

Louvain School of Management

How the multinationality of a company impacts the design and the implementation of its management control system package?

The case study of Odoo

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Foreword

Before getting to the heart of the matter, I would like to express my deepest thanks to my thesis supervisor, Professor Kim Adamsen, for his kindness and constant availability as well as his wise guidance along this last academical journey. Furthermore, I am also extremely grateful to my other supervisor Professor Christophe Lejeune, for his countless involvement in the International Business Program and his enlightening comments and suggestions that helped me shaping the practical part of this work.

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General Introduction and Research question

The ongoing field in business where most research are currently done is without questioning performance management. Indeed, performance management is an umbrella that encompasses numerous of business' areas and among others: strategic management, finance, accounting, and human resources management. However, it is a quite new field that only started to be investigated in the 50's and that has since then constantly evolved. The basics behind performance management is that organizations have a strategy and would like the strategy to be implemented. Therefore, in order to ensure that the strategy is properly implemented, managers and organization rely on performance management controls and measures. However, a big question mark lies in the fact that the measures are appropriate, accurate and adapted to the organizational context. The organizational context can suddenly vary like it is currently the case with the apparition of the COVID-19 virus that has forced companies to adjust their strategy and therefore their implementation as well as the control tools used to monitor it. Nevertheless, the organizational context in which a company operates is not only affected by external factors such as a sanitary crisis but also by the country in which the company is established. In a world where an emphasis is put on global performance and competitiveness, the traditional strategy development process has to be replaced by a more open cross-border, agile and iterative practice, with an emphasis put on the involvement of all employees to ensure buy-in and responsible autonomy in the achievement of the organizational strategic goals (Adamsen, 2020).

As an International Business student, I have had the opportunity during this year spent abroad to better understand and grasp how culture and national environment can differ across countries and impact a business. Having these facts in mind, I wanted to know if multinational companies, that are not only confronted with a single national environment, were affected by these country-specific factors. More specifically, if these local factors affect multinational companies' strategy and implementation by driving the adaptation of their performance management systems to the diverse environments in which they operate. Indeed, multinational organizations are facing a multidimensional organizational challenge that is inherent to their various geographical operating locations and the adaptation of the managerial practices and control system is a key challenge to ensure the proper implementation of the organization's strategy. However, the research on this problematic and the cross-border adaptation of the management control system is still at its early stages. (Merchant and Van der Stede, 2007)

Therefore, the general research question that will be explored in this master thesis is *“How the multinationality of a company impacts the design and the implementation of the management control system package?”*. In addition, other sub questions and problematics will be discussed in this thesis. For instance, the identification of the different factors composing the multinationality and their impact on the Management Control System Package (MCS) will be investigated. Furthermore, the interconnexion within and between the MCS Package and the multinationality components will be explored. Moreover, the awareness of these connexions and their effective leverage by the managers to achieve organization’s strategic objectives will also be studied. Finally, the challenges that may occur in a global cross-border strategy implementation and especially in its effective measurement and control will be examined.

In order to solve these questions and tackle these challenges while contributing to the research in performance management and improving the managerial practices, this thesis will be both theoretical and practical. In the first part, the theoretical basis and background fundamental to the understanding of this problematic will be set. In addition, an emphasis will be put on the description of the two main factors of the research question: the multinationality and the management control system package. Furthermore, some answers to the research question and sub-questions will be enlightened. After that, the practical part will both verify the answers or assumptions and potentially discover new leads relying on a real business situation. The case study of a multinational company presenting a consistent performance management control system and the impact of the cross-border interaction on the design and implementation of such system will be performed and explored. The use of qualitative questionnaire will be made during the interview of the company’s key stakeholders and a systematic comparative study of the different types of controls and the multinationality components will be performed. Through this methodology, the contribution to the research should be relevant and consistent in this specific context by giving both a synthesis of the current literature related to this subject and providing consistent and relevant improvement in the managerial practices to adopt in the design and implementation of an efficient performance management control system. This topic is of utmost importance in the contemporary era where the competitive advantage of a company probably lies in the performance of its employees. Therefore, ensuring the involvement and motivation of the employees towards the achievement of the organizational strategic objectives through an efficient performance management control system is critical and one of the most crucial business challenges nowadays.

Part 1: Theoretical background

The first part of this work is dedicated to the setting of the theoretical basis and background fundamental to fully grasp the influence of multinationality on a company and its performance management control systems. The first chapter will aim at introducing the definition of the performance management control system package, its historical overview and the challenge encountered in its establishment and its use. Afterwards, the five components of the management control system package will be introduced and major theories and models such as the Balance Scorecard, the Self-Efficacy mechanism and the Empowerment theory will be highlighted and adequately linked to these five components. Finally, the third and last chapter will introduce the concept of multinationality and will enlighten how the four features of multinationality could influence the components of the performance management control system package. During this theoretical part that will review the existing literature related to the research topic, some leads or answers about the above-mentioned questions will be found and summarized in the dedicated section.

I. Chapter 1: What is a Management Control System?

A. Section 1: Historical overview

In order to properly understand the performance management of an organization, it is important to grasp some key elements. The process by which a strategic plan or vision is translated into operational objectives and activities to finally be cascaded across employees while ensuring their comprehension, alignment, and motivation towards the achievement of organizational goals is essential for a company to properly perform. However, the insurance of the implementation and the efficiency of such process is critical and is therefore assessed and monitored through measurements tools or performance indicators called management control systems (MCS) that are the keystone of performance management and will be at the centre of this thesis (Adamsen, 2020). When it comes to the discussion about the MCS, managers tend to consider each control tool individually and independent from each other. However, the idea of having these control systems interconnected and operating as a package is not new. In 1980, Otley who was studying the Accounting Information System (AIS), was already affirming at the end of his work that the study of the effectiveness of AIS could not be made independently of all the other control mechanism put in place by an organization to influence the behaviours of its members. Furthermore, Otley concluded that all these control mechanism “*act as a package and must be assessed jointly*” (1980, p.422). By this statement,

he was the first to introduce the concept of performance management control system package and called for further research on the topic.

Unfortunately, apart from the work of Abernethy and Chua (1996) that has demonstrated empirically the correlation between the strategy of a company and its control system package no other empirical work has been done for a long time. Furthermore, from a theoretical point of view, except the research of Alvesson and Kärreman (2004) that studied a variety of formal control and their interconnection, and the investigation of Simons (1995) that stated that controls levers “work simultaneously but for different purposes” there are almost no academic literature studying the management control systems as a package.

However, when one tries to understand the management control systems and their impacts on employee behaviour or company objectives and goals, studying the MCS as a package quickly becomes obvious for three main reasons.

The first reason is that the MCS do not function as isolate elements. Even though the research framework in which the MCS are implemented or studied varies across themes and practices and can seem unconnected, the different MCS are articulated inside a broader control system (Chenhall, 2003). Chenhall also argued that if the links between the different MCS are neglected, the studies of one particular component of an MCS would lead to “*the potential for serious model under specification*” (p.131). This statement echoes the work of Fisher (1998) who concluded that omitting the interconnection between the elements of the MCS could lead to erroneous results and conclusions.

The second point is that the study of MCS has been heavily focused on the accounting and financial aspect because it is easier to empirically study these areas since they are essentially made of figures and therefore are more easily measurable and quantifiable. That is why, most innovations related to MCS happens in these fields and have given birth to tools such as the Balanced Scorecard (BSC), target costing or value-based management that are more convenient to study in practice. However, Fisher’s conclusion also applies for these tools and the results might be erroneous if these new elements are studied in isolation and the broader MCS package is neglected (Malmi and Brown, 2008).

The last reason is that there is a pitfall in the theory regarding the elaboration and design of the MCS in a way that would lead to a desired outcome. As a matter of fact, the theory of MCS has made a deeper focus on accounting-based controls which are more formal systems and has struggled in the research and understanding of more abstract controls such as

administrative and cultural control. Overcoming this pitfall by developing the theory regarding the MCS package would facilitate the study of MCS and allow the researchers to design and optimize the tools to drive organisational performance and better measure the impacts of innovations such as the BSC (Malmi and Brown, 2008).

B. Section 2: Challenges

Despite these reasons encouraging the study of the MCS as a package, some challenges subsist in this approach.

The first challenge lies in the ability to clearly define the concept of MCS. A distinction must be made between control system and decision-support tools. Once this distinction has been made, and that the focus on the control system has been established, the inherent purpose of the MCS remain undefined. Is the MCS aiming at controlling behaviours or figures such as physical elements or cash movement? What is the required level in the organisation to exert and implement the control? (Malmi and Brown, 2008)

Once all these elements and the parameters are set, and that the MCS in itself has been defined, the question about the conception of the MCS package remains. What is taken into account, what is left out, and what is the rationale behind these choices? Furthermore, even though substantial research on MCS in isolation has been made, the interconnexion between these individual MCS and the way to conceptualize and understand analytically and empirically the MCS package as an inter-related ensemble remained unsolved. This problematic had been captured by Abernethy and Brownell (1997) who stated: *“It is clear that organisations rely on combinations of control mechanisms in any given setting, yet virtually nothing is known about how the effects of any one control are governed by the level of simultaneous reliance on other forms”*.

The last main challenge lies in the empirical study of the MCS package phenomenon. Due to the complexity and the large dimension of these inter-connected control systems, the establishment of survey questionnaire to grasp the essence of the MCS is extremely difficult. Furthermore, the results that could occur are abstract and make sense of these tangled nodes to draw conclusions in a comprehensive way is an even harder task. (Malmi and Brown, 2008)

C. Section 3: Definition

As previously mentioned, the first difficulty to analyse the MCS package is to define what does MCS imply (Fisher, 1998). The definitions of management control systems are manifold and diverse. Some are converging in the same direction, some others overlap on some aspects, and others are totally diverging which lead to a soft focus and a lack of solid basis for the research.

Depending on the authors and the era, the scope of the MCS has been sometimes very broad. Some authors considered that management accounting systems were a way to achieve some company objectives and that the MCS were a broader extension of these systems that incorporate human and social controls such as personal and clan controls (Chenhall, 2003). Other authors such as Merchant and Otley (2007, p. 785) extend further the scope of the definition to include the strategic and learning aspect of controls to reach a conceptualization of the MCS where *“almost everything in the organisation is included as part of the overall control system”*.

As another illustration of the various ways in which researchers approach the concept of MCS and try to define their purpose, it is interesting to see that Merchant and Van der Stede (2007, p. 8), published the same year a totally different and narrower definition of MCS. In their work, the two researchers draw a clear line between management and strategic control and define the former as a way to control and guide the employees' behaviour to always achieve what is best for the organization. This narrower definition echoes the one described by Abernethy and Chua (1997, p. 573). in their work that stated that organisational control system aims at *“increasing the probability that organisational actors will behave in ways consistent with the objectives of the dominant organisational coalition”*. Finally, other researchers extend again the scope of this behavioural definition and picture MCS as a mean to reach goal congruence that can be implemented at every level of the company from individual to organisational through small groups or subunits levels.

These inconsistencies among authors and era regarding the conceptualization of MCS has led to numerous issues in terms of results interpretation and design of the MCS. Therefore, the study of common contingency factors could induce different or even opposing views regarding the systems and controls. In order to ease the understanding of such paradox, let us use a largely studied contingency factor: the environmental uncertainty. In case of environmental uncertainty, one may suggest an increased use of accounting control systems in

order to generate an accurate picture of the reality and use this detailed picture to drive decision-making. On the other hand, if we look at the environmental uncertainty from a behavioural perspective, an uncertain state requires more agility inside the organization to quickly respond to any change that may occur. Therefore, instead of increasing the accounting controls, an empowerment and an increased autonomy of the employee seems more adequate. A conclusion can be drawn regarding the fact that depending of the purpose of the system (control or decision-making), a same contingency factor can result in different outcomes, which reinforces the fact that MCS need to be clearly defined and designed while taking their purpose into account (Malmi and Brown, 2008).

Fortunately, thanks to the work of Zimmerman (2001), it has been possible to draw a clearer line between control and decision-making. He states that accounting systems can have different purposes. Some of them are used and designed to provide facts and figures in order to support and improve the decision-making while others are focused in the direction of employees and their behaviours. Both alternatives can be applied by managers. However, in absence of mechanism to oversee behaviours and goal congruence, the system is not a control system anymore but rather an information/decision-support system.

When it comes to the willingness of managers to guide and control employee behaviour, a complete system encompassing guidelines, values and any other practice put in place by management to direct employees' attitudes and behaviours should be called management control systems. However, accounting system aiming at supporting managerial and organisational decision but being not monitored, do not fall in the MCS category but should be called management accounting systems (Malmi and Brown, 2008).

Finally, a last distinction should be made between organisational control and management controls. The notion of organisational control is broader than the notion of management control, in the sense that it encompasses controls that are not only focused on employees but rather at the organisation (e.g: quality or inventory controls).

As previously mentioned, the difficulty to empirically study these concepts make this distinction easily observable from an analytical perspective rather than considering empirical proofs. However, with two simple and broadly used examples, this distinction should appear clearer.

Let us first use the concept of planning. Most of us would agree on the fact that planning aims at deciding prior to a task or a project, the direction one wants to set and the

objectives one wants to achieve. However, the role of planning is twofold. By involving employees in the conception of the planning, there is a higher chance that they will be involved, execute it properly and will be federated around a common goal. Therefore, if the only purpose of the planning activity is to support ex-ante decision-making, it should not be called MCS. However, if the planning activity is integrated in a system that aims at achieving goal congruence, the MCS label can be affixed (Malmi and Brown, 2008).

A second notion often subject to conflicting interpretations is the control of the costs. The concept of “cost control” can mean that an entrepreneur is monitoring his own expenses or that an organization is putting in place a new system to control its costs and help in the decision-making process. Alternatively, it might mean that managers are restricting their travel cost or that they ask to their employees to notify and report their expenses for a budgeting purpose. This reporting and accounting obligation may influence the behaviour of employee and lead to a self-control state. As demonstrated, the notion of control costs can have several interpretations and refer to numerous tools and tasks. However, only the examples going beyond the informational/support purpose and involving an influence on employee behaviour can be labelled as MCS (Malmi and Brown, 2008).

All these diverse definitions of management control systems have finally converged into one direction and have given birth to the current reference in performance management and to a broadly used definition of MCS which will be one of the keystones of this thesis.

“Management controls include all the devices and systems managers use to ensure that the behaviours and decisions of their employees are consistent with the organisation’s objectives and strategies but exclude pure decision-support systems” (Malmi and Brown, 2008).

Despite the fact that many definitions of MCS exists, this one will be used in this thesis for several reasons. First of all, the definition does not include per se the concept of motivation and coordination that could be the subject of an entire thesis by themselves. Furthermore, the definition is focused on the alignment of the employees’ actions and behaviours with the organizational goals and not on the way to create value in an organization which is more relevant when tackling an issue such as the multinationality that implies cross-cultural behavioural adaptation. Finally, this definition of MCS is broadly used and the package concept and framework associated with it will be of utmost importance in the assessment of the impacts of the multinationality on these different types of MCS.

The notion of “package” can be added to this definition by acknowledging that in most current organizations, there is not only one MCS but rather plethora of them. If all the management control systems are intentionally built and articulated to coordinate, the entire system might be called a MCS. However, since all the MCS are not implemented at the same time, or by the same group of individuals in the organization, the notion of package point out the fact that the management controls are not holistic but rather a package of interconnected and coordinated systems (Malmi and Brown, 2008).

II. Chapter 2: The MCS Package Framework

After having tackled the first challenge mentioned at the beginning of this work (part 1, chapter 1, section 2) and having clearly defined the concept of management control system, we can now address the second issue and set the parameters of the concept of MCS package.

Figure 1: The MCS Package Framework

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

Source: Malami & Brown: “Management control systems as a package – opportunities, challenges and research directions”, *Management Accounting research* 19, 2008, P. 291.

In their analytical research regarding the MCS package, Malmi and Brown (2008) have designed a conceptual typology by synthetizing four decades of research to achieve what is currently used as a keystone in the field of performance management. This framework is adequately broad but still precise enough to allow empirical studies of this phenomenon. The following sections will aim at describing the five different types of controls of the typology and will introduce and enlighten major theories and concepts associated with it. At the same time, the MCS package framework will episodically be compared with the “Object of control”

framework (Merchant and Van der Stede, 2007) that we have been studying at the Louvain School of Management in the Performance Management course, to highlight the strengths of this alternative framework which has established itself as the new reference in the field.

A. Section 1: Planning controls

a. Subsection 1: Description

Planning activities are commonly considered as an *ex ante* mean of control for three main reasons (Flamholtz, 1985). First of all, planning activities establish the objectives of the different areas and function within the company while giving a direction to both behaviours and efforts. Second, planning sets the requirements, standard and expectations intended from all the organisation stakeholders in regard of the goals to achieve. Finally, planning can foster the coordination of the different functional areas of a company by aligning, controlling, and ensuring that the individuals and groups activities within a company are converging to the desired outcomes. There are two main approaches in planning, the tactical and the strategic focus. The former is called action planning and is centred around a short-term future of maximum one year, while the latter is called long-range planning and establishes the objectives and actions to perform following a medium or long-term vision (Malmi and Brown, 2008).

The key to ensure the long-term sustainability of a company is obviously a good strategic planning process that is systematic and consistent. Typically, the establishment of strategic plan is divided into five stages: the *diagnose phase*, i.e. the establishment of the current strategic profile of the company and the detection of the current and potential issues; the *objective setting phase* i.e. the formulation of the objectives of the company, based on the diagnostic; the *strategic planning phase*, i.e. the definition of tasks and actions to be undertaken to face weaknesses and threats while leveraging the strengths; the *budget phase*, i.e. the conversion of the strategic plan into an operational and feasible plan that include the budget; and finally, the *control phase* i.e. the continuous monitoring and re-assessment of the plan to withstand environmental and knowledge change. The planning process must be anchored in both internal and external environment of the company in order to be quickly adaptable to any change that may occur. Moreover, the objectives should not be only defined top-down but alongside with the employees to ensure their feasibility but most importantly to foster empowerment, involvement, and motivation of all the organization's members. Furthermore, in order to effectively measure the implementation of the planning, the use of

key performance indicators (KPIs) or financial and non-financial measurements is of utmost importance because a planning is worth nothing if it is not properly understood, implemented and monitored. Therefore, the cascading and the comprehension of the organizational goals is equally important, and the use of strategy maps such as the Balance Scorecard can facilitate the understanding and therefore the adoption, coordination, involvement and motivation of all the employees of the company towards the achievement of the planned tasks and the organizational objectives (Adamsen, 2020).

In their framework, Van der Stede and Merchant (2007) use the financial results control system as a category that encompasses both planning and budgeting. However, planning actions do not automatically imply the use of financial instruments. When it comes to the strategic planning for instance, projects and activities can be designed without any financial figures and with the only goal of directing the people to reach the desired outcome. Furthermore, operational planning can be also reduced to guidelines and guidance without involving accounting or finance. Since planning can have the twofold major role of either establishing the set of activities to be achieved in the future or ensuring and building the employee commitment to this guideline, Malmi and Brown (2008) treat it as fully-fledged system in their typology.

b. Subsection 2: Balance Scorecard as long-range and strategic planning tool.

The Balance Scorecard (BSC) is a performance management tool that has been introduced and developed by Kaplan and Norton (1992) to support and tackle the issues that contemporary managers face. This strategic tool relies on four perspectives: Customers, Financial, Internal Business and Innovation & Learning (Appendix 1). By forcing managers to write down their goals and the measures they will undertake for each of these perspectives, the BSC shows a comprehensive and interconnected view of the organisation while ensuring that the long-term objectives and their associated metrics are tangible. However, what was meant to be a revolutionary but simple performance and control tool, has been studied on diverse angles and unexpected applications have been discovered. Contrarily to the traditional MCS, the BSC has the particularity to address the issue of the connexion between the long-term strategy of an organization and its short-term activities. The BSC falls into the category of the long-range planning since it has a strategic focus and establishes the mid and long-term agenda of an organisation. Many companies make the mistake of separating their strategic planning and their budgeting procedures. This often leads to a long-term strategic

plan that is barely used by the top management which prefers to rely on short-term financial targets that allow an easier comparison between the expected and actual situation and results. Thanks to the Balance Scorecard, and its integrated strategic planning and budgeting, the identification of critical drivers allows the establishment and the planification of short-term milestones that will ensure the strategic success of the company. After having completed the business-planning process and defined both the long-term objectives for the four perspectives of the BSC, and the short-term milestones associated, managers should be able to control and adapt their journey to achieve the organization's strategic goals (Kaplan and Norton, 1996a). Furthermore, the BSC can be used as a tool to communicate the strategy to the employees since it represents the strategic plan in a comprehensive, integrated and systematic way. Therefore, it ensures that every member of the organization share and understand the strategic vision and objectives, is involved in it, and will properly implement the actions and strategy planned. (Adamsen, 2020)

B. Section 2: Cybernetic controls

a. Subsection 1: Description

The cybernetic systems have a twofold nature. Depending on how they are used, they can either be a control system or an information system. Cybernetic systems fall into the category of information/decision support tool when an individual detects by himself an unwanted deviation (e.g in a sourcing or production process) and following this, will modify its behaviour or task that affects the undesired variance without the involvement of any other third parties. However, the establishment of an accountability dimension for these variations and the bonding of behaviours with targets and the achievement of desirable outcomes, confers the MCS label to the cybernetics controls (Malmi and Brown, 2008).

