their innovation. That is why an organic management control would be appropriate for differentiation strategy (Anthony et al., 1992). Thus, companies which use a differentiation strategy tend to have an organic management control system. This implies that they often use a bottom-up management control as well and loose control.
2.2.5.3 Summary

The schema below summarizes the satiation seen previously. It shows the strategy's implications for management control system.

![Diagram showing Low cost and Differentiation strategies](image)

Strategy's implications for management control system


2.2.5.4 Types of objectives

- Monetary and non-monetary

There are two main types of objectives for a company which are monetary or non-monetary. Monetary goals are focused on the profit and the turnover of the company. In
a company, monetary goals are generally the most important ones. Indeed, by controlling
the profit and other financial tools, it is easier to see how the company is going and where
it should be improved. If a company wants to last and be profitable, it needs to have a
profit and a great financial report. Compared to the monetary goals, non-monetary goals
are not focused on the profit or the turnover. Non-monetary goals focus on the employees,
the customers, the business and how everything is going within the company. Most of the
time, non-monetary goals support the monetary goals fixed by the company (Frost 2018).
Non-monetary goals can have different form. It can be the satisfaction of the employees,
the training of the employees, the satisfaction of the clients, how the company helps the
society or the effect of the environment (Frost 2018).

- Long-term and short-term

Short-term goals are defined as goals that can be accomplished in less than a year. These
goals do not necessarily need a lot of planning (Woodman 2017). For a company, it can
be a profit to make in a week for example or a number of products to sell in day. Long-
term goals are goals that need at least ten years to be achieved. Due to the fact that they
are accomplished in a long period of time, these goals can be fuzzier than the short-term
goals (Woodman 2017). It needs to be planned and scheduled if it wants to be reached. It
is important to keep it on track. An example for a company will be to develop itself in a
new country or to launch a new product.
3 Methodology

This chapter refers to the process of how the research is conducted. First, the research approach and the research strategy are presented. Secondly, the methods used to collect and analyze the data are explained. Thirdly, the methodological choices and the consequences of these choices are defined. Further, ethical considerations regarding the study are discussed. Finally, the challenges and the limitations of this study are addressed.

3.1 Research Approach

There are two types of research approaches: deductive and inductive. Deductive means that researchers start from a theoretical framework to deduce and formulate a hypothesis (or hypotheses) (Bryman & Bell, 2011). Then, to verify these hypotheses, they can compare results of these different theories and reach a conclusion. The opposite approach of the deductive approach is the inductive approach. According to this approach, researchers create a new theory thanks to their results of the empirical study (Bryman & Bell, 2011). In this paper, the deductive approach was used. Indeed, the study was too narrow and too specific to get to a general theory which can be applied all around the world to all the hybrid companies. Moreover, the study started by considering the Porter theory and finding some hypotheses about the hybrid strategy from that.

3.2 Research Strategy

After defining the approach used for the research, a strategy needed to be chosen. Indeed, the strategy guides the authors during all their research. That is why it has to be clear since the beginning. There are five main strategies for a research, which are experimental design, cross-sectional design, longitudinal design, case study design and comparative design (Bryman & Bell, 2011). Here, the authors used the comparative design for several reasons. The first one was that this strategy can be used in both
quantitative and qualitative research. By doing a qualitative research, the comparative
design fitted in this research. The second one was that this strategy is used when
researchers want to "understand social phenomena" (Bryman & Bell, 2011, p. 63) and
when these are "compared in relation to two or more meaningfully contrasting cases or
situations" (Bryman & Bell, 2011, p. 63).

For this research, the authors wanted to compare two different companies that belong to
the same industry. One company uses a hybrid strategy and the other a pure strategy. By
comparing these two, the purpose of this study was to show the difference in the
organization depending on the strategy of the company. Indeed, if the goal was to outline
the special features of an organization from a company that uses a hybrid strategy, it was
needed to have a landmark to compare it. That is why the authors decided to use the
comparative design rather than the case study design.

3.3 Method

To conduct research, there are two main methods: quantitative or qualitative (Bryman &
Bell, 2011). For this research, the researchers decided to use the qualitative method.
Indeed, the research was more about "words rather than numbers" (Bryman & Bell, 2011,
p. 386). The research focused on the organization in companies using the hybrid strategy,
more specifically about tight and loose control in hybrid firms. To have information about
it, the authors did not need numbers like financial data. Instead, they needed explanations
about how the organization works. The best way to collect this data was to use qualitative
method since people can talk freely about their environment, which was the workplace
here (Bryman & Bell, 2011). This was the main reason to choose qualitative method rather
than quantitative method.

However, a few critics can be made about the qualitative method. First, this method is
subjective since most of the time the data collected come from people interviewed
(Bryman & Bell, 2011). An answer to the same question can be totally different depending
on the interviewee. Second, it is hard to reproduce the exact same method every time
since there is no structure (Bryman & Bell, 2011). Furthermore, the answers and the
interpretation "will be profoundly influenced" (Bryman & Bell, 2011, p. 408) by the
interviewee(s) and the researcher(s). Last, it is impossible to generalize the data.
collected since most of the time a few people are observed or interviewed (Bryman & Bell, 2011). Indeed, to generalized data, researchers need a huge sample that represents the group studied.

### 3.4 Sampling

The first step was to determine what exactly the researchers wanted to know and who the participants would be. In this research, the goal was to determine what kind of management control managers in hybrid companies used in their day-to-day work regarding employees. To know more about that, the authors decided to interview managers. Similarly, the employees of the same company were also interviewed. This was done in order to compare their points of view with the ones of managers and see if they coincided. To receive reliable results, one manager and one employee were interviewed in each company from the same level of hierarchy. The interviewees from the same position had to answer the exact same questions. It was important to find a parallel between both companies to be able to analyze the data and compared them.

Then, the authors had to determine which companies they wanted to target. Through this the research was narrowed and a selection of two companies for the empirical study could be made. The first criteria was to select companies which were located in Linköping in Sweden since the research took place in this city. Thus, the researchers were able to interview in person the persons selected. The second criteria was to choose firms being in the same industry to be able to compare the results properly during the analyzing. The first company chosen was IKEA, a Swedish furniture company. In fact, IKEA is a hybrid company (M. Bambang Baroto et al., 2012). The second company chosen was MIO, a Swedish furniture store like IKEA, which has a pure strategy. Indeed, MIO is considered to be a low-cost company. Its first goal is to offer quality to its clients with an affordable price (Mio c., 2017). It is with this initial objective that MIO was created (Mio c., 2017).

The prices of the goods are affordable, and the range of prices is comparable to IKEA. Furthermore, it has no differentiation characteristic in its market.

Finally, the last step was to be aware of the background of IKEA and MIO. Indeed, general information about these two companies were reviewed before going to the
interviews. Thanks to that, the interviewers knew the global organization of each company and it was more professional to show that the interviewers knew their subject and what they were talking about.

3.5 Data Collection

Interviews allow to collect qualitative data and are used especially when details and deep answers from the interviewees are needed for the research. In this research, the authors wanted to know more about the organization of companies which use a hybrid strategy. The better way to learn about the organization of this type of firms was to have the point of view of the people who are directly impacted by it and who are part of it. According to Bryman & Bell (2011), the qualitative interview is the best method to have the interviewees' point of view. That is why the method chosen is interviews. Moreover, the researchers did not want information that they could code since they did not conduct a quantitative study. Complexed and details answers were desired in order to have the most information as possible. One of the advantages of doing qualitative interviews is that it is flexible. It is possible to add new questions during the interview even if it was not planned at the begin. Also, it is not necessary to follow the order of the questions. These interviews are more like a conversation, that is why it does not have to follow exactly what it had been written in the interview guide. Since the researchers wanted to have detailed answers, interviewees needed to have the possibility to express themselves. By doing this type of interview, it allowed the interviewee to talk about subjects that were not planned or add details and specifications. It gives more space for improvisation which is a good way to address different topics.

In their book, Bryman & Bell (2011) differentiate two types of qualitative interviews: unstructured and semi-structured. The unstructured type is almost not prepared. The interviewers only ask the first question to begin the interview and then the interview is followed according to the interviewee answers. The interviewers only have some notes to remember which topics they need to discuss. In this type of interview, the quality of the answers of the interviewees is very important to get a quality interview. With the semi-structured type, the interviewers have prepared some questions before the meeting. They know what they want to ask but they still can add some questions that were not
planned during the meeting. The questions do not have to follow a specific order and the words do not have to be exactly what is written in the interview guide. According to Bryman & Bell (2011), semi-structured interviews are preferable when researchers have a particular subject to study or when they want to address a specific issue. The goal of the research was to give an answer to the research question at the end of the thesis, which was a specific issue on management. Thus, the thesis is focused on one particular topic because the researchers cannot have answered everything about companies' organization. Furthermore, interviews in several companies have been done, so it had provided a structure to compare these different companies. That is why semi-structured interviews were preferred in this research rather than unstructured. Furthermore, most of the research done with multiple case study use semi-structured interviews (Bryman, Haslam, and Webb, 1994). It is another reason why semi-structured interviews were used in this research. Finally, research that used case studies in the past gave relevant results. That is why the researchers believe that it is the best method to use for collecting data.

Before conducting the interviews, the authors worked ahead. Firstly, the companies needed to be contacted to know if they agreed to collaborate. According to Bryman & Bell (2011), there is a three-step approach to follow. The first step is to call the firms to know which person is the most appropriate to do the interview with. Then, it is good to send them a letter to explain the study and how the companies will benefit from it. The last step is to call the companies again, after they received the letter, to know if they have any questions. For this study, the authors used another approach to contact the companies. Nowadays, thanks to the new technologies, lots of companies use email to communicate. That is the tool that has been chosen for this research to contact the companies, rather than a letter. Even if a letter was not used like they suggest in the book, the content of the email was the same as what it was supposed to be in the letter. Hence, the companies were still called a few days after the emails were sent, to make sure that they did not have any questions.

Secondly, the interview guide needed to be prepared. In this paper, a list of what needs to be covered during the interview is written. It shows all the topics that need to be covered by the interviewees. It is a way to structure the interview and make sure that any subject is not forgotten. The most important thing to remember is that the answers to the questions help to conclude the research. That is why pertinent questions need to
be asked during the interview, in order to answer the research question as a final goal. Furthermore, it is important not forget to ask for general information to the interviewees. These general information are the age, the gender, the position in the company, etc. This type of information help to analyze the data that are collected.

The last step was to determine where the interview took place. Indeed, the place needed to be calm and quiet. It was better for the interviewees but also for the record of the interview. Since the research was about organization within a company, it was good to "keep them in the physical context of their organizational role" (Bryman & Bell, 2011, p. 469) which means that it was good to do the interviews at their workplace. Furthermore, all the interviews were recorded by audio. It allows the authors to re-listen to it later.

3.6 Data Analysis

To analyze the data that have been collected, the authors used a spreadsheet to make it clearer. Different themes and categories were found to organize the answers and make it possible to be analyzed. The spreadsheet was filled with the answers of the people interviewed. This method allows having all data from the interviews in one place which makes it easier to analyze. Thanks to that, words or sentences that are often repeated are easy to detect. These frequent answers are used to do a synthesis of the interviews, which is used as results. This method is particularly helpful for analyzing qualitative data collected in interviews because it shows all the answers on one page. Thanks to this, words that are often used by the interviewees are clearly shown.

3.7 Ethical considerations

According to Diener & Crandall (1978), there are four principles to respect while doing a business research. There are the following: harm to participants, lack of informed consent, invasion of privacy and deception.
3.7.1 Harm to participants

During a research, harm can take several dimensions. Indeed, Diener & Crandall (1978) do not talk only about physical harm. It can be psychological harm, emotional harm, professional harm and other more. For this research, the authors had to be mainly careful about the professional harm. The interviews with employees and managers should not affect their work in any way. To prevent that, the authors decided to keep the names of the interviewees anonymous and all the information that was said during the interviews stayed confidential. Furthermore, the data collected were only used for this research.