The cybernetics controls encompass four basics control systems: budgets, financial measurements, non-financial measurements, and hybrid measurements that are a combination of both financial and non-financial measures.

The budgeting activities occupy a central place within the companies and have been considered for a long time as a universal keystone of MCS (Bunce et al., 1995). Budgeting allows to foster the different functional areas of an organization and to provide a comprehensive plan that has an ex ante and ex post role of evaluation while procuring a benchmark to the expected performance during the journey (Hansen et al., 2003). Even tough

budgeting has several applications, its role as MCS is to define adequate level of behaviours and monitor the performance against this benchmark.

A widely spread form of control systems are the financial measurements. This type of controls holds accountable the employees for the financial results and may be integrated inside the budget. However, while the budgeting is broad, specific and complex, the financial measurements system can be as simple as the monitoring of the performance of diverse financial ratios in regard of the defined target.

Nowadays, the use of non-financial measurements is gaining more and more importance in the organizations. This is due to the facts that these kinds of performance measures are allowing to overcome some of the limitations induced by the quantitative nature of the financial measurements and to support the identification of the performance drivers. In fine, the combination of both financial and non-financial measurement has led to the increased adoption of the hybrid measurements thanks, among others, to the success of the Balance Scorecard.

b. Subsection 2: Balance Scorecard as a hybrid cybernetic tool.

In the previous section, the Balance Scorecard has been introduced as a long-range and strategic planning tool. However, even though it falls into the planning category of management control system, the BSC is also a hybrid cybernetic control system. As previously mentioned, the BSC is axed around four major perspectives that are Customers, Financial, Internal Business and Innovation & Learning. Therefore, it relies on one financial measurement and three non-financial measurement systems that are linked to each other. The BSC is born from the fact that no single measure can assess, control and direct the global performance of an organization and its members. A balance between financial and operational measures is required to have a global picture of the evolution of a company. On the one hand, the financial measurements are in fine, the materialization of the previous actions undertaken and on the other hand, the operational metrics enlighten the drivers to the achievement of a future financial performance. However, in their original publication, Kaplan and Nolan (1992) state that “*The scorecard puts strategy and vision, not control, at the center.*” (p.79). Nevertheless, the objective of the BSC is to set targets and goals and the implicit assumption is made that the members of the organisation will do whatever they can to reach these goals, both in terms of actions and behaviours. Therefore, since the objective of

the BSC is to set the strategic direction and pull people towards it by influencing actions and behaviours, it totally fits the contemporary definition of MCS (Chapter 1, section 3).

c. Subsection 3: The Empowerment theory as a non-financial cybernetic tool

The empowerment theory is a psychological concept that connects individual strengths, capabilities and well-being with a positive environment. Even though many authors have rewritten their own definition, most of them are converging to the original statement of Rappaport (1987) and define it as *“an intentional ongoing process centered in the local community, involving mutual respect, critical reflection, caring, and group participation, through which people lacking an equal share of valued resources gain greater access to and control over those resources”* (Cornell Empowerment Group, 1989, p.2).

The objective of empowering initiatives is to change the classical negative conception of a state or situation. Therefore, in the empowering approach the wellness, competence and strength prevail over illness, deficit and weakness. In addition, the focus is made on the identification and the enhancement of the capabilities of an individual or a group instead of the risk's factors and the blaming attitude for the issues encountered along the way. Thanks to these positive visions, the empowerment-oriented actions provide opportunities for the individuals to develop their capabilities and knowledge to treat problems differently through and enhanced wellness, and to see and think about the authority figures as collaborators and not as antagonist (Perkins and Zimmerman, 1995).

When considering the empowerment theory, two main factors are crucial to its understanding: the *processes* i.e. the empowering tasks, activities or structure and the *outcomes* i.e the results of these empowering processes that improve the empowerment level. On the one hand, the empowering processes include among others active participation, collective actions and decision making, as well as shared leadership. On the other hand, the empowered outcomes incorporate the improvement of situational skills and controls, the development of internal supportive network and the support of organisational growth. Through processes and structure, empowerment influence behaviours in a way that enhances organization members participation and motivation by capitalizing on their strengths and directing them in a way that improve the organizational goal achievements and the quality of life within the company (Perkins and Zimmerman, 1995).

d. Subsection 4: The Self-Efficacy mechanism as a non-financial cybernetic tool

The self-efficacy theory has been introduced by the social psychologist Albert Bandura in 1977 and has been studied from numerous perspectives across the years. The perceived self-efficacy concept refers to “*people's beliefs about their capabilities to produce designated levels of performance that exercise influence over events that affect their lives*” (Bandura, 1994, p.71) and impacts among others, the performance, achievement, learning and motivation. There are four factors that affects the perceived self-efficacy of an individual having a task to perform: the *enactive attainments*, i.e. the actual or previous performance on a task (a success will increase the self-efficacy while a failure will diminish it) ; the *vicarious experiences*, i.e the way people that have similar capabilities than an individual perform on a task (if they succeed, the self-efficacy increases while if they fail, the self-efficacy decreases) ; the *verbal persuasion* i.e. the encouragement or discouragement by a peer or an authority figure can either boost or decrease the self-efficacy of the individual ; the *physiological state* i.e the stress or anxiety can be interpreted as a sign of vulnerability and therefore decrease the self-efficacy while the excitement for a task increases it. The most influent factor on self-efficacy is the enactive attainment because it is based on authentic experiences and therefore has a greater impact than the other factors that are not a factual truth. The empirical study of this conceptual framework has been insightful in the way of influencing behaviour to optimize the capabilities and the performance of employees. The study of the self-efficacy mechanism has demonstrated that the higher the perceived self-efficacy, the higher the performance and the efforts involved to achieve success. Furthermore, by setting sub-goals that are achievable for the employees and involving them in their design, the self-efficacy of these employees will increase because they will succeed in these smaller tasks. In this way, the self-motivation of the individuals will be enabled, and they will start to set self-incentives and therefore increase their efforts for the achievement of these sub-goals that will lead to the achievement of a future larger organisational objective. Moreover, the concept of self-efficacy is not limited to an individual, it also applies to a team, a company or a country. The strength of an organization also relies in its collective self-efficacy and in its ability to foster direction, efforts and robustness whether the result is a success or a failure. However, there are some limitations to the self-efficacy mechanism. First, a high level of self-efficacy cannot compensate for a lack of ability. Second, having an unreasonably high level of self-efficacy can produce adverse consequences if the individual considers mastering tasks that he does not or over-evaluates its abilities (Bandura, 1982).

Since the self-efficacy can be used as a tool to influence the behaviours and the actions of employees to make them converge to the organisation's goals and to reach a higher motivation and performance among organisation members, it can be labelled as a MCS. Furthermore, the self-efficacy mechanism allows the identification of the performance drivers without requiring the use of financial measures and therefore, fall into the non-financial cybernetic control of the MCS package framework.

C. Section 3: Reward and Compensation

The purpose of the rewards and compensation systems is to align the goals of the employees and the organisation and achieve a congruence by increasing their motivation and performances. The only presence and expectation of compensations or rewards act as an incentive to increase the motivation and effort of groups and individuals by fostering their attention in the achievement of the organisational tasks and objectives (Bonner and Sprinkle, 2002). There are three ways in which the link between the effort and the task can impact the performance: direction, duration and intensity. The effort direction refers to the identification of the tasks the individuals should focus on. The effort duration describes the amount of time that the employees dedicate to the task while the effort intensity refers to the energy and assiduity involved in the task completion.

However, in the current fast-changing environment, managers that ignores the changes in the environment that can occur, among other, in the form of technological innovations, increased competition or financial markets fluctuations are suffering from organizational myopia. By being focus exclusively on the strategic plan that has been designed and neglecting the continuous re-evaluation of the strategy, the company performance and efficiency as well as its control systems are affected. Therefore, when a massive event such as the COVID-19 sanitary crisis occurs, companies that have adopted a rigid strategic planning will suffer in a greater extent from the crisis since they had not the agility and rapidity to absorb the choc. That is why, contemporary organization adopt a continuous performance management system, that diminishes the environmental risks by increasing the responsiveness and agility of the company through an adapted cascading of the objectives and a continuous monitoring, controlling and incentive system. (Adamsen, 2020)

Even though rewards and compensations are often associated with cybernetic controls, other reasons can be evoked such as the employee retention or the willingness of a company to strengthen its culture by granting group rewards. Even though this controls system seems

to have strong interconnexions with others, they are still out of the box and have earned a fully-fledged category in this framework.

D. Section 4: Administrative controls

The administrative controls encompass all the activities aiming at directing employee behaviour by organizing the workforce, setting an accountability framework, and defining the processes linked to the execution of the tasks or behaviours within a company. There are three types of administrative controls.

First, the organisation design and structure that can enhance certain forms of association and relationship inherent to certain types of organisational structure.

The second type of administrative control is the governance structure that refers to the organisation's architecture from the board composition to the different projects and management teams. This type of control set the referrals in terms of accountability and authority and ensure that the different functional and organisational units are coordinated both vertically and horizontally (Abernethy and Chua, 1996). Thanks to activities and tools such as meetings, schedules, agendas and deadlines, the control system sets a direction for the employee's behaviours.

Finally, the establishment of a set of policies and procedures ensures that the internal and external processes and behaviours are aligned with the organisation's vision. In the "Object of control" framework, the policies and procedures are labelled as action controls and encompass the pre-action reviews, the behavioural constraints, and the accountability of the actions (Merchant and Van der Stede, 2007). However, the typology of Malmi and Brown (2008), illustrate more adequately the set of administrative tools that are used by managers to direct and control behaviours while the action controls are only a part of this arsenal.

E. Section 4 : Cultural controls

a. Subsection 1 : Description

The organisational culture is defined by Flamholtz (1985) as “*the set of values, beliefs and social norms which tend to be shared by its members and, in turn, influence their thoughts and actions*” (p.158). Even though the organisational culture might stand in an inconspicuous manner and be sometimes out of the scope of control of managers, when it is applied to adjust behaviour, culture acts as a control system. There are three forms of cultural controls to be considered: value-based, symbol-based and clan controls.

First of all, the value-based control is described by Simons (1995) as “*the explicit set of organisational definitions that senior managers communicate formally and reinforce systematically to provide basic values, purpose, and direction for the organisation*”. However, a difference must be made between these organisational definitions that aim at transferring the values and the trajectory that a manager wants his subordinates to adopt and follow, and the organisational statement such as the mission and vision that illustrates a belief system that carries values (Simons, 1995). There are three levels in which values impact behaviours throughout belief systems. The first level is materialized when companies intentionally hire people that share the same values. Nowadays, it is more and more frequent that alongside the traditional aptitude test, a value test is also required to pass in order to continue the recruitment process. The second level refers to the socialization of employees that change their personal value to fit in the company. The third level is a stage where the employee does not intrinsically agree with the company's values but will act and behave accordingly (Alvesson and Kärreman, 2004). More and more companies have a credo, that highlights the important values for them. Therefore, an employee who works for this company must respect the organisational values and behave accordingly, either if it is because they share these values or if it is because it is expected by the company. In both cases, the organisational values will affect and influence the employee's behaviour.

The second type of cultural control is the symbol-based control. This type of control is a physical and visual representation of an organisational culture that materializes through the design of the workspace, the dress code or any other visible expression. For instance, a company can preconize an open space to enhance teamwork and communication, or impose the wearing of a uniform or a suits to increase the perception of professionalism or rather the

opposite, request the wearing of comfortable clothes to make their employees feel good at work. In any case, these symbol-based controls try to control and influence behaviours.

The last type of cultural control refers to the existence of micro or subcultures within an organization that are labelled as clans (Clegg, 2015). Clans emerge from a socialization process that transfer a set of competences and values to individuals that are exposed to external groups such as a profession or internal groups such as a business unit or a team. Additionally, it is through the diverse rituals, habits and ceremonies of the clan that the clan control instils its beliefs and sets its direction for its members (Ouchi, 1979).

In the Object of control framework of Merchant and Van der Stede (2007), the category labelled personnel control aims at encompassing the entire onboarding process, from the job design to the placement, through the training and the procurement of the necessary resources to perform the job. However, the MCS package framework allows a deeper dichotomy and only includes the selection and training in the cultural controls. This is due to the fact that the selection falls into the value-based control category because it allows to control the fit of the candidate with the organizational values, while the training is a way to shape and improve the candidate's concordance with the organizational culture. However, training can also be seen as an administrative control since its goal is also to instil the company's procedures and policies.

F. Section 5: Summary

The previous sections have shown and described the five different types of controls and their twelve components in order to present an accurate and complete overview of the MCS Package Framework. The following table summarizes their description and components to allow the reader to have the main points and characteristics in mind for the next chapter. However, in the attempt of discovering the influence and connexions between the concept of multinationality and the MCS Package Framework, some types of controls may not be relevant or affected by it and therefore will not be further mentioned and investigated. Nevertheless, establishing the theoretical background necessary for the comprehension of the framework as a whole was of utmost importance to grasp the interconnexion between the different types of controls and how they affect the performance of an organisation.

Table 1: Description of MCS package.

Elements	Description	Components
Planning	Ex-ante form of control, first it sets out the goals of the functional areas of the organisation thereby directing effort and behaviour; second, it provides the standards to be achieved in relation to the goal, making the level of effort clear and behaviour expected; third, it enables congruence by aligning goals across the functional areas of an organisation, thereby controlling the activities of groups and individuals.	Action planning—goals and actions for the immediate future, usually a 12-month period, are established; has a tactical focus. Long-range planning—the goals and actions for the medium and long run are established; has a more strategic focus
Cybernetic	There are five characteristics of cybernetic control. First, there are measures that enable quantification of an underlying phenomenon, activity or system. Second, there are standards of performance or targets to be met. Third, there is a feedback process that enables comparison of the outcome of the activities with the standard. This variance analysis arising from the feedback is the fourth aspect of cybernetic control systems. Fifth is the ability to modify the system's behaviour or underlying activities.	Budgets, Financial measures, Non-financial measures, Hybrids that contain both financial and non-financial measures such as the Balanced Scorecard (BSC)
Reward/compensation	Motivating and increasing the performance of individuals and groups through attaching rewards to control effort direction, effort duration, and effort intensity.	Attaching rewards and or compensation to achievement of goals
Administrative	Administrative control systems are those that direct employee behaviour through the organization of individuals (organisation design and structure), the monitoring of behaviour and who employees are made accountable to for their behaviour (governance); and through the process of specifying how tasks or behaviours are to be performed or not performed (policies and procedures).	Organizational design and structure, Governance structures within the firm, Procedures and policies.
Culture	The values, beliefs and social norms which are established influence employees' behavior.	Value-based controls, Clan controls, Symbols

Source: Own construction based on Malami & Brown: "Management control systems as a package – opportunities, challenges and research directions", *Management Accounting research* 19, 2008, P. 291.

III. Chapter 3: The influence of Multinationality on the MCS Package

The concept of multinationality is inherent to multinational organizations (MNOs) and refers to the fact that companies are established in more than one country and must therefore adapt their practices to fit the local environment. The adaptation of these practices is operated at several levels in the different international locations where the MNOs operate. However, in this thesis, the emphasis will be made on the adaptation of the managerial practices and more particularly of the control systems to the multinationality. Similarly to large domestic organization, the MNOs draw a clear line between ownership and control. As matter of fact, the authority is decentralized i.e. there is a prominent amount of decision makers and the controls are mainly performed through financial measurements. However, the more and more widespread use of the Balance Scorecard has emphasised the use of non-financial measures and among others behavioural metrics that are indubitably influenced by the culture (Sale, 2004). There is no doubt that the management and control of multinational organization is affected by the geographic component which increases the complexity of the multidimensional organization of such companies. As we have seen in the previous sections, the MCS shape and direct behaviours to reach a desired outcome and thus, an improper adaptation of these controls might result in adverse behaviours. Therefore, the necessity for the managers to be sensitive to the local culture and to adapt their control and management practices across the different international locations might be a key success factor in our more and more globalized world. However, the investigation of the topic is still at its early stages and is lacking consistency. Fortunately, Merchant and Van der Stede (2007) have identified 3 sets of factors that link multinationality to MCS: national culture, institutions and local business environments.

A. Section 1: National Culture

To some extent, the outcomes, advantages, and disadvantages of MCS are universal since in some aspects people are very similar. We all belong to the same specie that has the same primal needs on both the physiological and psychological plan and therefore we share a common desire for accomplishment, comfort and safety but also for monetary incentives whether or not we are part of a capitalistic or socialistic economy (Merchant and Van der Stede, 2007). Despite these basic resemblances among people, one would obviously agree on the fact that there are many differences between individuals and one of the factors that explain these behavioural divergences is the culture. In order to manage an organization and its members affected by the multinationality, managers have to cope with the MCS and the

culture to efficiently set the direction for the achievement of the organizational goals. As described previously (Chapter 1, section 3), the MCS aim at directing the behaviours and decisions of employees within an organization (Malmi and Brown, 2008). Similarly, the culture has been identified as a major force influencing both decision-making and behaviour (Birnberg and Snodgrass, 1988). Therefore, management control systems and culture have a twofold opposing interaction and can either be complementary or competing with each other. This interaction between culture and MCS is of utmost importance in the design of MCS and especially in the case of multinational companies that must transfer their domestic MCS to a foreign location and ensure that the desired results are achieved. A MCS “*which operate well in one national environment may work very differently in another national culture*” (Otley, 2016, p.54) and therefore the study of the national culture and its components are essential when working in an international environment. Fortunately, Hofstede (1980) has developed a framework that characterises the culture around six dimensions. This framework is considered as the reference in cross-cultural research (Harrison and McKinnon, 1999) and therefore will be the keystone to describe and articulate the national culture around the MCS Package framework.

a. Subsection 1 : Hofstede Framework

Geert Hofstede (1980) has worked during almost a decade to analyse IBM employees in 50 different countries through a global survey and developed his first framework which was only composed of four dimensions at that time: power distance, uncertainty avoidance, individualism/collectivism and masculinity/femininity. Afterwards, he extended the study to more than 70 countries and identified a fifth dimension: long-term/short-term orientation (Hofstede, 1991) and a sixth dimension: indulgence/self-restraint; after having extended its study to 93 representative sample of national populations (Hofstede, 2010).

The first dimension is the *power distance*, which describes the extent to which the members of a society tolerate an unequal distribution of power. The more a society possesses a high degree of power distance, the more its members will accept the establishment of hierarchy without any justification. On the other hand, a low power distance will reflect the willingness of the individuals in this society to have an equal distribution of power and a justification in case of inequalities. In a nutshell, the power distance dimension reflects how a society manages and accepts inequalities among its members (Hofstede Insights, 2020).

The second dimension is the *uncertainty avoidance*, which refers to the extent to which individuals are comfortable with unexpected and ambiguous situations. The high side of this

dimension reflects the willingness of individuals in a society to preserve conservative beliefs and behaviours and repress out-of-the-box thinking and conduct. On the contrary, cultures having a low uncertainty avoidance tend to cope more easily with uncertainty and make practice prevail over principles (Hofstede Insights, 2020).