3.7.2 Lack of informed consent

Before having any participants in a research, these potential participants have to be aware of what is the research, what is the purpose of it and how the researchers are doing it. The AoM Code of Ethical Conduct defines informed consent by "explaining to potential participants the purposes and nature of the research, so they can freely choose whether or not to become involved." (Bryman & Bell 2011, p. 133). In a nutshell, it is primordial to have a total transparency between the researchers and the participants of the study. These participants need to be informed before they take part of the study. Not during or after because they have the freedom to not participate. For this research, the authors had explained their purpose and how they wanted to use the data at all the persons they interviewed. The future participants had the possibility to decide if they wanted to be interviewed or not after they had all the information that they needed to take the decision. The last thing is that the interviewee(s) need to be aware if the interview is recorded either by video or by audio (Bryman & Bell, 2011). For this research, the interviews were recorded by audio. All the interviewees were agreed with that.

3.7.3 Invasion of privacy

This principle is linked with the last ones, which are informed consent and harm to participant. Indeed, the participant is not forced to answer every question. Some of them can be seen as too private or the topic is too sensitive (Bryman & Bell, 2011). In this
case too, the anonymously and the confidentiality are very important. By doing that, the interviewees know that their names are not written and that their answers are not shared. It is only used in the purpose of the research.

### 3.7.4 Deception

In most research, researchers want to give as less information as possible about the survey to the participants. They are doing that because if the participants know the purpose of the survey and how their answers will be used, it often impacts their behavior and they act differently (Bryman & Bell, 2011). This is called deception in research. As mentioned before, the authors decided to inform the participants that they were recorded before the interviews and not after. The authors thought that for this study, the behavior of the interviewees would not have a change that could modify the results at the end. It seemed also fairer to them to told them at the beginning rather than at the end. Furthermore, it allowed them to create a link of trust with their participants.

### 3.8 Challenges and limitations

Many challenges were encountered by doing this research. This study took place in Linköping in Sweden. The first challenge was to find companies and people in Linköping that agreed to dedicate their time to this study. Then, since the researchers do not speak Swedish, the approach and contact with the companies were in English. It could be an obstacle for both parties because it was not their mother tongue. The information collected might have been not exactly the same as if both parties would have communicated with the same mother tongue. Moreover, the interviews could be biased if the interviewees were not completely transparent with the interviewers. In fact, sometimes interviewees change their behavior or their way of thinking when they know that they are recorded. Thus, the information collected could not be very reliable. Furthermore, the interviewers needed to be careful about how they asked questions to not influence the answers. The questions needed to be not too narrow because it leads to a bad collection of data and analysis. It was better to use open questions.
Another challenge was to choose the right data to collect to make a good analysis of the interviews. In fact, since the authors chose to use a table to summarize the answers and analyze them, they needed to be careful regarding the data that they kept and the conclusion that they could make with them and not misunderstood certain answers.

Only four interviews were made in two different companies. The sampling was very small, that meant that the data collected could not be generalized to other company in this type of industry. In fact, the more the sampling is, the better it is to generalize the results. Thus, the validity of this study is limited. Moreover, the interviewers were not professional interviewers, therefore the data collected may be biased.
4 Empirical Data

This section contains the empirical data collected by four interviews in two different companies. The first part explains the background of the two companies chosen. Then, the four interviews are presented. Finally, the data collected are the foundation of a potential answer to the research question of this study.

4.1 IKEA
IKEA is a Swedish furniture store known internationally. It has more than 340 stores located in 28 countries.

One of the reasons why the authors chose IKEA is because this firm has a hybrid strategy. Indeed, IKEA offers goods for a price lower than its competitors. Moreover, IKEA is quite unique since all its products are sold in parts and the customers have to assemble it at home. This is not the only thing that makes IKEA special. The second thing is that it uses the self-service in its store. Thanks to all of that, IKEA is positioning itself with two competitive advantages which are low-cost and differentiation. Due to that, it is clear that IKEA has a hybrid strategy.

4.2 MIO
MIO is a Swedish company specialized in furniture retail. It was founded in 1962 and nowadays it has more than 70 stores in Sweden. All the stores are franchised and managed by different managers. However, every store has the same strategy since they all belong to the same company. This is why, in this paper, the authors are analyzing the group's strategy as a all and not the strategy of one store only. The main focus of the company is to offer products with a good price which will allow the customers to change their interior quite often (Mio c. 2017). Compared to IKEA, MIO is only focused on the cost of its product and only have the low-cost competitive advantage. Indeed, the main objective of the company is to offer a good quality at an affordable
price for its clients (Mio c. 2017). For the design, it adapts itself to the need of their clients. The concept is to propose good quality furniture with a good price since it is what their clients want (Mio c. 2017). It has a pure strategy. It is the main reason why the authors chose this company. Indeed, IKEA needed to be compared with a company in the same industry that does not use a hybrid strategy.

4.3 Interviews

This section contains four interviews: two interviews with managers in IKEA and MIO and two interviews of employees (salespersons) in these same stores. These interviews are the primary data of this research. They were all conducted in face to face in a quiet room with a closed door in order to be focused on the subject.

4.3.1 IKEA manager (interview A)

The first interview is the interview of a manager at IKEA Linköping. The interviewee wanted to be anonymous therefore, the authors do not mention name, age, sex nor exact position in the company. It is just mentioned that the interviewee has a manager's position inside the organization. The interview took part at the workplace of the interviewee at the end of the day. Due to that, the interviewee was tired and wanted to finish the interview as soon as possible. However, all the questions were answered and additional details were given. The interview was recorded by audio.

First, it was noted that the interviewee was not completely aware of the company strategy. The interviewee knew broadly about it. That means that short-terms objectives were known and understood but regarding long-term objectives, it was not really clear. The employees and managers just know that the principal objective is to sell as much as possible in order to get an important turnover.