The third dimension is the *individualism vs. collectivism*. On the one hand, the individualistic part of this dimension refers to a loosely knit society in which individuals are selfish and only care about themselves or their close relatives. On the other hand, the collectivist part of the dimension describes a tightly knit society where its members are loyal and care about each other. This opposing duality can be roughly summarized by a way of thinking either in “I” or in “Us”, either as an individual or as a collectivity (Hofstede Insights, 2020).

The fourth dimension is the *masculinity vs. femininity*. A society that exhibits a strong masculinity means that it makes high achievements, work, competitiveness, and material rewards prevail over cooperation, humility, altruism and quality of life that are characteristic of the feminine side of this dimension. On the one hand, the masculine tendency makes the culture more competitive and tougher while the feminine side is more tender and consensus-oriented (Hofstede Insights, 2020).

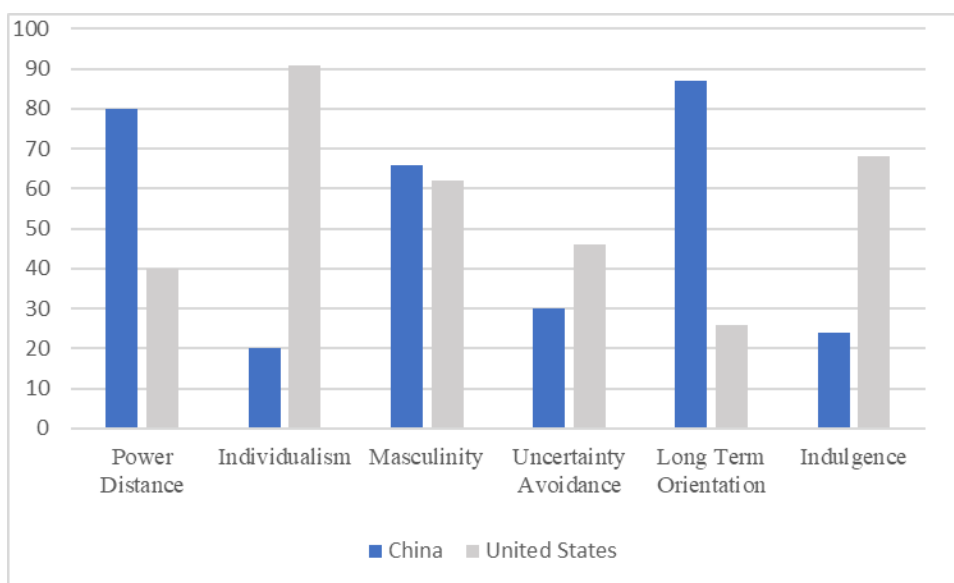
The fifth dimension is the *long-term vs. short-term orientation*. This dimension materializes the extent to which a society relies on his past to tackle the current and future challenges that occur in it. The short-term orientation, also called normative in the business context, values norms and tradition while being sceptic about any societal change. On the other hand, a society showing a long-term orientation is described as pragmatic and engages its resources in education to develop the future (Hofstede Insights, 2020).

Finally, the sixth dimension is *indulgence vs. restraint* which describes and measures happiness in regard of social norms and control as well as human desires. Indulgence characterizes a society allowing free gratification of basic human needs and drives while the restraining side of the dimension suppresses this gratification through controls and rigid social norms (Hofstede Insights, 2020).

b. Subsection 2: The influence of the national culture on MCS

The multinational component of a company obviously implies that it is implanted in at least two or several countries. However, people from two countries can vary significantly on these cultural dimensions. If we take the classical example of the United States compared to China, we can observe that the US score extremely high on the individualism dimension while China scores extremely low, which implies that it is a very collectivist country. Furthermore, China shows a high power distance, long-term orientation and indulgence which is totally opposite to the US culture. Nevertheless, both countries score relatively similarly on the masculinity and uncertainty avoidance.

Figure 2: Country comparison over the 6 cultural dimensions of Hofstede: US vs. China



Source: Hofstede Insights, 2020

Therefore, each and every cultural dimension that tends to reflect the culture and the way of living, thinking and doing inside a country have an impact on the MCS design and implementation (Merchant and Van der Stede, 2007).

However, some of these dimensions have a greater impact on the MCS, or at least have been more widely studied. It is the case of the individualism/collectivism dimension which is, according to some scholars, the foundation of the American management theories based on an exacerbate individualism. (Spence, 1985). Employees evolving in a more individualistic country such as the US, prefer having their performance evaluated individually and therefore

receive their compensation accordingly rather than having a team-based performance evaluation and incentive. In individualistic cultures, employees are highly committed to their organization but act in their own economic best interest while knowing that poor performance is a sufficient reason for dismissal. Moreover, the direct open communication and performance appraisal encourage productivity and the company best interest prevails over personal relationship. Regarding the training, its efficiency will be improved if it is performed at an individual level while a team-based training will have a greater impact in a collectivist culture (Andersen and Lueg, 2017). In addition, in an individual society such as the American one, companies tend to adopt a decentralized organizational design and governance while putting a considerable emphasis on trust management (Zhang, 2014). These managerial practices have the effect of improving the employees' behaviour by empowering them and increasing their self-efficacy. On the opposite, Japanese MNOs adopt a centralize approach and use extensively the cybernetic control to monitor the organizational performance.

When it comes to talking about the hybrid cybernetic controls and especially the popular Balance Scorecard, research has shown that the individualist vs. collectivist dimension influences the response of the employees towards such control tools. Therefore, in individualistic countries, the emphasis is put on the financial measurement tools of this hybrid control while collectivist culture values more the long-term vision that the BSC provides (Carmona, 2011). However, if people are aware of their cultural tendencies, they can adopt a behaviour going against the usual expectations. That is why Awasthi (1998) found that members of US organizations tend to prefer group-based performance assessment when they discern interdependence between the activities monitored. This opposite behaviour to the classic individual-appraisal tendency is due to the fact that employees are conscious of their own individual behaviours and try to reduce the individualistic tendencies by adopting group-based appraisal, incentive and rewards.

Similarly, in countries showing a high-power distance, employees accept more easily the vertical hierarchical authority without questioning as well as the centralization of the decision at the top. Furthermore, they are comfortable with the fact of being less involved in the decision-making process of the organization (Merchant and Van der Stede, 2007). In that kind of culture, the job satisfaction, increased performance, and efficiency is achieved through a dominant leadership and a close supervision.

On the contrary, in countries having a low power distance, the organizational structure is flat, the opinion of people is valued, the communication with the management is easy and the payroll differential between managers and employee is narrowed. Moreover, companies

encourage the involvement of the employees in the design of the performance system and the associated incentives and therefore improve the empowerment, motivation and performance of the members of the organization (Sale, 2004).

As previously mentioned, the participation of the employees in the strategic planning and budgeting encourage their involvement, empowerment and motivation towards the achievement of organizational goals. Regarding the participation in planning activities, Stammerjohan (2015) demonstrated the existence of a correlation with power distance. However, depending of the other dimension of culture, it can either positively or negatively impact the performance. In the Chinese culture, encouraged participation by artificially reducing the power distance leads to negative performance since it is opposite to the assertive and autocratic Chinese leadership style. On the other hand, the emphasis on participation in a Western culture such as the US led to positive results on performance (Tsui, 2001). However, companies evolving in an environment with a high power distance will have more ease to implement cybernetic controls since the employee has a less defensive behaviour and will not contest authority, the implementation will be more successful (Brewer, 1998).

Countries that demonstrate a high uncertainty avoidance try to maximize the reduction of risks and ambiguity inside the company. Therefore, as explained previously (Chapter 2, section 3), the use of continuous performance management that enables regular monitoring and control to diminish uncertainty and improve agility is widely spread in countries scoring high on this cultural dimension (Merchant and Van der Stede, 2007). Furthermore, employees are extremely loyal to their employers but are expected to provide rational solutions while out-of-the-box thinking is restrained by organisational rules. However, once an innovation is adopted, it becomes the rules and the managers tend to practice a close supervision of the organization members and leave little room for ambiguity.

On the contrary, in countries showing low uncertainty avoidance, the employee turnover is higher because people are not afraid of leaving their job and show low loyalty towards their employers. Moreover, the demand for adaptable working-hours is low and the culture highly values the innovative spirit and managers tend to make feel their employees empowered by showing them trust in their autonomy and ambitious towards the achievement of organizational goal (Sale, 2004).

In countries that show a high femininity such as the Netherlands, the well-being at works prevails over the pure performance and neglecting this aspect of the culture could lead to adverse behaviours (Merchant and Van der Stede, 2007). The work is seen as a way to

support the important things in life and the focus is made on employee relationship and working conditions. Therefore, the stress and absenteeism are low, and managers are expected to be sensitive to the needs of their employees. The conflicts are solved through communication and compromises and the members of the organization tend to prefer reduced working hours rather than higher pay (Sale, 2004).

On the other hand, more masculine cultures such as the US, put an emphasis on performance and performance-based incentives (Merchant and Van der Stede, 2007). Work is at the centre of the life and is not only a way to support life but must be interesting. The managers tend to be assertive, competitive and fair while people have ambitious career aspiration (Sale, 2004).

Cultures that are short-term oriented value traditions and social responsibilities while focusing on short-term results in business. In such cultures, people tend to draw a clear line between work and family and the ability of a person is reflected by its level in these two distinct spheres.

On the contrary, long-term oriented cultures are focused on long-term relationship which are built on trust, perseverance and market-share acquisition that would lead to future rewards. Furthermore, the short-term vs long-term cultural dimension affects the planification process because it impacts the negotiation result and therefore the global strategic vision and plan (Chan, 1998).

c. Subsection 2: Limitation

The first limitation to this literature review is the fact that Hofstede's (2010) sixth dimension, indulgence vs. restraint, has only been discovered less than a decade ago and therefore the potential cultural impact that it could have on MCS has not been studied yet.

Similarly, the influence of the cultural dimensions on the MCS has mainly been studied individually with all the other dimensions considered constant. However, just as the control system are interconnected inside the MCS Package, the cultural dimension and their effects relate to each other and influence the design of the MCS Package.

B. Section 2: National institutions

When a business is established in several international locations, the multinationality of the organization must be taken into consideration. The sensitivity to the various environments and the rules that govern them is the key for an MNO and its members to perform at their best level (Merchant and Van der Steder, 2007). Therefore, the following subsections will describe the influence the different legal, financial, and accounting rules and institutions can have on the performance controls of an organisation.

The different legal systems in which a multinational company evolves, affect the management control system through several axes, since the law covers multiple topics related to the business. When it comes to talk about the legislation that governs the labour market, a first thing to take into consideration is the extent to which labour unions are established, influent and powerful in the countries where the MNO operates. For instance, countries where labour union are strongly rooted tend to complicate the use of monetary incentives since they prefer an organizational structure where the seniority is at the heart of the pay system.

Other institutional elements linked to a multinational implantation and having a considerable impact on the MCS are the diverse financial institutions and markets. Regulation about the extent and the type of the precision, complexity and accuracy of the financial information required to be publicly disclosed impacts the cybernetic controls. The financial measurements can be more or less accurate and insightful for the measurement of the performance of the company. Furthermore, depending of the country, the financial market is more or less solicited to raise capital and is substituted by banks or other financial institutions (Baker et al., 2001). In countries such as the US, the demand for raising money through capital market is high while in developing countries, the funding is made through banks or private investors. In addition, the US is also a country that highly values financial market, and in country with similar values, the use of cybernetic control such as continuous accounting measures is less valued by managers since they consider that it does not reflect the accurate market value of the company (Hung, 2000). Therefore, the use of monetary reward and compensation based on accounting performance tends to be replaced by stock-based incentives. The use of such incentives improves the sense of belonging to the organization and implicitly encourages the employee to perform better since his performance will impact the results of the company and its stock value, and therefore the value of the stock-based reward. Thanks to that, the employees' behaviour is directed towards organizational financial objective. As you know, multinational companies operate in several countries and therefore

have to comply with the local law and regulations. Finally, in these various international locations, the MNO has to comply with the local various accounting regulations that can be extremely different across countries, either in its accounting system or inherent purpose. For instance, in the US the principle of decision usefulness which relates to the scope and transparency of information disclosed, is placed at the centre of the legislation. On the opposite, in Belgium, the prudence principle, that is conservative and aims at protecting the creditors and employees is the keystone of the legislation. However, the use of international accounting standards can help to harmonize and therefore monitor and control the overall performance of the MNC (Merchant and Van der Stede, 2007).

C. Section 3: Local Business environment

A multinational organisation evolves and competes in several business environments that might present numerous variations depending on the countries. Among these differences, the skilled labour availability, the monetary fluctuations as well as the environmental uncertainty can have a direct impact on the design and implementation of the management control systems (Merchant and Van der Stede, 2007).

The risk and uncertainty that exist within an environment and that impact the MCS are diverse. The environmental unpredictability that is felt in a specific country can arise from several reasons such as the criminality rate, the military and political conflicts, the involvement of the government in the business and the legal framework that governs it. Companies evolving in countries which are experiencing security problems or in developing countries tend to have relatively poor accounting practice and law (Merchant and Van der Stede, 2007). Therefore, it refrains the use of cybernetic control because of the lack of accuracy and consistence of the KPIs. In addition, the incertitude of the environment can also arise from the very figure that is supposed to vouch for the security: the government. The state has more or less power to influence the assets and thus the value of a company, depending on its legislative and monetary history. The members of the local government could influence the price of goods, currency flow and also shape and design the tax laws. Thanks to these mechanisms, the state could change the rules of the game for the companies that have to comply to local regulation and could change the value of the assets of the MNO. This would impact the cybernetic controls and rewards as well as the effect and preference for monetary incentives. Moreover, by having the capacity to influence the employment through diverse labour policies, the government, which is the materialization of the uncertain local environment, impacts the cultural control. For instance, a company would have to put an

emphasis on the attraction, development, and retainment of the right talents in case of non-layoff policy (Alvesson and Karreman, 2004). Usually, the more powers a government has, the more the uncertainty of the environment is increased because it tends to make a frequent usage of its powers. However, local government can act positively on the uncertainty through investment in company, price regulation, tariff barrier and international agreements. Furthermore, the state can also support companies through subsidies in key areas such as R&D, technological and environmental aspects. Moreover, by having a consistent national data gathering process, the government can provide crucial insight in terms of demography, economy and competitiveness. Thanks to these crucial data, the MNOs can improve their strategic planning activities and have a benchmark to compare their performance and thus optimize the cascading of the objectives and the achievements of the organizational goals (Merchant and Van der Stede, 2007).

Another important factor that affects the risk of the local environment is the growth pattern of multinational organization in itself. It is an asset for MNOs to be able to acquire other companies and therefore benefit from their local and desirable managerial practices and insights especially regarding MCS. Through acquisition, MNOs have a high probability to be confronted with various MCS and if these control tools overcome the types of controls that the parent company usually implements, the acquired business's performance management system should be maintained. However, it is important to underline that managing several MCS may be costly but the organizational learnings that arise from merger and acquisition can help MNOs to design and adapt the features of their management controls to local environment and therefore lower the uncertainty (Merchant and Van der Steder, 2007).

Another environmental factor that differs widely across countries is the inflation that impacts the relative values of local currencies and also increases the foreign currency translation issue. The inflation can dramatically impact the value of an asset or a monetary incentive or reward and deteriorate its intrinsic motivational purpose. Furthermore, the inflation also affects the budgeting activities since it may lead to the adoption of inflation-based accounting that expresses the accounting figures in real terms rather than nominal. Moreover, high inflation can encourage the adoption of the flexible budgeting to decrease the burden of the risk that managers bear. Therefore, the use of non-financial measures or hybrid measures such as the BSC to replace purely accounting measures is more relevant and efficient (Merchant and Van der Steder, 2007).

Finally, the last relevant aspect generated by the national environment is related to the availability and mobility of qualified employees. The development of our society in general has led and will continue to enhance the competition and the shortage of qualified labour. Therefore, attracting, recruiting, and retaining the most relevant and talented employees and ensuring that they are aligned with the strategy of the company through empowerment, involvement and motivation are a key challenge that must be addressed (Adamsen, 2020). This trend is accentuated in developing countries where there is from the start a more limited pool of educated workers. Therefore, the decision-making process tends to be more centralized and the MCS tends to be closer and continuous. Furthermore, the mobility of the labour force varies across countries and continent. Therefore, in Europe the mobility of the labour force is highly emphasised and similarly American managers usually change several times of company across their career path. However, in some Asian countries such as Japan, employees tend to stay longer inside the same company and tend to prefer to adopt a vertical mobility within an organization rather than a horizontal one across multiple companies. When the loyalty of the employees is induced by the national environment, the adoption of long-term strategic planning, incentive system and performance controls are relevant and efficient to motivate the employees (Merchant and Van der Stede, 2007).

D. Section 4: Summary

In this chapter, the identification of situational factors inherent to the multinationality as well as their impact on the selection, design and efficiency of the MCS have been made. The local culture, institution and environment can either enhance or decrease the effect of the MCS but also shape the preferences for a certain type MCS. In the case of a culture with a high uncertainty avoidance, high individualism and high power distance, the aversion for uncertainty will enhance the desire for an objective and group-based performance evaluation and incentives because the risk burden is borne by the group and not the individual. However, the high-power distance implies that there is a high level of trust and respect towards the supervisor and therefore the use of subjective performance evaluation and incentive is more accepted. On the opposite, high individualism can also shift the equilibrium of the MCS design towards the use of individual controls and rewards. In a nutshell, several cultural dimensions can affect at the same time and in opposite directions the behaviour of employees towards the MCS.

The challenge for managers to adapt the MCS to a multinational environment is accentuated due to information asymmetry between the local business and the global company. The environmental risks are therefore amplified since the local knowledge transfer is limited. Moreover, the MNO face several issues due to the geographical distance, such as the difference of time zones and the use of multiple languages which lead to communication concerns and limit the impact of direct supervision. On top of that, the fact that MNO operates in different currencies also impacts the MCS preference notably through inflation and foreign currency translation.

This first part of the thesis has set the theoretical basis and background of both the management control system package and the multinationality. The literature review has allowed the identification of numerous interconnexions and influence between these two concepts and especially in the influence of the multinationality on the MCS design and implementation. All the stake of the second part of this work will be to confirm or deny these various interconnections but also to possibly discover new ones in a real and current business environment. However, one thing is already certain, managers need to be sensitive to these multinational factors and either adapt their MCS according to them or hope to transform the situation.

Part 2: When the academic literature meets the business reality

I. Chapter 1: Problematic and Methodology

A. Section 1: Problematic and precision of the research question

The first part of this work was dedicated to the analysis and investigation of the literature regarding the performance controls and the multinationality. Considering the current state of research regarding this topic and the goal of this thesis to contribute to its development, it could be valuable to use a research method based on the case study of a multinational company. The goal of this case study would be to verify the theoretical assumptions and discoveries regarding the impacts of the multinationality on the design and implementation of the management control system package.

As previously explained in the general introduction of this work, the research problematic of this thesis lies in the explanation and detection of the interconnexions between and within both the multinationality and the MCS package. Furthermore, this work also tries to reveal if the contemporary managers are aware of these connexions and if they leverage them properly to achieve the strategic goals of the company. Finally, this research also aims at identifying the challenges that can arise in the implementation and the design of a cross border strategy.

B. Section 2: Methodology

a. Subsection 1: Research method

The purpose of this thesis is to explain and discover how and if the multinationality of a company impacts its MCS. Since the vocation of this work is exploratory, the use of a case study is a suitable option to investigate this type of problematic (Yin, 2018). In order to be complete and relevant, the single-case study will be based on three sources of information: interviews of key stakeholders, online resources and company's internal resources. In addition, the quality of the research design was assessed using the four tests: construct, internal and external validity as well as the reliability test (Gibbert, 2008). The construct validity was ensured by the use of multiple sources of information to build the case. Indeed, the case study will rely on the interviews of key stakeholders within the company but also on both public and internal information and resources. Besides, in the first part of the thesis, a literature review of the problematic was made. This synthesis work has set the theoretical

background and enlightened the current advancement of the research about the topic and thus, confirmed the external validity of the research. Moreover, the use of the MCS Package framework and the three factors of multinationality, that encompass the duality of the problematic and allow a systematic analysis while ensuring the internal validity has been made. Finally, the use and the redaction of a clear methodology and the availability of different interview guides should allow any researcher to replicate this work in a different context while keeping the result consistent. (Yin, 2018).

b. Subsection 2: Company selection criteria

After having conducted some research, I decided to take the case of Odoo, a Belgian IT company that has been founded by Fabien Pinckaers, a former student of the UCLouvain. Odoo was for me a relevant choice of company for several reasons.

First, the accessibility of the information, essential to build a strong case study (Yin, 2018). As previously mentioned, Fabien Pinckaers is a former student of the UCLouvain and has the reputation to always be available for the students and for the university. The company has organized multiple events for the students and among others the famous AperOdoo that has been a demonstration of the dynamism of their company culture.

Second, Odoo is extremely performant despite the young age of the company and therefore is a perfect candidate to unveil normal processes through an extreme single-case study (Yin, 2018, p.85). In 2012, Deloitte awarded Odoo as the first Belgian company to be ranked in the Fast50 Benelux due to its tremendous increase in turnover: 1549% over the five previous years. These results are due to a disruptive and unique business model and open strategy (Odoo, 2020). Furthermore, in 2013, Ernst and Young has also awarded Odoo with the title of the “Most Promising Company” due to its exceptional performance and its international development growth potential (Odoo, 2020).

Thirdly, the sector (IT) in which Odoo operates is most of the time following the newest and most innovative trends in terms of business development and management practices. It is due to the fact that IT companies need to always display cutting-edge technologies to be competitive. This sectorial strive for constant innovation, agility and disruption is translated in Odoo’s business operations and organisation. Therefore, the case study will be in adequation with the latest business trends and will offer an up-to-date starting point for the future research on the topic.

Finally, the size of the company is favourable to a case study. Even though Odoo possesses more than five million of users, the company has only 900 employees. Furthermore, the company is established in eight countries which makes it, an obvious multinational but which is still easily analysed (Odoo, 2020).

d. Subsection 3: Questionnaire design and interviews execution

Due to the numerous factors and interconnexions of the problematic and the inability to properly quantify them, the approach adopted in this thesis is qualitative. In the continuity of the exploratory demarche of this thesis, the interviews adopt a semi-structured form to both investigate and question the assumptions and theories of the first part while leaving the room for further discussion and insights. Therefore, the framework of the interview is not fixed and depending on the interviewee's answer, further investigation could be made to fully grasp a concept or the primary data collection (Saunders et al., 2016). To conduct this qualitative research, two different interview guides have been designed for the CEO (global) and the country managers (local). The design of the original interview guide (Appendix 2) has been made based on the research question and sub questions mentioned in the previous section (Part 2, chapter 1, section 1) and with a particular cross-cultural sensitivity since the interviewees come from different countries. The questionnaires were transmitted to the different interviewees prior the interviews to allow them to properly prepare themselves. In addition, the one-on-one interviews were conducted via Skype and a prior agreement to record them had been made in order to allow their flawless transcription and analysis (cfr Appendices). Besides, all the layers of the management have been covered from the CEO to the Leaders through the continental and country managers. This allows us to have a complete overview of their managerial practices in terms of performance management.

However, after the first interview with the CEO of the company and the discovery of unusual characteristics in terms of multinationality and MCS management, a second iteration of the interview guide destined to the local managers has been made (Appendix 4). Indeed, this adaptation of the interview guide is consistent with the exploratory dimension of this thesis and the willingness to discover new insights and innovative performance management practices in a multinational context (Yin, 2018, p.85).

Even though the case study of Odoo does not rely on the most common form of MCS, the review of literature in the first part of this thesis (Chapter 1, Section 1), and especially the research of Malmi and Brown (2008) led us to consider the management control system as a

package for three reasons: avoid erroneous results and conclusions, see the broader picture and not only restrain ourselves to quantifiable controls (e.g: financial, accounting, target-based control), and therefore answer to the pitfall in the academic literature regarding the more abstract controls such as administrative or cultural controls. Therefore, to be consistent with the literature, and in an attempt to explore and contribute to the research on these neglected controls, I chose, with the approval of my thesis supervisor, to further investigate the case of Odoo.

e. Subsection 4: Analysis of the qualitative data

Even though Odoo's CEO is opposed to the idea of controlling its employees, the company employs unwittingly management control systems (Pinckaers, 2020). Therefore, the analysis of the data first replicates the structure used in the theoretical part and highlight the different MCS used by Odoo. The analysis is based on the typology of Malmi and Brown's MCS Package Framework (2008) that was introduced in the first part of this work (Part 1, chapter 2). Regarding the analytic strategy, it relies on the juxtaposition of the different data collected through the four interviews (Yin, 2018). Therefore, the design, implementation and specificities of Odoo's five different types of controls were studied. To do so, the three sources of information i.e. interviews of key stakeholders, online resources and company's internal resources, were examined and the relevant data and insights were extracted and categorized based on the MCS Package Framework and its planning, cybernetic, compensation, administrative and cultural category of controls. Afterwards, a second analysis regarding the adaptation of these controls to the multinationality was made also using the juxtaposition of the interviews and the pattern matching analysis to properly compare the reality of the case study to the predicted pattern discovered in the theory (Trochim, 1989). As for the first part of the analysis, the pertinent information were extracted from the case study materials and were categorized based on the three factors of multinationality identified in the first part of this thesis (Part 1, chapter 3) i.e. national culture, institutions and environment. Finally, the last part of this case study is dedicated to a discussion and the effective answer to the research question and sub questions as well as the identification and formulation of the managerial implications.

d. Subsection 4: Limitations of the methodology

Even though the choice of a holistic unusual single case-study has been deliberately made, it constitutes a limitation for the methodology for several reasons.

First, the industry (IT) and the exceptional characteristics of the company in terms of performance may limit the generalization of the discoveries. However, as previously mentioned, the reliability test has been passed and the resources are available to try to replicate the methodology in several sectors or companies (Gibbert, 2008). Furthermore, the analysis of the information will be methodical and consistent, and the ultimate goal of this exploratory single-case study is to expand and question the current theories and leads about the problematic and not to make a generalization (Yin, 2018).

Second, despite the fact that the use of semi-structured rather than structured interviews is more appropriate in our exploratory demarche, it can reveal human bias either from the interviewer or the interviewee and therefore alter the execution of the interview and the data collection. However, the interview guides were transmitted in advance and the adoption of an open and neutral tone was made during these qualitative talks.

II. Chapter 2: Case study: Odoo – Presentation and Analysis

A. Section 1: Company Presentation

a. Subsection 1: General overview

Odoo is a Belgian company that was founded in 2005 by Fabien Pinckaers, a former polytechnical engineering student of the UCLouvain. Odoo is competing in the IT sector and more specifically in the Enterprise Resource Planning (ERP) software's business even though the company's CEO prefers to call its product a management software for Small and Medium-sized Enterprises (SMEs) (Pinckaers, 2020). In opposite to the classic ERP software, Odoo is designed to be intuitive and easy to implement while solving the complex needs that a company can have (Odoo, 2020). The technology enterprise has developed a series of applications that all respond to a need in the management of a business. Strong from their thirty different applications, they offer among other, an app to build a website, to manage the inventory or the sales, but also to handle the accounting or manage your employees. However, the secret of Odoo is that the apps can be bought individually and that when you use them all together, they fully integrate and manage the whole company (Pinckaers, 2020).

The business model of Odoo relies on the monthly subscription that the user pays for each of the different applications. In addition, for its biggest clients, Odoo also offers the service of fully implementing and adapting the software to the company's unique environment and needs. The Belgian software has currently more than five million of users in the world and in order to continue their expansion, they rely on a strong R&D department currently led by the CEO himself (Pinckaers, 2020). Thanks to their constant innovation and the guarantee of a smooth and adapted experience for the user, Odoo has managed to establish itself as the leader in its range of business (Odoo, 2020).

With its millions of users composed of self-entrepreneurs, start-ups, or large companies, Odoo is the most widely used business software in the world. When it comes to talking about the performance of the company, we can affirm that the expansion of the company has been outstanding. During the last decade, the company has received ten awards for its excellence, performance, and management practices. The multinational has been the first Belgian company in Deloitte's *Fast50 Benelux* ranking due to its tremendous increase in turnover: 1549% over the five previous years and also received Ernst and Young's *Most Promising Company* award due to its exceptional performance and its international development growth potential (Odoo, 2020). Indeed, the multinational currently employs more than a thousand people and possesses eight different offices around the world: Belgium, the United States, Mexico, the United Arab Emirates, India and China (Odoo, 2020). Since the business of Odoo is basically to develop and sell a software, most of Odoo's employees are developers and salespeople. Among the others company's distinctions such as the three Bossie Award for the Best Open Source Solution, the CEO received an individual distinction and has been elected *Top Manager of the year 2015*. Moreover, the Trends -Tendance awarded Odoo's CFO with the title of *CFO of the Year 2020*, which shows one more time the performance and dedication of the employees towards the organizational goals (Odoo, 2020).

b. Subsection 2: Strategy

The strategy of Odoo is inhabited by the desire of being a global player but leave some room for local consideration and adaptation. The vision of Odoo directly comes from its founder, Fabien Pinckaers who has understood the market opportunity that was ahead of him. Indeed, most SMEs do not have access to management software that fulfil their needs and help them grow. The reason behind this is that the existing management software are either too expensive or too complex for the small and medium-sized businesses. Therefore, SMEs have had to rely on precarious systems and tools such as Excel sheets to manage their

inventory, sales or supply chain. In addition, this market opportunity is not neglectable since 80% of the market does not possess a proper management software and that is why Odoo decided to fill the needs of the SMEs by developing its product: an integrated suite of business applications (Henrion, 2020).

As explained in the previous subsection, Odoo puts the customer at the centre of its culture and business and they also applied this philosophy during the development of the product. To fill the needs of SMEs and capture this market segment, Odoo conceived a product inexpensive and that can meet all the complex requirements that these businesses might have. Indeed, the affordable price that Odoo offers to its customers requires that the company plays on a large selling volume to be profitable. The volume constraint has led Odoo to grow fastly and become a global player in order to reach the most customers and prospects. However, the methods to sale this high volume are slightly adapted locally and the way to sell in the US will not be the same than in Belgium. Until now, the strategy seems working if one considers the tremendous growth of the company and its thousands of monthly new clients. In the next decade, Odoo predicts that there will be a consolidation in the market leading to the survival of few players that would reign over 90% of the market. Indeed, the Belgian MNO is aware that a lucrative market as theirs will attract competitors and it makes sure to close the door behind and avoid any new entrance. To that end, they follow closely their competition through key indicators such as pricing, number of customers and ease of use but also through a committed communication with their customers (Henrion, 2020).

Even tough Odoo's founder and CEO dictates the big guidelines to follow, every local manager is responsible for the communication and the cascading of the strategic objectives through the employees and it is mainly achieved through the company culture (Gajjar, 2020). However, one cannot say that Odoo really possesses a local strategy and they still consider themselves too small to have one. Even though the company has customers in 140 countries and has a business network composed of more than 2550 partners, the company keeps on its global strategy. This is due to the fact that they want everything to be scalable and reusable worldwide whether it is a marketing campaign or a sales process (Henrion, 2020). Nevertheless, the sales process is very important for Odoo and they take care of being aware of the local needs and culture (Gajjar, 2020). Apart from that, Odoo's employees are autonomous and are encouraged to take initiatives as long as it is positive and brings value to the company. (Vannerom, 2020).

c. Subsection 3: Company culture

The company culture plays an essential role in Odoo's performance and development and is therefore widely detailed and communicated to the employees on a daily basis. Furthermore, the employees can also rely on different electronical resources and among others the Odooers Survival Guide to help them integrate and truly live according to Odoo's philosophy. (Pinckaers, 2020). The multinational organization (MNO) wants its employees to constantly evolve and learn in an exciting environment and be guided by the objective of building an incredible product. Such environment is conducive to innovation, agility and performance and it is the purpose of Odoo to foster it. The company positions itself as a modern company that tries to annihilate the old school managerial practices by responding to the consideration of the contemporary employees. Therefore, they inject a purpose to their employees, transform them into inspiring leaders while allowing them flexibility in their work and giving them the resources to flourish. Odoo's culture can be summarized in seven main points: long term orientation, customer experience, speed of execution, great people, innovation & disruption, simplicity, autonomy & freedom of action (Odoo, 2020).

The willingness inside the company is to build for the long term and help organizations to grow. Therefore, they prefer to fail one-shot actions or decline short-term opportunities in favour of the late game and its insurance of recurring revenues for instance. The employees are encouraged to be autonomous and determine themselves the business impact and priority of their task based on this principle. The time must be invested on the actions that bring value to the company and avoid spending time the short-term needs. The actions and reflexions must always contribute and prioritize the bigger picture (Odoo, 2020). At Odoo, the long-term vision and the big transformations are at the core of the company. To ensure that the strategy is correctly implemented, the CEO stays agile and flexible and supervises the department that needs him the most (Pinckaers, 2020).

The optimization of the customer experience is the second pillar of Odoo's culture and there is no room for complacency. Their goal is to build the best customer experience and erase all the barriers that a company may have to efficiently run its business. To do so, they rely on out-of-the-box solutions and accompany their customers at every step, from the discovery of the product to the after sales service through the implementation and integration of the software. Furthermore, they offer a real-time live-chat service, tutorials, simple and short contracts and emails. Their salespeople do not fool or scam their prospects and must

always be honest with them. At Odoo, it is not the shareholders or the buyers that drive the organizational decisions and actions, it is the end-user (Odoo, 2020).

The fast growth of the Belgian company is partly explained by the feature of their culture advocating the fastness of execution. However, this value does not lie only in the great productivity of their employees but rather in the continuous attempt of optimizing their path in terms of time and money and therefore avoiding waste while achieving their objectives. In contrast with most companies that try to combine simultaneously a good quality, a fast delivery and a complex product, Odoo focuses its efforts in delivering faster an excellent quality. Therefore, instead of being average in the three areas above-mentioned, Odoo prefers to excel in the two that matter the most for them and their customers (Odoo, 2020).

As the last paragraph suggests, the multinational company adopts a philosophy that praises simplicity and abhors and fights complexity. In Odoo's culture, the complexity that people usually add to a process is their easy answer to handle short-term issues and lead to a decline in autonomy. On the contrary, trying to fight for simplicity means betting on the long game and requires courage and determination. Similarly to software, they frequently refactor the company which means that they try to "*improve internal structure without changing external behaviour*" (Odoo, 2020, p.52) which means that they avoid any unnecessary rules, processes, features, meeting and they shorten the contracts size and reduce their complexity.

Indeed, the core of a company is its employees and at Odoo, they put an emphasis on the recruitment of great people and on trying to make them become even greater by developing them while giving them a pleasant environment to retain them within the company. For Fabien Pinckaers, it is clear that smart people want to work with smart people, and he believes that people are the average of the five people they hang out with (Pinckaers, 2020). However, they do not try to find the perfect recruit but rather to attract talents that can bring something to the team. During the recruitment and the feedbacks an emphasis is put on the identification of the employees' capabilities and their development (Gajjar, 2020). Since this is Odoo's philosophy, the results are that the members of the company are outstanding in some skills but may be less in some others. Nevertheless, in no way, the company wants to have average people working for it. Indeed, the company assumes the fact that you must work hard and take considerable responsibilities, but it also advertises a learning and fun environment. For instance, every Thursday Odoo offers the dinner to all its employees but also arranges once a month, a free lunch in a restaurant with five other members of the company chosen randomly. In addition, the company also promotes sports and entertaining

activities for its employees such as the organisation of game nights or the financing of any sport activities with colleagues. Moreover, the employees are encouraged to have a positive and optimistic mindset while being open-minded and communicative with their colleagues (Odoo, 2020). With this politic in terms of human resources, Odoo possesses a very low employee turnover, for instance during the last five years, only two employees over two hundred have left the R&D department (Pinckaers, 2020).

Another important notion in Odoo's culture, is the constant willingness of innovate and be disruptive (Vannerom, 2020). At Odoo, it is ok to fail, since aiming at the disruption means embracing failure to find the success. Their strategy does not only rely on the search of the best but rather on the differentiation. That is why the members of the company are encouraged to try and succeed but also to fail as long as there is an evolution. Employees are encouraged to take responsibilities and experimenting without being afraid of doing a mistake as long as the lessons are learned, and they are dedicated to support the evolution of the company. (Odoo, 2020). The growth of Odoo is made of successive big revolutions followed by a stabilization and not of continuous improvement. In order to manage the constant company transformation, employees are encouraged to constantly challenge themselves and innovate (Henrion, 2020). The willingness of changing and evolving while making all the employees contribute and abolishing the idea of authority and promoting is central at Odoo. (Odoo, 2020).

The last pillar of Odoo's culture is the autonomy and the freedom of action (Odoo, 2020). The traditional companies usually make an extensive use of policies and procedures to regulate a certain amount of internal areas. On the contrary, at Odoo, the employees must only use their good judgment in all matters such as the holidays, work schedule, travel expenses but also for the investments (Henrion, 2020). Furthermore, instead of having a strong hierarchy and decision authority and a willingness of command and control over the employees, they encourage the employees to be autonomous and empowered (Odoo, 2020). Odoo does not have middle managers, they have leaders instead. The CEO had the idea to attribute one responsibility that represent around 20% of the worktime of the employee to managerial tasks. Therefore, an employee can oversee the recruitment, another be in charge of the onboarding while another one must review the code of its colleagues. However, during the 80% of the remaining time left, they are totally dedicated to their work, which make them keep and improve their high level of expertise and performance (Pinckaers, 2020). The multinational has adopted a relatively flat hierarchy because the company wants itself agile and impactful. Therefore, they have removed managerial constraints to shrink the path to take

decisions (Henrion, 2020). Odoo values the trust in each other and encourages the employees to take initiatives while not blaming them in case of a failure but instead, helping them to learn fast and improve their skills. Employees are encouraged to challenge each other, share their ideas and provide constructive criticism. Furthermore, the company encourage the employees to always do more than the strict minimum, and to feel responsible to the improvement of the product, services or the organization in general (Odoo, 2020).

Section 2: Odoo's management control systems

Even though Odoo's CEO is opposed to the idea of controlling its employees, the company employs unwittingly management control systems. (Pinckaers, 2020) The following part will highlight the different MCS used by Odoo based on the typology of the Malmi and Brown's MCS Package Framework (2008) in regards of the insights and data collected during the interviews.

a. Subsection 1: Planning controls

Even though Odoo is a developed multinational company, they do not rely on planification to achieve their organizational goals. They consider that planning is not relevant and is a waste of time in a continuously evolving environment full of incertitude. At Odoo, the time is only invested on activities that bring direct value to the company and discussion, updates and administrative or managerial preoccupation are not a priority (Pinckaers, 2020). Nevertheless, when there is small planning task such as the attribution of employees on a project, the Leader usually does not involve the employees in the planification. This is due to the fact that the leader possesses a global overview that the employee does not have. Nevertheless, leaders stay open to the discussion if a change is required. (Vannerom, 2020)

However, the long-term strategy and the vision are very clear and the directions as well as the priorities are known from every employee (Pinckaers, 2020). Therefore, the company that has currently a growth of 60% aims at growing from at least 50% in the next four years. Furthermore, most of the growth revenue is heavily invested in the employees whether it is for the recruitment, the development or the salary increase and aims at increasing its staff of 40% every year (Odoo, 2020). The annual objectives and targets of the local subsidiaries are defined every year in December with the subsidiary director and the C-suite in agreement with the Board. Afterwards, the country-manager is in charge of cascading the objectives through the leaders and team members. (Henrion, 2020) Nevertheless, they do not publicly set

deadlines for the completion of tasks or objectives and despise planification tools such as the Balance Scorecard (Pinckaers, 2020). As matter of fact, Odoo do not need to rely on tool such as the BSC since the four aspects that it covers i.e. Customers, Financial, Internal Business and Innovation & Learning, are continuously assessed since they are anchored in the company culture. However, even though the MNO does not rely on tactical or long-range planning, a continuous assessment of the situation is made through the culture that fosters and encourages communication, comprehension and innovation across all the layers of the company (Henrion, 2020).

b. Subsection 2: Cybernetic controls

At Odoo, they are fiercely opposed to the use of KPIs to manage their employees. Except for the sales teams, the CEO considers that putting numbered target on people is not relevant in regards of the complexity of the business and its perpetual evolution (Pinckaers, 2020). The reason why they do not rely on KPIs is that the information they reveal is sometimes erroneous. For instance, if an employee is evaluated in terms of number of code lines or projects achieved, it is not relevant because one unit can be more complex or time-consuming than another (Vannerom, 2020). Furthermore, the top managers at Odoo consider that there are only two extremely simple criteria to take into account when it comes to assessing a company financial health. The first criterion is to possess the right sense of value of things. The value of things must be constantly assessed whether it a small or a large investment and the money should be spent parsimoniously. The second criterion is the verification of three key data: the cash on the bank account, the expenses, and the revenues. With these two simple and fast assessment methods, handling the continental operations of a company such as Odoo takes only ten minutes per month (Henrion, 2020). In addition, the modest size of the multinational does not require the use of complex budgeting or planning tools (Gajjar, 2020). Therefore, there is no need for the MNO to invest its time and resources in complex budgeting activities (Henrion, 2020). Nevertheless, the sales team use KPI such as revenue generated, number of accounts, or the monthly recurring revenue as indicator of performance. Furthermore, they also rely on activity-based metrics such as calls, touches, or prospects and the other tools that you can find on a Customer Relationship Management (CRM) software to assess the performance and attribute commissions. Apart from that, other activities such as the selection or recruitment are also assessed in terms of number of resumes or candidates sourced (Henrion, 2020).