According to this interviewee, the organizational structure is very clear at IKEA. Each manager and employee have their own objectives. The hierarchy in the store is well designed and employees and managers know exactly to who they have to talk to. There are the manager of the store and other different managers who are in charge of managing the different sections of the store and services. The interviewee told:
"managers cannot decide the disposition of the store or the products we sell, that is the job of senior managers who work at the head office". However, IKEA tends to hire the right people and train them to be autonomous for current tasks. IKEA trusts their managers and lets them manage their units as they want most of the time. The only restriction is that they need to meet the objectives fixed. The main decisions are made by senior managers. Lower level managers can take decisions about the day-to-day work or small decisions. For example, the interviewee said: "we can decide to do a special discount if someone buy furniture for a big amount. Most of the time it happens with the bathrooms or the kitchens". Even if they are allowed to do so, they need to report it to their own managers. This is the procedure that they have to follow. Indeed, IKEA being a huge company, structures and procedures need to be put in place. The interviewee told: "it is a great way to communicate within the company and it makes the work of everyone clearer and easier to control and follow". Furthermore, "it is a good way to stay in touch with what happened in the store". Indeed, all IKEA stores are huge and it is not possible to have a meeting every morning with all the managers. A meeting with all the managers is done once a week. The other days, managers just have to look at these documents to know what happened the last day in the store. "It is a very efficient way to communicate", said the interviewee. The interviewee manages almost ten people. This manager thinks that it is not too much or not enough. It is actually quite a small number but it allows the interviewee to keep an eye on everyone and make sure that everything is fine. The relationship between them is quite informal since it is a small team. Indeed, they know each other well and work together every day. The interviewee has the same relationship with all the people he/she works with. Each manager is evaluated according to precise objectives. For example, every week there are some challenges. They also have monthly objectives to meet. The interviewee said that they also have mystery clients during the year to evaluate them. They do not know when they come. These mystery clients are here to evaluate the behavior more than the performance. Indeed, the service to the client is important for IKEA and senior managers need to evaluate it as well. For them, the best way is to use mystery clients. The interviewee said: "they can show up at any moment during the year and that nobody in the store know that they are here". For the interviewee it is a good way to evaluate the behavior of managers and their team. It is good to have something more than just the performance, which is based on the objectives they have every month. For the
interviewee, managers do not really benefit from the skills of their employees since they all do the same training. Indeed, the company offers training program for everyone.

The interviewee said that "managers have some autonomy to manage their work and their team". They can decide the tasks and missions of the employees they managed. However, the objectives and goals are fixed by senior managers in order to follow the strategy fixed by the company. According to this manager, employees do not have so much autonomy. They just do the work that they are asking to do.

4.3.2 MIO manager (interview B)

The second interview was with the store manager of MIO Linköping. The interview was done by phone since the manager did not have time to meet the researchers in person. The interviewee has been working at MIO Linköping for two years. The interviewee did not have much time and it was done by phone. However, the interview went well and all the questions were answered with more or less details. The interview was recorded by audio and the interviewee wants to stay anonymous. Due to that, no gender, exact name or age will be mentioned.

The tasks of the manager at MIO is mostly to coordinate every employee and make sure that everything goes smoothly during the day. Moreover, the interviewee is in charge of checking the planning and looking if the protocols are done correctly, if the reports are well done and if the goals are reached. Since MIO is composed by franchises only, the manager of the store has more responsibilities than any other managers in the store.

The manager is totally aware of the strategy of the company. The principal objective of the company is to offer good prices to its customers and the manager's work needs to support it. The interviewee told that all the decisions are made to propose the best deals for the clients. Furthermore, the interviewee always reminds its team this main focus. The low-cost competitive advantage is at the heart of the company's strategy and everyone in the company have to remember that, no matter the position in the hierarchy.

About the hierarchy in the company, the store manager who is also the owner of the store, is considered a lower level manager. Above the store manager, there are managers for different geographic areas and units. The decisions are done at the top-level management. At its level, the store manager can take decisions for the day-to-day work,
which are not big decisions. Furthermore, the interviewee needs to report all of its
decisions to the top-level management. Every day, the interviewee has to fill a report
about how the day went and if the goals have been achieved. It is in the same report that
comments on decisions taken during the day are written. Every morning, a document sent
by email from the top-level management team explains the goal(s) of the day and any
specific recommendations or explanations.

The store manager has around 15 people to manage. That is the number of employees that
works for the store. The team is mostly composed of salesmen/saleswomen and cashiers.
For the interviewee, it is a great number, they have a good team spirit. The interviewee
has the same relationship with all the employees. However, the relationship with the top-
level management team is different. The one with the employees is more casual and relax
since they see each other every day. With the top-level management team, it is more
professional. The interviewee is evaluated on specific objectives. If the objectives are
achieved, the top-level management team will consider that a good job has been done.
The evaluation is only based on numbers. The top-level management team never come to
the store to see how it works, they never talk to the employees to have their feedbacks.
They do the evaluation based on the numbers and reports they received every day from
the store manager. The manager interviewed thinks: "it is not enough to evaluate with the
numbers only". Indeed, "the atmosphere and the team spirit are also very important". For
the interviewee, "it is the role of a manager to motivate the employees and create a good
atmosphere". Top-level management should come in the store sometimes to see how it is
managed and how everyone works with each other. It is also a big part of its job and it is
not evaluated correctly. The store manager does not think that they benefit from the skills
of their employees since they do not have so much freedom to organize their work. They
do what they told them to.

The store manager thinks that the employees have a very limited autonomy. They cannot
do what they want. There are protocols to follow. Furthermore, the fact that they have to
reach a certain number at the end of the day gives them less autonomy. Everyone is
focused on this target and they work to succeed it. For the store manager, they have short-
term goals. It is always numbers to reach. For example, a number of tables to sell, an
amount of benefit to reach, etc. To motivate its employees, the store manager organizes a
short meeting every morning before the opening of the store. During this meeting, the
interviewee congratulates the team if they reached the goals of
the day before and encourages them to do the same for the current day. The manager believes that the employees need to be corrected when they did something bad and that they need to be congratulated when they did a good job. This is how they can create a good team spirit and have good relationships. Furthermore, it motivates them to keep doing a good job and they feel recognized for their work.

4.3.3 IKEA employee (interview C)

This interview is the interview of an employee at IKEA Linköping. The interviewee wanted to be anonymous therefore, the authors do not mention name, age, sex nor exact position in the company. It is just mentioned that the interviewee is a salesperson inside the company. The interview took place in a break room at IKEA Linköping. It was recorded by audio.