Once a year, the employees pass an appraisal which is not based on the monitoring of their performances but rather takes the form of a discussion where both parts check if the current relationship suits them (Vannerom, 2020). During these appraisals, personal development goals focused on the development of the hard and soft skills are set together with the employee. Therefore, the integration of a new technology or the enlargement of the scope of activities are monitored quantitatively (Gajjar, 2020). In addition, the Belgian company also uses a system of 360° assessment during which the team members assess and judge their respective performance (Vannerom, 2020). Furthermore, the company also relies on feedbacks between managers, leaders and employees to assess the productivity and foster personal development (Henrion, 2020).

Odoo's culture heavily relies on empowerment and abhors controls as stated by Fabien Pinckaers, the CEO: *"Our culture is against control. It is more about giving autonomy and responsibility to people to empower and motivate them."* (Pinckaers, 2020). At Odoo, all the people are supposed to have the same needs and aspirations. The multinational considers that people seek evolution, autonomy and responsibility and do not want to be managed. By giving employees responsibilities and autonomy while involving them in the growth and the success of the company, Odoo empowers them and motivates them to perform the best. This company culture is anchored in a positive and optimistic context and a way of thinking that fosters empowerment among employees. That is the reason why there is no middle managers in this MNO (Pinckaers, 2020). The goal at Odoo is to identify and enhance the capabilities of the employees. That is why during the annual appraisal, the leader and the Odooer discuss together and try to find a way to make the best use of the employee's skills and explore with him the different paths of evolution (Gajjar, 2020). The team leaders of the Belgian multinational are always open for questions, suggestions or constructive criticisms and try to enhance group participation (Odoo, 2020). The concept of authority is really questioned at Odoo, and the structural and communicational barriers are removed to create a climate where the employee can talk to the CEO as if he was his teammate and that is central to create empowerment (Gajjar, 2020). In addition, the self-efficacy of Odoo's employees is quite high since they are encouraged to try things in every direction without being blamed in case of failure (Henrion, 2020).

c. Subsection 3: Reward/Compensation controls

At Odoo, there is not a particular system of compensation or incentive put in place. Indeed, all the employees of the company receive a compensation package composed of a salary and perks. Odoo has adopted a flexible policy in terms of wages. Therefore, employees receive a competitive gross salary, and based on it, they can choose their compensation package (company car, fuel card, phone, etc.). In order to help the employees to choose the compensation package that best fits their needs, the company has developed a salary simulator. This salary simulator allows the employees to directly visualize, in complete transparency, the impact that the possession of a company car, or phone subscription has on their salary and can therefore make the adaptation they wish. However, Odooers do not receive additional monetary incentives since their salary is competitive and is consistent with the workload. Nevertheless, there is an automatic annual salary increase based on the employee's seniority, its skills and the impact he has on the company (Vannerom, 2020). Every year, the respective compensation grids of each department are updated based on the current salaries of market. After the yearly appraisal of the employee, the manager determines if the employee is above or below the reference and will define the increased salary accordingly (Henrion, 2020).

The only exception are the salespeople that possess a salary that is divided in two parts: fixed and variable. The variable part is a percentage (around 30%) based on the sales revenue generated over the quarter (Pinckaers, 2020). Nevertheless, apart from sales teams, Odoo's employees, managers or leaders do not receive any additional incentive for their work (Pinckaers, 2020).

d. Subsection 4: Administrative controls

The design and the structure of Odoo is based on a relatively flat hierarchy. The objective behind that is to reduce the chain of decisions and remove the managerial restrictions to give the chance to every member of the organization to have an impact and increase the organisational speed. At Odoo, employees are all accountable and responsible for the good evolution of the company (Odoo, 2020). Instead of having middle managers that handle all the responsibilities and are totally dedicated to management activities, Odoo removes this layer of management and attributes responsibilities to everyone (Odoo, 2020). The system used to make these layers useless is to fraction the work time of the employees in two parts: 20% of the time is dedicated to annex tasks (e.g. recruitment, feedback, coaching, etc.) and

80% is dedicated to the main job. One of the reasons behind this willingness to erase the middle-management is that managerial tasks do not bring value to the company. Therefore, hiring and paying someone to only perform such tasks is inconsistent with Odoo's culture (Pinckaers, 2020). However, the company relies on Leaders and coaches among its employees to support the management and the development of the team members (Odoo, 2020). Nevertheless, the multinational company possesses a board for its shareholders, a C-Suite but also continental (e.g Directors Americas) and country (e.g India director) managers that supervise the successful conduct of Odoo's operations in their respective territories (Henrion, 2020). However, the role of these top managers is not restricted to managerial activities, they are deeply involved in each of the team they supervise and stay experts in their original area of work (Gajjar, 2020).

In opposition with traditional companies, Odoo adopted a spider web structure rather than the usual pyramidal model. It is closely linked to the willingness of scalability and fast growth of the company. The spider web approach has the advantage to allow more possibilities of evolution for the employees and a better stability thanks to the duplication and decentralization of the roles and decision-making authority (Henrion, 2020). In addition, this flat hierarchy allows a better communication and sets the grounds for an open climate for learning and development. Therefore, employees do not hesitate to directly consult the top-management or their leaders in case of any concerns or suggestions (Gajjar, 2020). At Odoo, the intelligence is valued over the hierarchy and everyone is free to follow its own evolution path. The employee purpose in the company is not to become manager at all costs. They are free to become either experts, managers or even to adopt a horizontal career path across Odoo's departments. The salary and responsibilities are not linked to the position but rather to the experience and impact that the employees have within the company. Therefore, employees do not feel restricted or forced to adopt a direction to be recognized and valued (Odoo, 2020).

As traditional companies, Odoo possesses executives and managers committees but the governance structure is decentralized. Instead of centralizing responsibilities on the middle management, all employees have responsibilities and are encouraged to take decision and be autonomous (Pinckaers, 2020). Even though there is the presence of Leaders in each team, their role is not to be a decision-maker but rather to be a mentor and help their teammates evolve (Odoo, 2020). In addition, all the subsidiaries across the world have a total authority and autonomy in terms of decision (Henrion, 2020). Apart from the large long-term expenses for which a discussion with the CEO is required, subsidiary can decide everything by themselves (Gajjar, 2020).

The internal policies and procedures of Odoo are in accordance with the company culture and leave a total autonomy to the employees. Whether it is for the choice of their official title, their expenses, the work schedule or their legal leaves, employees must only use common sense and good judgement (Odoo, 2020). The Belgian multinational company shows a total confidence in its employees and only expect from them that they fulfil their contractual obligation in terms of working time (Gajjar, 2020).

e. Subsection 5: Cultural controls

The company culture is extremely important at Odoo, and they constantly try to preserve and promote it. That is why, in the case of an open position, they always consider first internal candidates that already possess the culture rather external applicants. In addition, when it comes to the recruiting of new employees, they select people with the same mindset and values (Vannerom, 2020). In the Belgian multinational, people are hired based on their potential and not on their experience and the company culture is fine-tuned along the employee's journey (Henrion, 2020). Moreover, in case of a doubt about the fit of a candidate in the company, the Odooers responsible for the recruitment relies on the feeling of the team members to settle the hiring decision. Furthermore, during the annual appraisal, the verification of the integration of Odoo's values and culture is also assessed (Vannerom, 2020).

Leaders are a centrepiece of the transmission and preservation of the company culture. Odoo's leaders are usually people with more experience than other members of the team. Thanks to this larger experience within the company, leaders possess an understanding of the global scenario and are able to instil the culture to the other members of the organization (Gajjar, 2020). Leaders (or Goroos in R&D) and Coaches organize training sessions, do code reviews, brainstorm on strategic issues but at the same time keep assuming their main function (e.g. Developer, Salesperson) (Odoo, 2020). A leader acts as a catalyser for the transfer of knowledge and help the team members to replicate and apply the best practice. As matter of fact, a leader in the sales team would be a person that masters the storytelling or the key triggers of the sales process and can therefore help his teammates to develop these skills and enhance the team performance (Gajjar, 2020). Because of the fast growth of the MNO, coaching activities play an important part. The use of Coaches is made by Leaders when the team grows in order to delegate responsibilities to their key team members, without creating an extra layer of management. At Odoo, the priority is to bring out the best from the employees and therefore, they give them all the necessary resources to achieve their personal

objectives (Vannerom, 2020). The company puts an emphasis on the evolution and learning of its employees and always tries to explain them the reason behind a decision. According to Fabrice Henrion, it is the way to ensure that the company culture is followed, implemented and understood. Therefore, to bring people to autonomy they communicate on the decision but also on the underlying reason (Henrion, 2020).

Odooers like to organize extra activities with their colleagues, it is in their culture. They organize among other some BBQs, game nights or even sport events that are financed by the company. Furthermore, to enhance the cohesion among the company, Odoo offers the restaurant once a month if the employee goes with five random people from the company and a monthly drink is also organized by the MNO (Vannerom, 2020). Odoo likes to establish its office in quiet area and especially in old farm in the countryside, like it is the case in Luxembourg or in Belgium with THE FarmZ!, Odoo's headquarter (Odoo, 2020). At Odoo, they strongly believe that the work environment influences the mindset and therefore try to make it as enjoyable and efficient as possible (Vannerom, 2020). The work environment is designed to favor the taking of ownership and intrapreneurial attitude towards employee's responsibilities (Odoo, 2020). In addition, since the personal development of the employees is always emphasized, Odoo offers an exchange program that allows employees to work in a subsidiary of Odoo across the world or simply to do an inter-department move. The willingness at Odoo is really to offer the best environment for its employees and make them feel good. That is also why there is no dress code in the company and apart from the signature of a contract with a client, no suits will be seen within the company (Odoo, 2020).

f. Subsection 6: Odoo's MCS Package summary

Table 2: Odoo's management control systems characteristics

Elements	Odoo's MCS specificities
Planning	- Does not rely heavily on planification neither uses strategic planification tools (e.g. BSC). <i>Reasons:</i> - Constantly evolving and uncertain environment. - Planning activities does not bring direct value. - Does not involve employees in the planning activities. <i>Reasons:</i> - Leaders possess a global overview unlike regular employees. - Defines and clearly communicates the long-term vision, strategy and priorities to the employees. - Defines and sets the annual objectives and targets of the subsidiaries with their respective directors that must afterward cascade them through the local branch.
Cybernetic	- Does not rely heavily on KPIs or other measures to assess the employees' performance. <i>Reasons:</i> - Complex and evolving business that makes its assessment difficult. - High variability of the input/output ratio depending on the complexity of a task or project. - Does not perform budgeting activities of financial assessment. <i>Reasons:</i> - Relies on trust and constant assessment of the "value of things". - Possesses a modest company size and thus only needs to monitor expenses, revenues and cash. - Considers such activities as a waste of time. - Does an individual annual appraisal as a feedback or a discussion but not based on monitored performances. - Does a 360° appraisal involving the employee's team members. - Gives autonomy and responsibility to its employees to empower and motivate them. <i>Reasons:</i> - Removes structural and communicational barriers. - Identify and enhances capabilities of the employees. - Involves them in the growth and success of the company.
Reward/compensation	- Provides a flexible compensation package composed of perks and salary. - Sales teams' salary possesses a variable part depending on the sales revenue. - Does not use monetary incentive to motivate, direct and increase employees' performance.

	<i>Reasons:</i> - Competitive salary in accordance with the workload. - Annual automatic salary increase for all employees.
Administrative	▪ Adopts a flat hierarchical structure and has removed the middle-management layer. <i>Reasons:</i> - Reduces the chain of decision to increase organizational speed. - Gives the opportunity to every employee to be impactful. - Presence of the Leaders who act as a mentor rather than supervisor. ▪ Removes middle-managers and offers a spider-web career path structure. <i>Reasons:</i> - Managerial tasks do not bring direct value to the company. - Spider-web is more fastly scalable and stable than pyramidal hierarchy structure. - Every Odooer is accountable and responsible for his job and annex task (e.g. recruitment, selection, onboarding, review, etc.). ▪ Adopts a decentralized governance structure. ▪ Internal policies and procedures are soft. <i>Reasons:</i> - Trust in the employees and gives them totally autonomy. - Expects them to rely on their “good judgment”.
Culture	▪ Possesses a strong company culture based on autonomy, responsibility and empowerment. ▪ Favours internal candidates for recruitment and ensures that an applicant possesses the culture. ▪ Uses Leaders to transmit and make sure that the company culture is preserved ▪ Put an emphasis on the wellbeing, the development and learning of its employees through environment, activities and resources.

Source: Own computation

C. Section 3: Odoo's position about multinationality

In order to perform at its best, even a global company needs to slightly adapt to local specificities. In the end, members of an MNO know that they are working on a global platform but their operations are however conducted on the local market (Gajjar, 2020).

However, for Odoo's founder, there is no need to adapt the performance management control system when you are a global company. The intrinsic motivation of people does not have borders and are the same across the world (Pinckaers, 2020). At Odoo, the individuals

are at the centre of the company culture and are considered as having globally the same needs. The strong belief at Odoo is that every employee wants to have an interesting job in which he has the opportunity to flourish and be autonomous. Moreover, people expect that their work will be recognized and valuable and that they will be fairly compensated for it. All these needs are universal. Therefore, the MNO considers that there is not a necessity to adapt the way of motivating people depending on the country. However, the path to reach this motivational goal can be diverse (Henrion, 2020). For instance, Odoo's company culture is based on autonomy and responsibility in order to empower the members of the organization but also to motivate them and make them evolve and that is a recipe that works worldwide. (Pinckaers, 2020). When responsibilities are given to a member of the organization, it improves its understanding of the underlying reasons behind a decision or a direction, and this comprehension transcends the need of adaptation (Vannerom, 2020). Even in countries such as India that have usually a strong hierarchy, Indians talents are thrilled to join Odoo, because they do not have to suffer the traditional managerial pressure or the local strong boundaries in their working contracts (Gajjar, 2020). Above all, people want to be happy and it is not because a culture or a nation enhances a hard and structural management that people actually want that (Pinckaers, 2020).

In the past, the omission of adaptation has had a positive effect on the company attractiveness on the labour market. As matter of fact, the Indian culture possesses a high-power distance (Hofstede Insights, 2020) and companies try to create an authority bond with employees through their working contract. Most of Indian companies stipulate that the employee is forced to stay in the company for at least three or four years. However, Odoo has not adopted this policy and talents are very attracted by that kind of Western company culture with a flat hierarchy and no micro controls that is really rare in India. Furthermore, the fact that the culture promotes autonomy and offers real opportunities of training and personal development is contrary to the Indian culture, but this difference is attractive for the local workers (Gajjar, 2020).

Fabien Pinckaers does not even consider the adaptation of control system because he doesn't value the use of such tools. At Odoo, they do everything globally because they put the individual at the centre of their reflexion (Pinckaers, 2020). It is anchored in their culture to constantly question themselves and others and instore a secure and inspiring atmosphere for the members of the organization (Vannerom, 2020). That is why, when you think about the person and its needs, they are mostly similar and therefore there is not an urgent need for adaptation. Since the MNO position itself as a true global player, they design everything to be

scalable and reusable worldwide and do not focus on a specific country. For instance, the methodologies, the marketing or the processes are the same in every subsidiary (Henrion, 2020).

However, the company tries take into consideration the dynamics of the local markets and their competitiveness but also their respective culture (Pinckaers, 2020). As a global player that evolves on several market with extremely different cultures such as the US, India or China, one cannot just make abstraction the local specificities. Especially when teams from different countries have to collaborate, a slight adaptation is required in the way of working or thinking. As matter of fact, when Belgian teams works with Indian ones, they are aware that they have to formulate their request in a way that allow their Indian homologue to decline it without explicitly saying it. That is because in the Indian culture, people generally do not decline a request or an order (Vannerom, 2020). In addition, every subsidiary is autonomous in terms of decision-making and is responsible of all the events happening on its territory. It is due to the fact that when there is a problem or a decision to take, taking the context into account is primordial and the different subsidiaries possess the required knowledge and expertise on their respective local markets to tackle it (Henrion, 2020).

Even though the rare metrics that Odoo uses to measure performance are the same globally, each subsidiary has the autonomy to assess the productivity and performance of their respective teams. For instance, the salespeople in the US market have a bigger variable part in their salary than European sales teams. The reason behind this higher variability of the salary is due to two main factors. The first one is that the cost related to employees are higher in the US. Therefore, this higher variability allows the identification of the high and low performers and thus avoid spending money on the low performers. The second reason lies simply in the expectation of the US labour market since it is the norm to have this kind of ratio in the US market (Henrion, 2020). When it comes to talking about monetary or non-monetary benefits, people working on different markets expect to be assessed and compensated based on the reality of their local market. That is the reason why the competitiveness of the compensation and the salary of Odoo's employees is assessed based on the local labour market (Gajjar, 2020). However, as a rule, the global mechanism is the same across all the Odoo's offices around the world, only the figures change (Henrion, 2020).

In order to take into consideration, the local market, Odoo adapts its pricing locally but also makes sure that its product, website and the related documentation are available in the local languages. Furthermore, this linguistic and cultural consideration also impacts the

selection process where most of the staff is at least bilingual. This willingness make sense considering a market such as the Americas, when one can cover 90% of the market by only talking Spanish or English and therefore reinforcing the customer experience that is a pillar of Odoo's culture (Henrion, 2020). In addition, even though the marketing of the MNO follows a global template, the medium used to promote the product are adapted to the local market. As matter of fact, in India, Facebook and LinkedIn are two very popular platforms. However, in order to have real opportunities and not wasting time on irrelevant leads, one must use LinkedIn to better target the audience. Another particularity of the Indian subsidiary is that it is not allowed for the employees to change of department during the two first years. The willingness behind that is that the Indian subsidiary is specialized in R&D and they want their employees to master the product, integrate the culture and stay within the company in the long-term. However, even though this constraint can seem tough, the employee's contracts at Odoo are relatively soft for the Indian market in terms of boundaries and the company is very appreciated on the labour market (Gajjar, 2020).

Nevertheless, to ensure that the original Odoo's culture is well transferred across countries, the person who establishes the new office is always Belgian. This is due to the fact that they prefer train and inculcate the culture in Belgium where the person has all the resources at its disposal and do not suffer from time difference to prepare its technical and interpersonal skills. (Vannerom, 2020).

In a nutshell, Odoo's philosophy on the topic is that there is not a necessity for a multinational company to adapt the means of motivating its employees depending on the country because the inherent goals to a position are similar across nations. The goal of a salesperson is to sale. However, the environment in which one operates has to be understood and mastered. Therefore, an MNO should be global but slightly adapt its practices to the local situation (Gajjar, 2020).

III. Chapter 3: Discussion and managerial implications

A. Section 1: Odoo's interconnected layers of MCS

At the beginning of this thesis (Part 1, Chapter 1, section 1), the study of the existing literature related to the MCS showed an important pitfall regarding the research about non-quantifiable and abstract controls. Indeed, the study of financial and accounting controls has been deeper because such controls are more easily empirically measurable since they rely on figures and quantifiable measures. That is also the reason why most of the innovations and tools such as the Balance Scorecard, target-costing or value-based management are developed relying on these quantitative controls.

Therefore, the case of Odoo is extremely interesting for the research because the company heavily relies on abstract and qualitative controls such as the cultural and administrative controls, while displaying impressive performance and growth. Consequently, the systematic analysis of the company's global performance control system and the different types of controls was made in the previous chapter. However, the analysis of such performance control system cannot be done considering the different types of controls separately. In order to avoid erroneous conclusions and results, one must study the performance control system of a company without omitting the interconnexions between the different MCS (Malmi and Brown, 2008). After having analysed the Belgian multinational company, I identified two layers of interconnexions that strengthen the consistence and the impact of the control system on the company performance.

First, as suggested in the theory, the different MCS are interconnected. As matter of fact, if we look at the keystone of Odoo's control system, the cultural control, one can see that the other MCS are articulated around it. For instance, the positive and optimistic attitude combined with the freedom of actions, responsibility and autonomy are at the core of Odoo's culture. Therefore, the empowerment of the employees, which is a non-financial cybernetic control, reinforces the cultural controls. However, the effect is not one-sided, both controls are complementary and reinforce each other. Another example is the connexion between Odoo's administrative controls and the two above mentioned controls. Whether it is through the design, the governance or the structure of the multinational, the administrative controls are anchored in Odoo's company culture and by extension, act on the empowerment of its employees. Indeed, the flat hierarchy and the spider web expansion combined with a decentralization of responsibilities favours the communication, the efficiency and the well-

being at work while improving employees' motivation and dedication through empowerment. In a nutshell, Odoo's culture and the cultural controls associated with it are at the centre of the performance management control system of the multinational and all the other controls are directly connected to them.

The second layer of interconnexion happens at the core of the performance management control system: within Odoo's culture. If one tries to use a company culture as the foundation of its performance, one must be sure that the foundations are solid and robust. Odoo took on this challenge and build an extremely strong company culture. Indeed, Odoo's company culture plays a great role in the strategy and the dynamic of the company. It is based on seven pillars (Part 2, Chapter 2, Section 3), which reinforce the consistence and robustness of the culture. However, the construction of this company culture is more complex that it might look. Odoo ensured that its culture would be a solid foundation for its future and when one looks deeper into these pillars, the presence of interconnexions can be noticed. In the Survival Guide for Odooers, which is Odoo's culture bible, one can find preached the now well-known strive for autonomy, evolution and empowerment. Nevertheless, other aspects such as the long-term vision or the efficiency are also emphasized. As matter of fact, in the section related to the simplicity philosophy (sixth pillar), the long-term aspect (first pillar) is outlined in Odoo's willingness to fight complexity and keep a company and a product simple in order to guarantee its long term sustainability. Inversely, the simplicity is also emphasized in the long-term pillar: *"We make it simple & fully integrated [...]"* and is one of the reciprocal connexions that happens within the construction of Odoo's culture (Odoo, 2020, p. 14). Another example of interconnexion can be highlighted between the third (Fastness of execution) and fourth (Greatness of people) pillar of Odoo. The company does not want to employ people that are good in everything, because Odoo follows the same logic that is applied for the pillar enlightening the fastness of execution. The MNO prefers to excel and have people that stand out in one area, rather than being average in everything. That is why Odoo focuses its effort on the fast delivery of a quality product, rather than trying to provide a complex and complete product (Odoo, 2020). By this statement, another interconnexion is made between these two pillars and the sixth one (simplicity). This interconnected scheme is persistent across the seven pillars and gives consistence and a bigger impact to Odoo's culture while setting the ground for its performance and controls.

B. Section 2: Is adaptation required or are the individuals' motivation the same?

In the theoretical part of this thesis, the impact that the multinationality has on the different types of control systems was shown and the way to adapt the design and implementation of such controls depending of the country was enlightened (Part 1, chapter 3). However, the opinion of Odoo's founder regarding the local adaption is clear-cut since he considers that the intrinsic motivation of people does not have borders and is the same across the world (Pinckaers, 2020). Besides, the culture of a company lies in the vision of its founder and Odoo is not an exception. Therefore, the company tries to do everything globally and only slightly adapts its way of operating depending on the culture of the country. Neither does the company adapt its way of working and its control system depending on the national institutions or environments. In fact, they strongly believe that countries or authorities only want to structure the way of doing business and will only chase the big companies that abuse from their position and not harass the reasonable ones. Therefore, Odoo does not sink itself with compliance considerations and prefers to focus its energy on its growth, its performance and its core business. Nevertheless, the multinational is aware of the specificities of the local markets in which it operates. That is why the financing of the company takes advantage of the US higher access to capital as well as of its high adoption rate in cloud applications (Henrion, 2020). Similarly, the company has implanted its R&D department in India where there is a high access to skilled and qualified labour in IT. Even though the company faced a high employee turnover when it established itself in India, it did not adapt its vision and culture. Over time, the advantages of the long-term stability and the freedom granted to the employees overcame this issue (Gajjar, 2020). Currently, the employee turnover is of 0,5% per year over the 200 R&D employees in India (Pinckaers, 2020).

However, the statement of the Odoo's CEO is strong, and neglects the cultural and cross-cultural considerations that are inherent to each particular country. Considering that the needs of every individual on this planet are similar and universal is inaccurate. This vision is only based on a Western conception of the business and the expectation that employees invariably have the same needs and seek for the same objectives. However, as shown in the theoretical part, people from different countries are not the same and individuals have only in common primal needs on both the physiological and psychological plan. Apart from that, people are mostly unique and are influenced by several factors depending of their culture and nation (Part 1, chapter 3, section 1).

Therefore, the performance of Odoo, despite its lack of consideration for local culture, should be explained by something else. One of the reasons could be that the IT sector in which Odoo operates possesses in itself its own culture. Since most employees of the multinational are developers, the prevalence of the IT culture over the national culture could be Odoo's catalyser of performance. As matter of fact, when one looks at the IT culture and compares it with Odoo's pillars and guidelines, it is clear that both are strongly linked. Recently, Deloitte analysed the IT culture and discovered that the high-performing IT companies shared five features: selective hiring, focus on outcomes and value, fluid planning and budgeting, continuous learning and seek of innovation (Kark, 2020). All these characteristics are at the centre of Odoo's company culture and can explain Odoo's exceptional performance in the sector despite the despise for local adaptations.

In addition, the prevalence of a subculture over the national culture has already been demonstrated. As matter of fact, two business students coming from different countries will have closer values and way of thinking than an electrician or a cashier from their own countries. (Betzüge, 2020). Therefore, in one sense, the business subculture prevails over the national culture and thus, these results could be replicable in the IT sector and its associated high performing IT culture.

C. Section 3: Managerial implications: Odoo's secret recipe for performance

When we look at the performance of the Odoo and the out-of-the box management practices of the CEO, as well as the award he received for them, we must admit that this man has maybe found the key on how to dress up for disruption. In a sector driven by efficiency, performance and innovation, the companies must more than ever be agile and disruptive to stay ahead of their competitors and be sustainable on the long term. To achieve these goals, the company replaced the traditional closed strategy by an open strategy development. At its core, there is no close controls of the employees' performance but rather a company culture where empowerment and self-determination are highlighted as something that plays an ever-greater role for employees' motivation in organizations. Even though the lack of use of quantitative measures to monitor the performance might be questionable, the adoption of empowerment to increase agility and quickness of response in an uncertain environment is an adequate practice according to the research (Par 1, chapter 1, section 3). This continuous research of disruption is also highlighted in the company culture and is its fifth pillar: "Be innovative, Be disruptive" (Odoo, 2020, p.41). To fuel this appetite, the company relies on an atmosphere of open communication, autonomy and innovation to power their growth and lead

Odoo to new heights. Through this culture, all the energy of the members of the organization is focused on performance, whether it is in terms of growth or disruption in the ERP market by delivering the best product available (Odoo, 2020).

This quest for disruption has led Odoo to totally differentiate from the traditional companies and even to outperform them although sometimes at the expense of local considerations. As matter of fact, in India, contrarily to the traditional companies, Odoo did not adopt close managerial controls and strong vertical hierarchy as it is usually done in the country. However, the disruption that was created was actually appreciated by the Indian labour market since employees were happy to be free and not having to check in and check out every day (Gajjar, 2020). Similarly, on the Belgian market, Odoo offers the access to a salary configurator that allows candidates and employees to arrange and visualise their compensation package as they wish. Although it is not in the Belgian culture to disclose such information on the compensation to everyone and to offer such complete freedom of adaptability, the tool gets a lot of success (Vannerom, 2020).

Another crucial driver of Odoo's performance lies in the underlying processes that arise from the structure and the governance of the company. Three main features of this driver have been identified through the analysis. First of all, the suppression of the middle-management layer encourages the employees to be autonomous and the attribution of personal extra-responsibilities to each employee improves their involvement in the achievement of the organizational goals by making them feel empowered. Second, the avoidance of middle-managers is cost efficient and in accordance with the company philosophy of seeking value everywhere. Thanks to that, the company must not pay people to exclusively perform managerial tasks because such tasks do not directly bring value to the company. Therefore, the company chose to recruit, retain and develop employees that are and will stay experts in their domain. Finally, the flat hierarchy and the spider-web evolution path allow the company to have a facilitated communication by shortening the decision-authority chain. This is an important driver of Odoo's performance since it permits a greater agility, flexibility and reactivity that are the keys for disruption and essential in the IT sector to sustain on the long run.

Finally, when a company grows by at least sixty percent every year during a decade, the company must learn to properly manage its growth. At Odoo, they did better than that and became experts in managing the growth. In order to manage its constant transformation, the company continuously questions itself and makes sure that it is on the right path. By adopting

a continuous evaluation of the performance and by extension of the performance control system, the company is able to withstand any environmental and knowledge change that could occur. The director of Americas like to say that “*you have to think with doubt but act with certainty*” and it shows clearly the spirit Odooers have and that drive their performance (Henrion, 2020). By thinking with doubt one can discover the secret recipe or the good ingredients to manage the transformation. The key is to acknowledge that these ingredients will only be efficient during a certain period of time and up to a certain extent. That is why Odoo functions by evolution phases and when the recipe does not work as well as before, it means that the company must transform in another version of itself to keep performing at the highest level.

D. Section 4: Potential problems in Odoo’s performance control system.

No one can argue that Odoo is not a good performer on its market. However, its performance management control system is not optimal, and some current or potential issues have been identified.

First of all, Odoo does not use planification and consequently do not set explicit and quantifiable goals for each of its department and members. Therefore, one cannot ensure that the efforts and behaviors of the members of the organization are performed in the right direction. Furthermore, since there are no objectives nor goals, there is no target to reach and thus the level of effort required in the tasks might stay confused for the employees. Since there are no specific goals across the different functional areas of Odoo, the congruence of the company as a whole might also be questioned. In addition, the fact that Odoo does not use strategic planning might fragilize its long-term sustainability. By neglecting to assess the current state of the company and its desired future outlook, the actions and tasks required to reach this vision cannot be properly set and achieved. Obviously, in the absence of such process, the monitoring of the good implementation and execution of the long-term plan cannot be done, and corrective actions can thus not be undertaken.

One of the weaknesses of Odoo’s cybernetic controls is the fact that they do not rely on quantifiable measures to assess the performance of their employees. Consequently, there is no historical comparison possible and no standard of performance to achieve. Even though they do an individual annual performance appraisal for their employees, it is not based on tangible measures. Therefore, the objectivity and the capacity to properly react to a disfunction of the control system and thus of the employee performance is reduced. This willingness to give

employee autonomy and let them try and fail to make them learn and flourish might be a risky strategy. Despite the fact that the underlying idea is to drive innovation through empowerment, in the absence of an adequate monitoring, employees' failures might exceed successes without anyone noticing.

In addition, apart from the sales teams, there is no dedicated target for the employees and therefore no associated incentives at their achievement. However, the literature as showed us that monetary incentives were a good motivation and performance catalyzer (Part 1, chapter 2, section 3) independently of the culture (Part 1, chapter 3, section 1). Therefore, only relying on the company culture to keep employee motivated might cause a problem at some point.

Furthermore, since the governance structure is quite soft due to the flat hierarchy and the accountability and responsibility shared by all the employees, in case of litigation the finding of the right accountable person can be ambiguous. It is good to let the employees use their good judgement, but a blind trust might sometimes be harmful.

Finally, their company culture seems to be one of their greatest assets. However, the lack of adaptation of their MCS might be a problem in their future development. At the moment, only the sales team's variable part of wages is locally adapted. In addition, the fact that the foundation of Odoo's culture lies in its CEO's conviction that individuals have all the same motivation and flourish through autonomy, responsibility while being in an agreeable and positive atmosphere is not totally true and might be dangerous. Indeed, as enlightened in the part about the multinationality (Part 1, chapter 3, Section 1), all individuals possess basic resemblances, but their personal motivations are unique. Moreover, the national culture of a country is specific and influence the way of behaving of its members. Therefore, using such a strong affirmation to build an entire company culture that will be the core of the company's performance management control system is a daring gamble. Nevertheless, it is clear that most employees at Odoo are IT developers and therefore, the robustness and efficiency of Odoo's company culture might only be the result of a subculture effect specific to the IT sector. As enlightened previously, Odoo's company culture is extremely similar to the top-performing firms in the IT sector. Therefore, the impressive performance of the Belgian MNO might be correlated to that. However, the expansion of the multinational could lead to a forced diversification of the employees' positions. Therefore, these new jobs unrelated with the IT sector might disturb the efficient but fragile equilibrium of the company culture and impact the overall performance.

General Conclusion

Through the theoretical part, a comprehensive overview and synthesis of the underlying theories behind the management control system package framework and the multinationality was made. Even though the research on the impact that the multinationality has on the MCS Package is still at its early stage, the identification of three factors of influence was made: national culture, national institution and national environment. Furthermore, the interconnexions between and within both the multinationality and the MCS package have also been studied. Through the case study of Odoo, these interconnexions and their impact on the performance of a multinational IT company were challenged and verified.

After the analysis of Odoo's performance management control system, two things struck out. First, the use of the classical quantitative type of control is not necessary to ensure good performance. Second, it is clearly possible to perform on a global scale without drastically adapting its managerial practices and controls to the local situation. The challenges that could occur in the implementation of a cross-border strategy might be overcome thanks to an extremely robust company culture that values autonomy, responsibility, and empowerment that are the most shared values in the IT subculture. By setting a consistent context around the employees in terms of resources, culture and expectations, it creates a work atmosphere in which the employee can thrive and perform at their best. Nevertheless, the communication and the efficiency in the continuous seeking of value are keys for the understanding and the execution of the company organizational strategy. Furthermore, to outperform its competitors, the company and its members must rely on its disruptive abilities that the structure and the culture of the organization perpetually foster.

In addition, another major contribution of this work is the deep investigation of the abstract type of MCS such as the administrative and cultural controls that have been neglected by the researchers in the past. However, the multinational studied in the practical part only represents a high performing firm from the IT sector. Since there is possibly an associated IT subculture that prevails over the national culture, extended research must be conducted in both the IT sector and across sectors to further investigate this topic.

Lexicon:

AIS: Accounting Information Systems

BSC: Balanced Scorecard

CRM: Customer Relationship Management

ERP: Enterprise Resource Planning

MA: Management accounting

MAS: Management accounting systems

MCS: Management Control Systems

KPI: Key Performance Indicator

SME: Small and Medium-sized Enterprises

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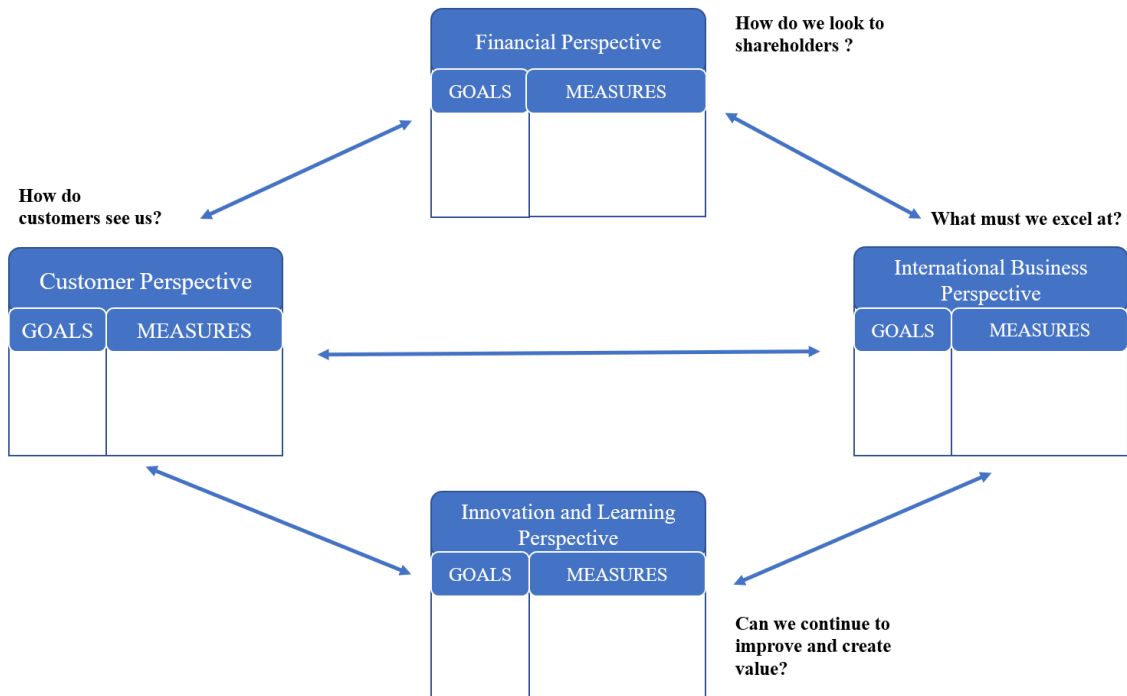
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Appendix 1 - Kaplan, R., & Norton, D. P. a.(1992). The Balanced Scorecard—Measures that Drive Performance. *Harvard Business Review*, p.72



Appendix 2 - Interview guide for Odoo's CEO

1. Could you briefly introduce yourself (home country, career path, seniority)?
2. Could you give me a brief overview of the company?
3. What is your role in this company? What are your key responsibilities?
4. How do you evaluate the performance of the company and its employees?
5. Are the performance management control systems defined at the subsidiary or group-level? Why?
6. How do you ensure that your employees stay motivated and involved towards the achievement of the organizational goals?
7. Which type of control do you use within the company? (cfr Summary Table)
8. How is the company structured in terms of decision-making authority?
9. Do you use the Balance Scorecard or other strategic planning and budgeting tools? If so, how do you ensure that your employees' actions are aligned with Odoo's strategy?
10. Since Odoo is a multinational company, have you had to adapt the design and implementation of the performance controls to the different local situation? If so, what were the biggest challenges you encountered?
11. According to you, are the contemporary managers generally aware of the necessity to adapt the performance controls to the local situation? Do you think that Odoo properly leverages the local specificities to improve the overall performance and achieve its strategic objectives?

Appendix 3 - Interview 1: Fabien Pinckaers (CEO)

This interview was conducted on the 16th of July 2020 with Mr Fabien Pinckaers, CEO at Odoo.

(D) David Vigneul – interviewer

(F) Fabien Pinckaers – interviewee

(D) Could you briefly introduce yourself?

(F) I am Fabien, I am the founder of Odoo, I live in Belgium, I was born in Belgium and I am Belgian actually. In term of career, I did nothing else than Odoo, I started when I was at the university at UCL where I was studying polytechnic engineering and I have 40 years old.

(D) Can me give me a brief overview of Odoo?

(F) I did a lot of things, and this one worked better than the others. I developed website, e-commerce, antivirus, and this one was my best idea. Odoo is a management software for SMEs. We have a website builder, inventory manager, accounting, point of sales for the small shops, etc... and if you use all the apps together, they fully integrate and manage the whole company. We have partner in 180 countries, and we have subsidiaries that we own in seven or eight countries.

(D) Can you explain me your role in the company?

(F) It changes over time, but my focus is on the long-term and the big transition we have to do. I am not involved in the day-to-day operation such as serving or selling to the client.

(D) So, you are more focus on the long-term strategy of the company right?

(F) I wouldn't say strategy because at the end, strategy is nothing, execution is everything, but my main focus is about the big transformation. At the moment I invest a lot of time in the

product, the research and development and the marketing because we are in transition. I am agile and flexible, and I target the area that need me the most.

(D) How do you evaluate the performance of the company and its employees around the world?