The employee was not really aware of the strategy of the company. This person just knew the principal objectives that they needed to achieve at their level, which is to sell as much as possible. The company wants to have a big turnover.

According to the employee, the organizational structure of the company is very clear. The store is composed of the manager of the store and different other managers responsible of different part of the store. For instance, one manager is responsible for the kitchen area and another is responsible for the bathroom area. There are also different departments inside the organization such as the compatibility service or the after-sales service. All the employees who are not managers are at the same level. There are no differences between them. Then, the main decision as the strategy for example, is taken by the CEO of IKEA, therefore, the manager of the store is not responsible for that. The number of employees affected to each service depends. The interviewee told: "my team has around ten employees". For the person interviewed it is a great number. It becomes harder to collaborate and work as a team when there are too many people. The employee is satisfied by the management form even if employees do not have many responsibilities. The company allows its employees to participate in some training programs to evolve in the company and develop new skills. For the interviewee, it is a good support from the company. The interviewee feels supported by its manager even if it is a big company. It is a real opportunity that they cannot find in smaller firms.
Furthermore, it encourages them to do a good job since they know they could evolve within the company and become a manager thanks to these training programs.

The employee said: "the level of autonomy is very low for employees". Their tasks are almost always the same and they are decided by their managers. Thus, they cannot take a lot of decisions. They just have to do what their manager wants them to do. However, the relationship with the manager is friendly. The manager always tries to make arrangements with the employees when they need to leave early for example, or when they need holidays. The manager tries to have an open-door policy and for the interviewee, the manager succeed at doing it. Indeed, as an employee, it is easy to talk to the manager and ask for any help. The objectives are fixed by the manager and employees are evaluated every month. To evaluate them, the manager looks if they reached the objectives or not. They also have some challenges to complete. If the objectives are reached, the employees can have a bonus or a perk. Each trimester the employees have a meeting with their manager to review the objectives and attribute bonuses or not. These meetings are a good way to follow what is going on inside the company. The interviewee really appreciates it since they have feedbacks on their work, either it is positive or negative. For the employee, it is always constructive to have feedbacks. The interviewee also thinks: "it is a good way to be on the same page with the manager and to improve the service and the working conditions".

4.3.4 MIO employee (interview D)

The last interview was with an employee of MIO. The interview took place in the break room of MIO while the employee had a break. Due to that, the authors had a limited amount of time to ask all the questions they wanted. However, all the topics were covered and the interview was finished on time. The interviewee was working at MIO Linköping for 6 years now. Also, the interview was recorded by audio and the interviewee wanted to stay anonymous. Due to that, gender, age and name are not mentioned.

The employee interviewed is a salesperson. The principal tasks are to help the clients in the store, give advices and guide the clients to make the right choice. The interviewee said that its main role is to make a sell. That is the number one goal.
The interviewee is aware of the strategy of the company. This person knows that MIO has a low-cost strategy and that the focus is on the price. The interviewee said: "I used it a lot in a day-to-day work". Indeed, employees always insist on the fact that the price is low to sell a product if the clients are hesitant. This is the main argument. However, the interviewee does not know the goal of the strategy. This employee assumed that this is because MIO wants to compete in its market.

About the hierarchy, the interviewee knows its manager. This employee is aware that the store manager has other managers with a higher position but it has no idea of who they are and what are they managing. The decisions are taking at the top-level and that her/his manager only takes day-to-day decisions. In its team there are around 15 people. They are mostly saleswomen/salesmen or cashiers. The manager does not let them develop their own skills since they have daily goals to reach. This is the most important thing to do in the day-to-day work. The manager is making sure that the goals given every day are reached.

As an employee, this person does not have a lot of freedom since the goals to reach every day are given by the manager. Employees cannot do what they want. Furthermore, each sell made is registered into the system. The interviewee is feeling a bit tracked by the company. Employees do not have any freedom at their work. The interviewee told: "we have breaks at the same time each day". When they take it, they have to swipe their card like this the company knows that they do not take too much breaks or breaks that are too long. The manager does not consult employees when he/she makes any decisions. Employees are not involved in any type of decisions. The manager is the one who gives the goals of the day. Every morning they have a little meeting and the manager gives the numbers to reach at every employee.

The relationship with the manager is good. The interviewee describes it as "casual and informal". It is easy to talk to the manager and he/she is very open-minded. If employees have a problem, they can talk to him/her about it without any problems. Moreover, he/she is always in the store which makes it easy to make any contact. According to this employee, it is important to have this type of relationship with the manager. About the evaluation, the manager is looking if the goals given every day are achieved. More than just looking at the numbers, the manager also looks at how employees behave with the other members of the team and the clients. For the manager
of this store, it is important to look at the behavior too. A big part of the evaluation is about the behavior. A good behavior in the team reinforce the team spirit and a good behavior with the clients gives a good image of the store which makes the client coming back for a future purchase. The interviewee feels satisfied with how the manager evaluates employees. The interviewee told the interviewers that the fact that the manager of the store looks at behavior and not only at the numbers is important and really makes a difference.
5 Analysis

This chapter presents the analysis of the data collected through the previous interviews. These data will be linked to the theoretical framework in order to analyze them and answer the research question.