(F) We don't. We do appraisals and follow every employee, but we have no measures of the performance.

(D) So, you don't use goals or targets in terms of revenue, growth, etc.?

(F) No, we don't, and I think it is a mistake to do that. We don't want to manage by KPI, we don't want to have middle-manager that manage by KPI. We don't want to put goals and numbered target on people, because life is way more complex than that and so is the business and things always change. We do have appraisal where we define with the person how we can use his skills the best for the company, what he wants to do, how he wants to evolve. We do a lot of coaching for people so that they can be more efficient, but we don't use KPIs. The only exception is the salespeople which have a target in terms of revenues.

(D) What is the type of incentive for your salespeople?

(F) They do have a fixed salary plus a variable part. Around 30% of their salary is variable and the variable part is based on the revenue they generate over the quarter.

(D) How do you ensure that your employees stay motivated and involved towards the achievement of the organizational goals?

(F) Instead of controlling them and measuring them, we work with them.

(D) Can you elaborate?

(F) It is very complex because it is strongly linked to the company culture and other factors. But basically, we do not have managers, but we have leaders. The goal of the leader is to make everyone in their team become better, and not to measure them and control them. We have no measurement process, no control, no assessment of what they do during they work time. We work with them on a day to day basis and everyone we promote is to make the team even better. Our culture is against control. It is more about giving autonomy and responsibility to people to empower and motivate them.

(D) Do you use planning?

(F) No, we think that planning is guessing, a waste of time and a bad management practice. Everyone plans, but planning is guessing things change all the time, people get late, usually it doesn't serve any purpose to plan. We try that our people avoid wasting time in that kind of administrative or managerial things about updating, discussing the planning, etc.

(D) Even yourself at the global level, you do not plan your next moves.

(F) No, we have a strategy that is very clear. We have guidance and strategy, people know where we have to go, what's the direction, what's priority, what is not. But we do not say what should be done for what date.

(D) How do you communicate this strategy to your employees?

(F) We have a lot of different channels: we chat, discuss, email, sometimes video conference, we release book, methodologies and we also have an e-learning platform.

(D) Are you familiar with the Balance Scorecard?

(F) Yes, that is typically kind of things that is shitty (and that makes company become shitty (laugh)

(D) Can you tell me more about how is your company organized in terms of decision-making?

(F) We do have some managers and executive committees like in traditional companies but instead of centralizing the responsibilities on middle-managers, we decentralize responsibilities on a lot of different people. We do not have middle managers. We have top managers, all the people at the bottom, but we have low layers of middle managers. Typically in a traditional company, middle managers will have responsibilities on the budget, recruitment, firing, planning, evolution of the team, etc... We don't do that. Instead of that, we spread the responsibility in different people. If we look at one department, let's say the R&D. There will be some people that are responsible for the recruitment. Apart of their developer job, 20% of their time will be dedicated to this annex task. Other people, not the same ones, will be in charge of the onboarding of the new employees. Other people will review the code of their colleagues and provide them with a feedback so that they can improve their code. Whereas in traditional companies, middle manager will play all this role, at Odoo, we assign

one role per person and all this person are still doing the job of a developer, they are not manager in a sense that these extra activities will only take them 20% of their time. Because when you have managers, they quickly create some waste in the company in terms of management stuff that do not produce value and they demotivate people.

(D) But a good manager should not motivate people?

(F) No, no one wants to be managed. People wants to evolve, wants autonomy and responsibility but no one want to be managed.

(D) What you are trying to accomplish by giving your employees extra responsibilities is to make them feel more involved, autonomous, and empowered?

(F) Yes, exactly and make them evolve along the way. However, at first, this structure was a way to avoid middle managers for these roles. If we look at the R&D team, there are probably 200 people with the Indians. All of them are still full-time developer and some of them have 20% of their time dedicated to appraisal, recruitment, etc... That means that they are extremely good expert in their jobs. As opposed to when you promote someone after 5 years because he is top developing, he will not get as good as the other ones and the quality will start decreasing.

(D) Since Odoo is a multinational company, have you had to adapt the design and implementation of the performance controls to the different local situation? If so, what were the biggest challenges you encountered?

(F) No, the root code that motivate people is international. Everyone wants responsibility, autonomy and guidance, whether you are Indians, Chinese or European, people are still motivated by the same thing. Everyone wants to have very smart colleague, having the freedom and responsibility to be autonomous and it is completely independent of the country. Our challenge is that the people follow the culture of Odoo, but it doesn't have to be adapted from a country to the other. People are human and want's responsibilities and autonomy and do not want a manager. I lived for years in India for instance, and there, most companies are highly hierarchical but once new employees join Odoo in India, a reason why they stay with us is because they don't want to have a manager that put pressure on them like in the other companies. The countries behave differently but the people are all inspired to do the same

things and be happy. Even though the management in India is very hard and structural, it doesn't mean that people want that.

(D) According to you, are the contemporary managers generally aware of the necessity to adapt the performance controls to the local situation? Do you think that Odoo properly leverages the local specificities to improve the overall performance and achieve its strategic objectives?

(F) For us, everything we do is global, but we don't have really a control system that need adaptation. I believe when you start overthinking that and having local control systems, obviously you have issue with that, and you have to deal with it. However, it is not the way we see the thing. The way we see it is that you have to think about the person first. And when you start thinking about the person, there is little difference whether you are from one country or another. However, we have some slight adaptations. In US for instance, the variable part of the salary (reward) is higher than the one in Belgium but globally the mechanism we use are the same, only the numbers are different across the world. We also disconnect the salary increase from the appraisal. So, you have an appraisal, but it is not about the salary. The increase is automatic every year and we don't discuss it. Even though the formula varies across countries; the basics remain the same.

(D) How is your employee turnover?

(F) I don't have a number in mind about the whole company but in the R&D department, over 200 people, during the past 2 years, we had 2 departures. We have a turnover really low regarding the rest of the industry.

(F) Your questions actually inspired me something. In a lot of companies, people behave differently than in their real life. For instance, if they have to make a purchase for the company, they won't behave and think rationally as if the purchase was for themselves. In Human Resources, it is like that as well. You would never ask that kind of question if it was your colleague or friend in the real life. I think that a lot of companies do the mistake to act as a corporate rather than doing what is pragmatic and logical to do with people. If you start thinking that way, control and processes have really a little value. Current large multinational companies are probably much older than us and the way of managing people is older too as well. What we do at Odoo is that we set up the context (resources, culture, expectations), we don't control people. A lot of people focus on process, but it is more important to focus on the

context and what you set up for your employee so that they can thrive. A document that plays a critical role in our company culture is the Survival Guide for Odooers that we give to every employee. We also use a lot of communication because if you give people a lot of autonomy and responsibility but they need to have strong guidance and it has to be very clear where we have to go or it doesn't work. The understanding of expectation and the execution are more important than controlling the employees because it is not possible and plays against the efficiency of everyone.

Appendix 4 - Interview guide for Odoo's country managers

1. Could you briefly introduce yourself (home country, career path? seniority)
2. Could you give me a brief overview of the subsidiary? (Year of establishment, local strategy and objectives, number of employees, employee turnover, annual revenue)
3. What is your role in this company? What are your key responsibilities?
4. What is Odoo's local strategy or current action plan?
5. How do you ensure that your colleagues or teammates stay motivated and involved towards the achievement of the organizational goals?
6. How important is the company culture for Odoo?
7. How do you ensure that the culture is followed and implemented especially within a fast-growing environment like Odoo?
8. Do you use individual or team-based performance assessment and incentives?
9. How is the subsidiary structured in terms of decision-making authority?
10. Do you use any strategic planning or budgeting tools? If so, do you involve your colleagues or teammates in the planning and budgeting activities?
11. Have you had to adapt the design and implementation of Odoo's culture to the local situation? If so, what were the challenges you encountered?
12. Would you say that national culture has played a role? To what extent?
13. Would you say that national institutions have played a role? To what extent?
14. Would you say that national environment has played a role? To what extent?
15. How is the effectiveness of your local management control system assessed?
16. According to you, what local factors affect the performance control systems the most? Do these factors (or their importance) have evolved or are expected to evolve over time? If so, how? How will you deal with it?
17. According to you, is there a necessity for a multinational company to adapt the way of motivating its employees to perform the best depending on the local situation?

Appendix 5 - Interview 2: Michaël Vannerom (Team Leader)

This interview was conducted on the 22nd of July 2020 with Mr Michaël Vannerom,

Leader at Odoo Belgium.

(D) David Vigneul – interviewer

(M) Michaël Vannerom – interviewee

(D) Could you briefly introduce yourself?

(M) My name is Vannerom Michael, I work for Odoo for nine years now. I directly went to Odoo when I finished my school. Now I am tech leader for all the service part of Odoo and I am a Belgian

(D) What is your role at Odoo?

(M) My role is to handle all the service technical request from the customer in Odoo. I am a leader of 30 people which are directly implementing new features for customers. I am a leader; we do not have really middle management. In the service team there is two part: the functional and the technical part. I handle the technical part and in top of me, in term of the design of the hierarchy, there is directly Fabien, the CEO. Therefore, you can see that it is a flat organization structure.

(D) What is the particularity of a leader at Odoo?

(M) The particularity is that a leader at Odoo is someone with more experience than “regular” employees. I mostly handle and manage the service, so part of my job is to make the planning, check the availability of the people. But I still stay a developer and I continue to develop a little bit. It is different from other companies where you can see that when you are a manager, you stop to be on the development part, but you are only a manager. I have basically the organisational part that is added to the regular job.

(D) If you had to assess the time you spend on your managing activities compared to the time you spend as developer?

(M) Now we became more and more so the ratio still evolves. But at the moment, I work 80% on the organization and 20% to development. In addition I see me more as a coach than a team leader because as I said, we evolve really quickly and for the moment we have four new incomers and therefore I coach and train them as well at the moment.

(D) Could you give me a brief overview of the subsidiary?

(M) At Odoo, we have different localisation. We are based here in Belgium and we have a lot of different offices. But our biggest offices in services are Belgium and the US but it is all. In Hong Kong and Dubai, we only have one or two developers and we manage a lot from Belgium actually. In India neither, we do not have a big service department and we do a lot in Belgium at the moment. However, we do a lot of R&D and support in India and we have a lot of employees dedicated to that.

(D) Could you describe to local strategy at Odoo? Do you define the strategy locally or globally?

(M) Basically, everybody can do what they want. Fabien decide from Belgium the big guidelines to follow. Nevertheless, I know that in the US, we do not sale the same way than in Belgium because the market is not the same. However, we do not really plan. That is a particularity of Odoo. Everybody is free to do what they think it is the best for the company. Therefore, Fabien is not always behind me to tell what to do, I am free to do a lot of different things and take decision. I think that one of the most important things is that we try a lot to do a lot of different stuffs. It is important for us to try in every direction, but we do not have real guidelines. Obviously, the goal is to create valuable things, but we are really free to do what we want.

(D) According to you, how important is the company culture at Odoo?

(M) I think it is really important. We have a little book called the survival guide for odooers. And insight there is a quote: “work hard, play hard”. And I think it is a big point in the culture of Odoo. At the moment we try to bring out all the best from our employees and one of the ways to do that is to give them everything they need to flourish. Furthermore, we also have a salary configurator. An employee at Odoo just receive a gross salary and he can do what he wants. With that, you have a lot of flexibility in the choice of your compensation package (e.g. company car, phone, oil card, or only money). Fabien is also someone who do not like

old rules and try to be disruptive and not to follow the other companies. We try to innovate and find a lot of new different things to reinforce our culture such as the salary configurator.

(D) As a Leader at Odoo, how do you ensure that your colleagues or teammates stay motivated and involved towards the achievement of the organizational goals?

(M) I think that communication is one of the most important things. Even with this strange period that we are in with the homeworking and the COVID. I try to have a phone call everyday with the main parts of the team. We try to have one appraisal per year to be sure that everything is ok. We ask small question to be sure that from both the employee and Odoo side, everything is ok, and the expectation are reach. However, it is more a conversation than a a real evaluation and if everything is ok, there is no problem. I also think that with the flat structure, there is more communication, and everybody can come to me. Even if Fabien is the CEO of a multinational company, he is also very accessible and available for its employees.

(D) Regarding the appraisal that you made. Is it based or KPI or metrics?

(M) Fabien doesn't really like KPI like that and I think that he is right. The problem of the KPI is that sometimes you can have KPI that give you some wrong figure because it is difficult to evaluate someone with KPI. For instance, we could count the number of lines of code but some lines are more complex than other. We could talk in term of project, but some projects are more time consuming than other. For Fabien, the best KPI is to have a quick look of the work and if you are happy with someone, you directly see it. However, we use a 360° reviewing in which your colleagues assess and judge your performance. For me it is the best way to really judge someone because if I have to judge someone, but I never see his work, it is really a wrong thing in my opinion. It is better than the person working with you daily evaluate your work.

(D) Do you use individual or team-based performance assessment and incentives?

(M) Except for salespeople, no. For us, you are paid to do a job and it is normal to do your job. If you do it well, we have for everybody a curve and during the appraisal, we have an automatic salary increase every year depending on your work. If you have more experience, it is normal that we reevaluate your salary, but we don't use incentive, or gift if you finish a project or something like that.

(D) How is the subsidiary structured in terms of decision-making authority?

(M) Fabien is at the top, then there is a chief officer in every country and then the leader and directly the developer.

(D) Do you use planning and budgeting on a regular basis?

(M) No, it is not my role. My role is just to have developers for every project at every moment. The planning I do, is only the planning of the work we have inside our department.

(D) Do you involve your teammates or employee in this planning?

(M) Normally, I prefer to do it on my own because I have an overview that the others do not have. But if an employee has an issue with the planning, we can discuss and change. But first I decide on my own and after, I see if it is ok for the employees.

(D) How do you ensure that the culture is followed and implemented especially within a fast-growing environment like Odoo ?

(M) First, we try to give everybody the same mindset. At the moment it's complicated because we are confined at home, but normally we organize activities outside of the work such as BBQ and so on. I think that if everybody sees everybody, generally that improve the culture. Furthermore, during the appraisal, we try to fine-tune every person to this culture and to remember to everybody Odoo's values and culture. We know that everybody has their own character, but directly at the recruitment step, we try to recruit people with the right mindset. It is a good point to select people. For instance, the HR ask us a lot when we are not sure about a candidate: "Do you think that you can work with him". It is a good way to build a strong team with a strong culture. But we also have a special atmosphere. We are working in an old farm, in the country side of Belgium and the mindset we have at Odoo is linked to our environment, and we could not have that if we had a building in the centre of brussels. Our mindset is something contagious and to see if it works or not, we check during the appraisal if everything is ok.

(D) Have you had to adapt the design and implementation of Odoo's culture to the local situation? If so, what were the challenges you encountered?

(M) Every day is a challenge, even when you lead a team because you must find a solution for everybody, and it is not so easy. Especially in this fast-growing environment. Therefore, we have to ensure that everybody is at the right place at the right moment. However, at the moment, I don't encounter a problem with someone to follow the mindset. Because the

mindset is to be open-minded and we try to give everybody responsibilities. When you have responsibilities, you understand more easily the reason why the job is done like that or not.

(D) How is the effectiveness of your local management control system assessed?

(M) As I said, the performance appraisal is more a discussion, therefore in my case, I don't really do that.

(D) What are the external factors that could influence the most, the way in which you implement the culture of the company

(M) I think it is really depending on the personality of people. It is not so easy because some people are for example shy and one of the important points of our culture is that you have to ask question to the others. Therefore, we have to adapt to everybody's personality the culture. But the most important thing is that we can give the most valuable and secure position for everybody. So, if someone is shy, we don't force people to communicate and talk to everybody. We try to extravert this person, but we know that we are not going to fundamentally change his behaviour.

(D) According to you, is there a necessity for a multinational company to adapt the way of motivating its employees to perform the best depending on the local situation?

(M) As I said, it is not only the local situation, it is depending on all the person you have. You have to adapt every day, at every moment because every situation is different, and some people do not have the same approach for the same problem. The culture is also important because we have offices in US, India, China. I know that every part of the world has its own culture. For instance, in India, from the culture, they cannot say no, they will never tell you no. So, you know that you have to ask questions without "no" and that some answers are not real but just a "no". There is a necessity to adapt to the people but globally, it does not change a lot. Another thing to take into consideration is that all our offices around the world have been opened with a Belgian at first. I am currently training a developer which will go to Hong Kong next month so the person in HK will also be Belgian. Perhaps this leads to a lesser influence of the different culture. The only office without Belgian is the India office.

(D) Why do you train a Belgian instead of recruiting locally?

(M) Technically it not so easy to train someone from Belgium in HK because the problem is that we don't have any technical person in HK. Therefore, it is easier for us to train someone

in Belgium like that, he has all the person he needs to ask question. But if we try to directly have an HK developer, he will have to ask everything to Belgium and therefore due to the time difference, etc.. he should come in Belgium to be trained.

(D) Will this employee have a leader or a regular developer position

(M) He will start with a developer position because he will be alone at first. So, he will be a leader, but its own leader. Obviously, if we need more and more developer like it was the case in the US, they start to be 2 or 3 and then they continue to recruit. Normally, the first one becomes a team leader, but it depends. For instance, at Odoo, we have people that do not want managerial responsibilities. Therefore, if you become a leader, your salary does not especially increase. We have different career path and one is to become a leader and another one is to become an expert.

Appendix 6 - Interview 3: Fabrice Henrion (Continental Manager - Americas)

This interview was conducted on the 22nd of July 2020 with Mr Fabrice Henrion,

Americas Continental Manager at Odoo.

(D) David Vigneul – interviewer

(F) Fabrice Henrion – interviewee

(D) Could you briefly introduce yourself?

(F) I am Fabrice Henrion, I am originally from Belgium and I have lived in the US for more than 10 years. I studied Business Engineering at the LSM like you and I have worked at Odoo for over ten years and that is all I have done. I joined the company when they were only 90 people in Belgium. I started the American operation 10 years ago and we are today about 220 people.

(D) What is your current role and your keys responsibility in the US subsidiary.

(F) I am the general manager of the Americas. The territory I take care of is North, Central and South America and I am responsible for everything that happens on this territory. It is about sales, consulting, support, training, marketing, administration, accounting, HR, recruitment, business development, basically everything.

(D) What is your current strategy or action plan in America.

(F) I would say that Odoo does not have a local strategy because we are too small to have a local strategy. We are and we want to continue to be a true global player. We have customers in over 140 countries, 270 resellers and partners all over the world and our strategy so far have been global. For instance, if we build marketing campaign, we are going to build them and run them so that they can be utilized and run worldwide and not specific to one country. It scales more to have something reusable worldwide, even though it takes more time to design it.

(D) Therefore, you don't do local adaption for marketing or in the way you run the subsidiaries around the world?

(F) No, in terms of operation and size of team, we have the same teams for all the different market and offices. The way we sell and what we sell is the same. However, we have some specificities that are local, e.g pricing We have regional pricing, we are not going to sell the same in US or India. We also do regional adaptation in terms of languages. Our website and product are translated in several languages. Our different team also speaks several languages, for instance in south America, our team speaks Spanish. 70% of my staff is bilingual and speak both English and Spanish. However, it is not especially the same in Europe and in China. In America, we have the chance to be able to cover 90% of our market with these two languages so it is really important.

(D) Could explain me the global strategy of Odoo?

(F) The global strategy has to do with the vision. It starts with understanding the market opportunity that is ahead of us. The market opportunity is that SMEs do not have access to management software that help them grow. Because the players that exist in this environment are traditional players that are too expensive and too complicated for SMEs. Therefore, SMEs have relied on tools like Excel to manage their supply chain, inventory and sales. The market opportunity that we have ahead of us is the fact that 80% of the market is not well equipped in management software in general and in integrated suite of business application in particular. We have seen something lacking there and we created Odoo with SMEs in mind. The other aspect of the strategy is that in order to capture the SME segment, we had to do something that is inexpensive and has a very large scope (because SMEs are complicated and have a lot of need as well) and we had to work on volumes. Because we cannot do something very inexpensive with very few quantities. That is the reason why we had to be global and the reason the things we do has volume of customer in mind. We get worldwide thousands of new customers every month, to give you an idea of our growth. In addition to doing those things, an important thing is that we want to close the door behind us, in order to avoid other entrance and be the only one to take advantage of this market opportunity.

(D) Are you alone on the market at the moment?