5.1 Centralization and Decentralization

According to the interviews done with MIO, the structure is centralized. Indeed, the managers receive their orders from the top-level management team and cannot really decide what they want to do. The manager interviewed explained: "I receive my objectives and goals from higher managers", which illustrates that the orders are decided on the top of the hierarchy and are diffused after to the lower levels. The way they achieve these goals is their decision, they can decide how they want to proceed and work with the team they manage. IKEA is also using a centralized management control even if it is a bigger structure. That means that managers depend on higher managers and are responsible of a particular sector of the store. Managers of IKEA have rules to follow about prices, organization, etc. The manager interviewed said: "I cannot change the prices of the products. I have to organize the store a certain way. I cannot choose myself where I want to place the products on the shelves". Each store has to be the same and because of that managers are not autonomous and independent. The decisions are done at the top of the hierarchy and after they diffuse them to the lower levels. It is the same thing for both MIO and IKEA. MIO has a low-cost strategy and even if the stores are franchised, they all need to follow this strategy. To assure that, the top-level management team give its instructions to the lower-level team. In both companies, they have procedures to follow and documents to fill. This reduces their level of autonomy as well. The managers have to report their work to higher managers and it is done thanks to the documents talked previously. In these documents, they report to the top-level management team the work of the employees they manage. It allows the top-level management team to control if they are doing a good job and if the goals fixed are reached. In a nutshell, these documents are a way for the top-level management team to
keep an eye on what is going on at a lower level in the company. Thanks to that, they can adjust the objectives. It is the same thing for the employees. In both companies, the employees are told what to do. Even if it seems more flexible for IKEA, it stays quite rigid and the employees cannot do whatever they want to. They also have to report their work to their managers. Due to that, they do not have a lot of freedom about how to execute their work since it is controlled. Furthermore, employees also have goals to reached. This is their number one objective while they work. Since they have a limited time to reach their objectives, the employees are not free to do whatever they want. They need to finish their work when their managers told them to.

The other thing is that both companies have short-term goals. At IKEA they have weekly and monthly objectives to reach and at MIO they have daily objectives to meet. The MIO's employee told: "Our number one objective is to reach the goal for the day". It proves that MIO is essentially focused on short-term objectives. Also, they are more focused on the efficiency rather than the effectiveness. Both companies want to sell as many products as possible. They produce a lot of products at a low price. The difference between both companies is that IKEA gives employees the possibility to evolve within the company thanks to training programs. It is something that is it not done in MIO.

5.2 Formal and informal management control

According to interviewee A, the management control at IKEA is "quite formal". Indeed, the hierarchy is important and respected by everyone. There are explicit set rules to follow and procedures. Each employee and manager have a job description that they need to follow. IKEA offers training programs to its staff to allow them to be performant and offer the best and same service to each customer. Managers know that they need to report what they have done to the manager just above them and so on. It is the same for the employees according to interviewee C. Employees need to report their actions to their direct manager. Moreover, these two interviewees said that since IKEA is a big company, they need to follow formal planning and they are controlled quite often. They need to report their actions every week and meet monthly objectives.

According to interviewees B and D, MIO is driven by formal control but also much more informal management control than IKEA. In fact, MIO is constituted of only
franchises. Therefore, even if stores have strategies to adopt and follow and objectives to meet, managers are free to manage the store and the employees as they want. This creates a more informal management control since everybody know each other better than in big structure. The communication form is much more informal. However, the formal management is also very present. Even if the hierarchy is not as much important as in IKEA, it needs to be respected for the well-functioning of the company. Furthermore, rules and procedures have to be followed. To summarize, the authors can note that both companies have formal management control and that MIO is using informal management control as well. Even if MIO is using formal and informal management control, the formal one is much more present than the informal one.

5.3 Top-down and bottom-up role of management control

According to the previous interviews, both MIO and IKEA have a top-down management control. The information between senior managers and lower managers is conveyed in a way that it is the senior managers who control the decisions. They help lower managers to take decision. Moreover, they decide the objectives to achieved and decide how to use their resources. In IKEA, it is even more obvious since it is a bigger company than MIO. All IKEA stores are managed in the same way. According to interviewee A, managers do not have so much freedom. They cannot decide the organization of the products. Each product has its own place and price. The manager interviewed said: "I receive a plan that shows me where the products need to be in the store. With this plan, I also receive an Excel sheet where the prices for all the products are shown". Here is a good example of top-down management. The prices and placements of the products are decided by the top-level management team and they send it to the lower-level managers. Also, lower-level managers are driven by the objectives and goals that they need to achieve and constantly need to keep in mind the principal objective fixed by the company. That means, making a big turnover. These objectives and goals are fixed by the top of the hierarchy, according to the interviewee A. Regarding MIO, interviewee B said that the management control is more top-down since the senior managers decide of the objectives and goals. The interviewee told: "Every week I receive an email with the objectives that need to be reached". It clearly illustrates that MIO is using the top-down management.
5.4 **Tight and loose control**

According to the interviews, the two companies studied in this research are quite similar about the management control that they used. Indeed, in both IKEA and MIO the decisions are made at the top of the hierarchy and the work of the employees is controlled. Rules are established and everyone who is working for the company has to follow them. The employees are not free since they have to report everything to their manager and this manager has to report everything to the top-level management team. In these cases, it is obvious that tight control is used. The top-level management team keeps an eye on what is going on thanks to report that are weekly or monthly, depending on the company. As said in the interviews, the employees of both companies feel that they are controlled by their superiors. They do not have any freedom in their job since their main focus is to reach the goals given by their managers. They also know that this is how they are evaluated. There is no space for autonomy and independence in their job. The company is looking at their performance thanks to the numbers and not their behavior. For example, the top-level management team looks at the number of sales, the turnover, etc. They do not look at how they sell a product or the behavior they have with the clients. Thanks to all the data collected during the interviews, the authors can say that both MIO and IKEA are using tight control management.

5.5 **Contingency Theory**

As explained previously and as noticed in the previous interviews, both companies IKEA and MIO have a low-cost strategy tendency. According to the interviews, IKEA and MIO have a clear structure with an obvious organization. Employees and managers know what their roles are and know to whom they need to report their actions. Furthermore, they have rules to follow and documents to report. In both companies, the control is tight since it is always inspected by someone who is higher in the hierarchy. According to interview A, the principal objective of IKEA is to focus on costs and productivity. They do frequent and detailed control reports. According to interview C, is quite the same for MIO but with less rigor. For both companies the objectives are
quantitative, which means that the goal is to make a big turnover. Thus, we can say that IKEA and MIO use a mechanistic management control approach. Companies which use a low-cost strategy tend to have a mechanistic management control system. Here, it is confirmed with both MIO and IKEA. Furthermore, the furniture market is stable and mechanistic management is used when there are not a lot of changes in the market.

5.6 Objectives

According to the interviews, both IKEA and MIO have short-term goals. Indeed, IKEA has weekly and monthly objectives to reach while MIO has daily objectives. The managers and employees are only aware of these objectives. Perhaps both companies have a higher level have long-term goal(s), but at a lower level they only have short-term goals. These goals can be a number of sells to make in day, a turnover to reach at the end of the week, etc. Due to the fact that there are short-term oriented, the objectives for the employees and the lower level managers are changing quickly. They always need to adapt themselves to the goals in order to reach them in the given time. Like it can be seen in the examples above, the objectives in both companies are monetary. Indeed, they always try to have the biggest turnover and the goals are most of the times related to sales.
6 Discussion

This chapter discusses the empirical data and the analysis. The authors have a second look on the data collected and mixed them with the theories. This chapter also talks about the expectations of the researchers and have they feel about the answers given at the interviews.

6.1 Centralization and decentralization

According to the interviews, MIO tends to be centralized. Centralized is when "managers of subunits can communicate directly with the board, receive their instructions directly from the board and report directly to the board" (Anthony et al., 1992, p. 196). The strategic objective of this is to focus on efficiency and on the stability of the production in terms of quality/quantity. IKEA also tends to be centralized. In both companies, there is a global strategy that is decided at the top of the hierarchy. This strategy needs to be applied in every store, even for MIO that uses franchises. Indeed, by keeping the same strategy in every store, it is easier for the top-level management team to control that everything is working. Indeed, the decisions they take can be applied in every stores and the management control is the same no matter which store is it. Managers in IKEA and MIO cannot decide whatever they want to do. Especially in IKEA where they have to respect the organization of the products within the store, the prices of each items, etc. Both companies try to reduce their costs at the maximum and sell as much as they can. Thus, pure (low-cost) strategy and hybrid strategy use a centralized approach in this case. The authors were a little bit surprised to find these results. Indeed, "the larger an organization, the greater the difficulty of using a centralized system, because top management can become overwhelmed with detail or lose touch with many diverse operation" (Flamholtz, 1996). Therefore, IKEA being an huge international company, it would have been more common to decentralized. For MIO, which is more a local company, it is not surprising to know that it uses centralization rather than decentralization. It has a lot of stores but all are in the same
country which makes the strategy of the company easier to set up. In this case, the size of the company might have an impact on the strategy.

6.2 Formal and informal management control

As it has been highlighted by the work of Anthony et al. (1992), two types of management control exist: formal and informal management control. These two types can appear in one company at the same time. According to the previous interviews, it is the case of MIO. It uses formal and informal management control. However, the weight of these two types of management control is not equal. Indeed, the formal one is much more present than the informal one. IKEA, however, is only using the formal management control. In fact, formal management control system is necessary for the work of large organizations (Anthony et al., 1992) while informal management control is more common in small business (Flamholtz, 1996). Therefore, MIO has an informal management control which refers to more informal communication between the employees and managers and more tacit rules. IKEA, on the other hand, takes the hierarchy seriously and the procedures need to be followed. Being an international company, it is necessary to have strict rules and documents in order to make every store works correctly and efficiently. The authors find it quite surprising that MIO has an informal management control. Indeed, MIO is centralized and most of the company using the centralization use a formal management control. On the other hand, it is a local company which only has stores in Sweden. The fact that there are all in the same country makes it easier to implement an informal management control. On the contrary, IKEA uses a formal approach, but the authors think that is due to the size of the company and not to the choice of any strategy. Indeed, IKEA has stores all around the world and if it wants to work efficiently and be profitable in the long-term, it has to have procedures and rules to follow. If informal control was implemented, it will be too hard for the top-level management team of IKEA to keep an eye on every store. The formal management control only makes it simpler and clearer.
6.3 Top-down and bottom-up role of management control

Top-down and bottom-up are two strategies used by management and organization to convey information between the senior managers and lower managers. According to the previous interviews, both companies IKEA and MIO tend to use a top-down management control. "The top-down role of management control system is to help decentralized managers decide what decision to take, what results to achieve and where to lead their employees and how to use their resources" (Anthony et al., 1992, p. 7). Thus, pure (low-cost) and hybrid strategy use both top-down management control. It allows more standards and control (Merchant and Van der Stede, 2007). The authors were expecting these results. However, they thought that IKEA would use less top-down management control than they said. Knowing that the contact with the clients is an important part of its strategy, IKEA is forming its employees to offer the best service as possible. Due to the fact that its employees in the store are the ones who are directly dealing with the clients, the authors thought that managers would listen to them about what the clients want, what they like or dislike. According to the interviews, senior managers do not seem to take the feedback and opinion of the employees who work in the store; this was surprising for the authors.

6.4 Tight and loose control

The level of decentralization in a company in terms of management control is often described thanks to two models: tight and loose control (Anthony et al., 1992). The interviews of IKEA and MIO lead to the conclusion that both use tight control. The top of the hierarchy controls employees and lower managers by fixing objectives. Moreover, this type of control implies short-term and specific decisions and monthly report about objectives and performance (Anthony et al., 1992). Thanks to the interviews, it is clear that both companies has short-term goals and frequent reports to make. Tight control avoids uncertainty but it causes more stress and lower tolerance for the managers (Verweire and Berghe, 2004). Moreover, as it has been highlighted by the work of Govindarajan (1988), using tight or loose control depends on the situation. There are no exact rules of when using it, just tendency. The tendency here is that pure (low-cost) and hybrid strategy use both tight control. The authors expected that both
companies used tight control. Indeed, MIO is centralized and most of the time tight control is used in this case. About IKEA, it is a huge company and to make it works and profitable in the future, tight control needs to be used. It allows the company to keep everything and everyone on track. Tight control is often implemented in critical areas to allow the success of the company (Merchant and Van der Stede, 2007). In fact, it permits a better control and strict reviews, therefore, fewer mistakes are committed.

6.5 Contingency Theory

As it has been mentioned in the theoretical chapter, the contingency theory implies two types of management control systems: mechanistic, which is generally used when the environment is stable, and organic, which is appropriate when the environment is dynamic (Burns & Stalker, 1961). When looking at the furniture market, it can be inferred that this market is stable. Due to that, both MIO and IKEA should use the mechanistic management control systems. The environment is not the only thing to look at when deciding on which management control system to use. However, according to the interviews done, IKEA and MIO tend to be mechanistic. Indeed, managers have to well-define the tasks and the responsibilities of the employees. Everyone knows what they have to do and how to do it. Moreover, both companies have a clear hierarchy and structure which are very important for the mechanistic model. Thanks to that, the communication about instructions and decisions is efficient. The decisions and measures are broken down vertically, which means that the control is mostly top-down (Anthony et al., 1992). It is another feature of the mechanistic model. Thus, pure (low-cost) and hybrid strategy use mechanistic management control.

6.6 Summary

Most of the answers given during the interviews were expected by the authors. However, some topics were quite surprising to hear. Thanks to these interviews, the authors could have a better understanding of the management of MIO and IKEA which are respectively companies that use a pure strategy and a hybrid strategy. It allows the
researchers to take these two companies as an example and make assumptions about the management of a firm depending on the strategy that is adopting.

After analyzing the data collected during the four interviews, the authors can conclude that companies which use a low-cost strategy as MIO tend to have a mechanistic management control system. This implies that they often use a top-down management control and tight control. Moreover, in this case, it uses centralized management control with formal control. On the other side, companies which use a hybrid strategy as IKEA also tend to have a mechanistic management control system. This implies that they often use a top-down management control and tight control. Moreover, in this case, it uses centralized management control with formal control as well. About the objectives and goals, both companies are short-term oriented and tend to have monetary goals rather than non-monetary.

6.7 Limitations

There are numerous limits in this research. First, the conclusion is based only on four interviews in two different companies. Therefore, the results could not be relevant. A case study is a limitation in itself. Moreover, the attitude, the mood and the patience of the interviewees might also have an impact on the results. Indeed, when someone is interviewed the answers depends on the mood of the person and the environment. If the authors do the same interviews at a different time, the answers will probably be different.

Another limitation is that the researches focus their research on one particular industry in one particular place. Indeed, the research is based on the retail industry in Linköping, Sweden. Due to that, it is impossible to generalize the data collected to every company that use a hybrid strategy or to generalize it all around the world. Furthermore, the company's size was not take into account in this research. Depending on the number of employees, the management control used can be totally different. Due to that, the results of this research could be mistaken.

Last but not least, the language is one limitation for this research. Indeed, the research was made in Sweden and Swedish companies were contacted to analyzed it. However, the research was made in English since none of the researchers speak Swedish. It was
not a problem to communicate but maybe the answers would have been more detailed and specifics if the research would have been made in Swedish, the mother tongue of the people interviewed.
7 Conclusion

From the discussion chapter, the authors have been able to identify certain management control aspects used by the two companies studied that do not implement the same strategy. The first company is IKEA which has a hybrid strategy. It tends to have a mechanistic management control system. This implies that it often uses a top-down management control and tight control. This means that the decisions are done at the top of the hierarchy. The lower level managers do not enter in the process of decisions, they are just informed about it. Their objectives and goals are given by the top-level management team and they need to report their work thanks to documents and procedures. Moreover, in this case, it uses centralized management control with formal and informal control. Most of the communication within the company respect the hierarchy and employees and managers know to who they need to report their work. About the objectives, IKEA is short-term oriented and has monetary goals. Indeed, the goals to reached are most of the time based on the turnover or on the number of sells made. The second company is MIO. It has a pure strategy and also use a mechanistic management control system. Just like IKEA, the top-down management is in place within the company and it uses a tight control. The decision are done by the top-level management team and they inform the lower level managers after. Such as IKEA, MIO is centralized. It has both formal and informal control as well. When looking at the objectives, MIO is similar to IKEA. Indeed, it also have monetary goals and is short-term oriented. Indeed, most of the employees' objectives are number of sells to make or a turnover to reach. With these information, the authors came with the fact that the management control between the two companies is similar even if there are some differences.

The results from the study show that there are minor differences between the management control used by MIO and IKEA. Indeed, like said previously, MIO uses a pure strategy while IKEA uses a hybrid strategy. They both use similar management control as tight control for example and they both have a top-down management policy. However, there are some differences that we can point out at our level, but we believe that there are also some other differences between these two companies at a higher level. The first difference is that MIO uses more informal control than IKEA. The
authors cannot conclude that it came from the strategy used. Indeed, it could come from the fact that MIO is a smaller firm than IKEA. Indeed, MIO is a Swedish company while IKEA is international. Due to the size of the company, the management control chosen can differ. It could also come from the fact that all MIO stores are franchised. This particularity also impacts the management control of the company. The second differences that can be noticed is that IKEA seems to care more about its employees. Indeed, they can involve within the company thanks to an internal training that IKEA offers to them. That means that most of the managers at IKEA were employees in the store before. It is not the case for MIO. Most of the managers there enter the company as manager and employees do not have the possibility to do a training. This difference can come from the fact that IKEA is a bigger structure than MIO, therefore, it can offer more opportunities.

According to this research, the authors can say that the implementation of a hybrid strategy leads to a tight control. It was shown with the example of the Swedish firm IKEA. Indeed, thanks to the data collected, the researchers can prove that the control is mostly tight at IKEA. There is no place for autonomy, both for the lower level managers and the employees. The biggest decisions are taken at the top of the hierarchy and the lower-level managers cannot give their opinions. They have to follow what the top-level management team told them and reach the objectives given. About the objectives of a hybrid company, there are short-term oriented and monetary. This is what the authors find while studying the case of IKEA. Managers have weekly and monthly objectives to reach and most of them are based on the amount of sell and on the turnover reached.

The conclusion of this study is valid for IKEA and MIO in Sweden. The results show that there are minor differences between the management control used by MIO and IKEA. However, even if this research paper is a case study, the results can serve as a base for future research with other companies. The concern of this study might be very useful for companies using a hybrid strategy and which do not really know what kind of management control to implement or for companies which want to implement a hybrid strategy.

For future research, the authors suggest studies focusing on other hybrid companies in other countries and maybe take into account the size of the companies as a factor that
can influence the management control. Future research can also compare different hybrid companies together in order to see if there are differences of management. It could also be interesting to do research in other industries and compare the results with this research. The long-term objective is to generalize the management of hybrid strategy, just like it was done for the pure strategy.
8 References


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