(F) In terms of pricing, cause, number of customer and ease of use, we are. We look at those variables.

(D) On which indicator do you rely on to monitor these variables?

(F) We know our competition. We talk every day to our customers and our prospects so we are very well of what is existing and what doesn't on the market. We believe that in 10 years, there will be a consolidation in the market where only a few players will remain and have 90% of the market. And we want to be one of these players.

(D) How do you ensure that your colleagues or teammates stay motivated and involved towards the achievement of the organizational goals?

(F) People are our biggest assets and the way we keep them motivated is by proposing interesting work. We hire based on potential rather than on experience and we give a lot of responsibilities very quickly to people. We are talking about people that may have never had that kind of position before. The last part is that we give and expect a certain level of autonomy from everyone. We are training them and putting them in a situation where we expect from them a lot of autonomy. Basically, we use responsibility and autonomy to empower and motivate our employee towards the achievement of the organizational goals.

(D) How important is the company culture for you?

(F) It is very important. The way we create, maintain, and entertain our company culture is with our actions. Actions is not a statement but actions on a daily basis that instil and maintain a culture. For instance, making sure that people stay motivated, learn and evolve is an integral part of our culture. I often say that managing is repeating. The way we do this is by explaining the "Why" and why we do things constantly. That's how we ensure that the culture is followed, implemented and understood. And to bring people to autonomy, we communicate on the reason as much as on decision.

(D) Do you use individual or team-based performance assessment and incentives?

(F) We have individual more than team-base performance assessment and incentive. But yes, we use KPIs. However, things are quantitative and things that are qualitative and depending on the position, the objectives of an individual there will be different. For instance in sales, we use the revenue generated, the monthly recurring revenue as indicator of growth, the number of accounts, activity-based metrics such as calls, touches, prospects (basically everything you can find on a CRM). Everything you would find in a CRM software is utilise in order to assess the performance of the salesperson.

(D) Do you use similar quantitative or qualitative assessment for other position than sales?

(F) Yes, for instance recruiters have metrics in terms of number of candidates, resume, they are able to source. They are also responsible on spending the right amount on tools, platforms and initiatives to generates new resumes and candidates. Furthermore, their productivity is also assessed on the feedback of the people they serve (managers) to know if they are presenting appropriate candidate or not.

(D) Are the KPIs and metrics globalized or adapted regarding of the country?

(F) Some of them are, some of them are not. The big obvious metrics are but after that, there is a lot of autonomy that is given to the offices to manage their team and assess the performance and productivity of their respective teams. The big obvious ones are common and for the rest, subsidiary have the level autonomy in the assessment of the performance. In the US, the fixed part of the salary of the salespeople is smaller than in Europe and the variable part higher.

(D) Do you know why is that?

(F) Yes, for two main reasons. First, the cost is higher here in the US and therefore you must have a bigger variability between a good and a low performer to avoid spending too much money on the low performer. The second reason is that it is expected from the salespeople because it is what is done in the US market

(D) How is the subsidiary structured in terms of decision-making authority?

(F) The subsidiary has 100% authority on the decision. The reason for this is that only the subsidiary can fix its own mess. If I do something or if something happens in America and somebody has to fix it, it is going to be someone in the America. That's another example of the culture of our company which is that the person who will have to fix the problem if the decision leads to a problem is the person that made the decision. We also use the same process within our team. Another reason is that only subsidiary knows its own context and context matters when it comes to making decisions. Another aspect of our culture is that we prefer that people ask for forgiveness rather than permission to avoid long decision-making chain and to increase the speed (which is very important for us with quality).

(D) How is the subsidiary internally structured?

(F) We have leaders in all our teams, and they are responsible of their team and to collaborate with other leaders if something overlaps. And each of these teams has in itself different people that occupy different role (e.g. onboarding, recruitment, expert, etc..). The reason we do this is that we prefer the model of a spider web rather than a pyramid. The problem of a pyramid is that there is less possibility of evolution for the team members because you have to wait for a free managerial position. Furthermore, it doesn't scale as quickly as a spider web and whenever there is one element of the pyramid that disappear for whatever reason, the pyramid becomes fragile. Whereas if you have a spider web, you have several people who onboard, recruit, review, train, and it's much better because you can grow at much bigger size with the same structure. Furthermore, people delve into specialities that they might be particularly interested in.

(D) Do you use any strategic planning or budgeting tools? If so, do you involve your colleagues or teammates in the planning and budgeting activities?

(F) No, I don't, and I am the only responsible of the subsidiary in terms of expenses and profitability. The reason is that you can manage the financial health of a company for a very long time with just two very simple criteria. First having the right sense of value of things. It sounds silly to say that, but it is a little frightening that not a lot of people have anymore this value. Basically, the idea is to ask yourself constantly: it is worth spending X dollar on something? Is it worth the value? It doesn't matter if it is for 15\$ or 100k \$. The second element is very simply: how much cash do I make? How much cash do I spend per month? How much cash do I have on my bank account? With that, you can go very very far without having to use tools, budgets and planning.

For the second part, I don't involve anyone else, because it takes me 10 minutes a month to look at those data. The rest is not spending frivolously and developing a sense of the value of things

(D) Do you have some target or goals set by the headquarter?

(F) Yes. We define our objectives and targets around December every year with the C-suite (CFO, CEO) and in agreement with the board as well. I discuss and come to an agreement with the C-Suite and the board globally on what will be the objectives, targets and forecast for the year to come. Since I know my market, I am able to identify what is realistic, what is not,

based on the situation and we come to an agreement on those. And afterward I cascade these objectives through my leaders and my teams.

(D) Have you had to adapt the design and implementation of Odoo's culture to the local situation? If so, what were the challenges you encountered?

(F) The culture of the company is the culture of its founder and I am not its founder. So, I had to develop what I like to call "telepathic" skills to instil the culture on the other side of the planet. Because I was sent here alone at a time where the company was much smaller. So, I was not even in Belgium to witness the growth of the Belgian company and the evolution of its culture. So, I had to put myself in the brain of a founder in order to apply here, on my own, a culture that existed. I consider it even harder to create a company culture when it is not based on your own values and culture. So, it was an enormous challenge.

(D) Does the American culture has influenced the way you designed and implemented this culture?

(F) Yes. The reason why it was less of a challenge for me is because I knew the American culture before. Before I came here with Odoo, I was already in the US. I studied and worked in the US, so it was not my first experience with the American culture when I arrived. Therefore, I did not have a culture shock or anything like that because I was familiar with it first. So it was less of a challenge. So, did I have to adapt parts? not that much. Because I understood the underlying part of the culture and of course when you need to adjust something, you can. However, it is going be minor in the grand scheme of instilling the culture.

(D) Would you say that national institutions have played a role? To what extent?

(F) No. Whether its national institutions, federal government, local government, unions, or laws they did not influenced us. There is something I believe young entrepreneur do not realise, is that the smaller a company and the least knowledge it has on all of those aspects. Especially the law, the accounting principles and so on, the least it is the target for authorities to crap it on. It means that if you make 12k a year, you are a tiny drop in the ocean, and nobody is going to come after you. Because the tax authorities, if we talk about tax law for example, or any kind of authority is going to waste their time with you, because you are just too small. However, it is true when you are very small but it is also true as you get larger and larger. So my experience is: you will always have the chance and the time to learn what you

need to learn and to become compliant with what you need to become compliant, the day you will be beginner. At the beginning, you have other things to do than checking the law or the accounting. Your objective is not to go bankrupt. Do you want to be a complying bankrupt company or a company that is successful and growing even though anything is perfect? You have to choose your battle, and it is pretty obvious that the right battle is business before compliance. The thing is that people do not realize that the goal of a country or authority is not to overwhelm companies with compliance. They will give them a path. In fact, they go after big fishes who abuse, they do not go against the reasonable ones.

(D) Would you say that national environment has played a role? To what extent?

(F) Yes, so I will start with the national market first. One difference that we have in US, is that US SMEs have on average higher budgets than most countries. That's one thing that the national environment plays a role in how we operate here. Because the economy is different, but mostly because the access to capital is higher here. Any company that needs access to capital will have an easier time than in Belgium for example. Whether it is venture capital firms or whether it is regular loans at banks. Another case is that the US has one of the highest adoption rates of cloud applications for enterprises. In the rest of the world, we still have to convince more companies on adopting cloud applications for operating their business. Whereas it is more common in the US. And the reason behind that is that they have been used to do that for longer time. They have been exposed to that for a longer time because the majority of star companies are American. In terms of currency translation, it has never been a problem because we use Odoo at Odoo. And we manage everything in local currency and because each subsidiary is very independent. We manage all our banking operations, transactions, payment and so on and so forth, here from the US, so we only work in USD.

(D) How is the effectiveness of your local management control system assessed?

(F) I would say a generic answer, but true also for this point. We have been and still are growing very rapidly. And managing the growth has to be our expertise. When you grow by 60% per year for ten years, you do not have a choice. If you are capable to achieve this performance, you do not have the choice but to become a pretty big expert in managing the growth. What does managing the growth mean? It means managing the transformation. When you have a company of ten employees, it is not the same than when it is one hundred or one thousand people. Managing transformation requires to question yourself all the time to make sure that what you are doing is the right thing. Maybe it used to be the right thing to do but it

is not anymore because your company is not the same anymore. I think that it is not an issue for us to assess the system that assess the people because just like for everything else, we question ourselves all the time. I often say: you have to think with doubt but act with certainty. When you act you have to believe in what you do. But when you think, you always have to have doubts, because that is how you uncover secret recipes and the good ingredients to use for the transformation. What we do in a fast-growing company like us, is realizing that certain recipes and ingredients are the good ones at a certain time, and we know it will work to a certain extent. But it will have a limit and at some point, we realize that we see that limit because things do not work as well anymore. And we think about what the next recipe will be. It is going to be true across the board and it is going to be true as well for assessing people. So I would say, it is an enormous amount of questioning that allow us to know if we are doing the right thing or if we need think about the next step and consider that we need to transform in another company.

(D) According to you, what local factors affect the performance control systems the most? Do these factors (or their importance) have evolved or are expected to evolve over time? If so, how? How will you deal with it?

(F) There are not many. The most important things that we assess are either quantified and are true across the board because we are global because we work in many countries and are true in every subsidiary. So, there are not many local factors that will affect that. However, the potential of a market is not going to be the same everywhere. We talked about targets earlier, and there are not the same for everyone. And sometimes the reason is because two people are not working on the same market and do not expect to be assessed the same way for one market than for another one.

(D) According to you, is there a necessity for a multinational company to adapt the way of motivating its employees to perform the best depending on the local situation?

(F) No. I don't think that because 99% is similar all over the world. Everyone wants the same. An interesting job, enough autonomy but enough training as well. You will hear people that say that there are micromanaged and in the same company other people saying that they are left alone without guidance. The reason is that the human nature is such that there are all kind of people in the world. Even if you are managed by the same person, you might not see the two sides of the spectrum. But people want an interesting job, enough autonomy but enough training, be part of something bigger than themselves and feel that. They want to learn and

evolve and contribute to the creation of value. They also want to be compensated fairly and be recognized for the job they have done. All of those things are true worldwide. Any employee in any company wants those things. So, there might be one person that is different but 99% is similar all over the world. So that is why I think that there is no necessity to adapt the way of motivating people. However, you can find different ways of getting to that goal, but the goal stays the same. I would also say that good management is extremely replicable. Not only across countries but also across industries.

Appendix 7 - Interview 4: Mantavya Gajjar (Country manager)

This interview was conducted on the 24th of July 2020 with Mr Mantavya Gajjar,

India Country Manager at Odoo.

(D) David Vigneul – interviewer

(M) Mantavya Gajjar – interviewee

(D) Could you briefly introduce yourself?

(M) I am Mantavya Gajjar, I am the director of Odoo India. We started this company in 2007 with 3 employees and 10 interns. Actually, it was built just after the completion of my post-graduation in computer science. After that I worked as freelancer for TinyERP (former Odoo). I used to work with a channel partner and then we started the branch of Odoo in India. We started interesting project such as the Web Client for TinyERP. After that Fabien got interest for that project and finally, we have built the legal company in India. Since then, I am directly working with Fabien on this project.

(D) Why have you been chosen as India Director?

(M) Because one of the companies I worked for, was a French-based company in which I was already the director. I was working on a R&D project for Odoo, and Fabien didn't interview me, or anything, he just goes few details from this company. And he kept me as director.

(D) How many employees are you managing?

(M) Currently 130 in India. At the beginning we were doing 100% R&D but then we came with local ideas and focus, and therefore we developed the business in India. Currently R&D is 60% and 40% Sales, consulting, and other administrative activities

(D) What is your role in this company? What are your key responsibilities?

(M) I started as Fabien, as a developer, especially focused on R&D. But with the time I realized that there are a lot of things that I should do. It is a good thing for me that I had the

chance to learn a lot with Fabien. I spend my day with development team, to identify where they are stuck and how we can solve this problem. Beside that, I also get a good control on the software and features. Because we need to have a strong team to go to market and understand the business aspect of the software to answer the needs of our customers and partners. I also spend sometimes working with the consultants to help them give out-of-the box software to end-user into the local market. The last thing I handle is the HR Activities but not a lot anymore. At the beginning I made a lot, but today we have team who take care of it. However, for certain issues or things, I work closely with them. I also oversee sales and marketing team. Basically, I handle all the activities.

(D) What is Odoo's local strategy or current action plan?

(M) There are two major things. First R&D, and testing. India and Belgium teams are working closely together to develop and test the software. Beside that we also focus on the local sales. How to increase the local sales, get new leads, marketing activities. For the local sales we have now a good team of around 12 people that are working exclusively on sales. We apply two different methodologies: direct and indirect. In the direct approach, we directly pitch the end-customer and small companies. The indirect approach is to work closely with distributors to get the bigger clients

(D) Do you adapt your activities to the local situation, or you stay global?

(M) You need to be both global and local. In terms of content and presentation you need to stay global but adapt to local particularities. For instance, if I want to compete with a local accounting software, I have to be localized. We need to follow a global presentation with a localized adaptation. We also need to work on which medium is adapted to the Indian market. For instance, in India, Facebook and LinkedIn are very popular platform. But if you want to have real opportunity, you have to use LinkedIn and not Facebook. Because Facebook is used by everyone in India either they are doing business or not. If you go to Facebook, you get lot of leads, but they are not real opportunities.

(D) How do you ensure that your colleagues or teammates stay motivated and involved towards the achievement of the organizational goals?

(M) Usually, we follow the same strategy than global. When we hire someone, we don't define their career path upfront. But in India, what we are doing is that we put two years upfront plan for everyone. And then, we allow them to choose their career path by

themselves. But in the first two years, we want them to learn the product. In product company, if you want to survive for long term, you have to master the product. Usually after two years, we allow them to switch from department. For instance, developer, at the beginning we recruit a lot of developers 5 years back. But some developers see them as product specialists (consultant), there we gain a lot of advantages because they are the hardcore technical guy, but they also understand the business. Therefore, if those guys are in front of customers, they can crack any deal. Because they know the product perfectly.

(D) Is it a particularity of Odoo India to impose this two-year career path?

(M) Everywhere is the same, we use the same methodology. We consider that the career path is not fixed, and you can switch between any department. However, in India, we impose the employee to stick to one department. We consider everyone who comes to us as a freshman, even though they might have experience. We want them to integrate the culture and stick with us in the long-term. In other country, like Belgium, it is possible that people can switch after one year but in India, we do not do that.

(D) How important is the company culture for Odoo?

(M) It matters a lot. Individuals employees create the culture actually. If you allow them to do whatever they want and invest in them in term of learning during the first years, they become capable enough to take decision and suggest good things for the product and the company. We rely on them to get feedbacks and so on. We do not follow the number of experiences to promote someone. If a person is autonomous and can think from different point of view it is great. For instance, in sales, usually sale guy wants to close the deal. But if you create exception for one or two sales opportunity, it can cost a lot for long term for the company. If an employee is able to understand those kinds of aspect, we are not hesitating to ask them to lead the team and always come with suggestion or feedback. We value those kinds of employees and this create the culture. Everyone becomes open and it creates an open culture.

(D) How do you ensure that the culture is followed and implemented especially within a fast-growing environment like Odoo?

(M) Usually, it is not on paper, but you have to do it by yourself. The way you interact with people, they will interact with you on the same way. For instance, if a new guy join, you need

to work with them even if you are on top lever, you need to work with them to motivate them to transfer the culture we have into them. If you start listening to them, they really feel that even the top management are listening to them and they become on that direction. We don't have hierarchy like traditional company; therefore, it is easy to suppress the gap between top management and employees. Usually we recruit people from school through internship program. In the beginning, I used to visit a lot of school and colleges to deliver workshop lectures to motivate and explain them the benefit of working at Odoo. Now the scenario is different, and people enjoy working here. You need to closely work with employee, to help them solve the problem and keep an open mind without any shyness. So that they do not hesitate to come with any suggestion, feedback or anything they are thinking. It is how you understand the capabilities of individuals and leverage them.

(D) Do you use individual or team-based performance assessment and incentives?

(M) It is always individual. We monitor the team performance, but we do individual assessment. If you monitor a team in India, the really smart guys can compensate for the bad ones in team. Therefore, it is complicate to realize that you have a bad performer that bring down the performance of the team. So, the first thing we do is to identify the capabilities of our new employees and we help them to achieve their goals.

(D) You talked about monitoring team and individuals; how do you monitor them?

(M) If we take Sales team, it is easy to monitor in terms of monthly target for instance. However, in R&D, there are different subset of teams which are working on dedicated projects so you can monitor them through a project management system who is performing out. How fast they are doing, which features they are working on, and we can also see who is working on what right now.

When we do individual review, and performance review, we assign goals to our employees. But in term of project, we follow the demand coming from the market and the value of the features. For product development we do not do planning in advance, but for employee we set goals such as learning a new technology, improve their skills, product skills, and so on.

(D) Do you make them pass some test to assess the obtention of these skills?

(M) When we say goal, it is not related to a certification. For instance, a guy working on the back-end part, they do not know about frond-end or anything. It is really difficult to grow

yourself as a developer and stick to a single technology. You need to understand everything to evolve as a developer. So, what we say is: Ok, you are doing good in back-end but for your long-term goal, it could be good for you to learn the front-end part in the next year to stay up-to-date. That way, we assign them goal and challenges that are easy to monitor.

(D) How is the subsidiary structured in terms of decision-making authority?

(M) It is global and local. Let us say that all local operations (sales, marketing, forecasting, etc..) are under the local authority. We do not need to discuss with Fabien for investment or decision, except for long-term expense (e.g. change of Office). But for all the rest, we decide by ourselves. Within the subsidiary, we adopt a flat hierarchy. For every team, we have a leader who help the team members to evolve. It is not especially a manager, but rather a person that understand the global scenario and can instil the culture to the other. For instance, a sale person that are good in storytelling, or master the closing of deal or key triggers, he can transfer is knowledge to them team and replicate the good practices. I work with Leader as well, because sometimes they may need my help and they know they can always come to me.

(D) Do you use any strategic planning or budgeting tools? If so, do you involve your colleagues or teammates in the planning and budgeting activities?

(M) For now, we don't have a huge budget planning or something like that. We are still too small, to do that and we mainly work in R&D so there is not really a need for that. But we plan to grow in the future, and we may need such tools.

(D) Have you had to adapt the design and implementation of Odoo's culture to the local situation? If so, what were the challenges you encountered?

(M) No, I didn't find any challenge. Fabien is a really good leader and he creates leaders as well. Whenever I have a problem, I came to him and he explained me what I should do but always told me to consider to local culture. Indeed, there is a huge difference between Europe and India. In India, usually, a private limited company try to "buy" the employees. By this I mean, that they try to create a bond with the employee through a legal contract. In this contract, they say that the employee cannot leave the company before 3 or 4 years. But the good thing is that I did not enter into that, because I was not like a manager or director. I was a developer. And I did not know how it worked at that time. It has been a good thing for us, because maybe if I had been an experience manager at that time, I would have implemented this kind of bindings or local habits in India. But since I didn't know that Indian company

work like that, it really helped us to bring the culture that we had in Europe to India. However, I sometimes receive complaints from leaders that required binding because after that we invest for two years in our employees, they leave us. However, for me it is good to have done things that way. Not doing local practice, help us to attract new talents since they are impressed and like to come to work at Odoo in that kind of culture. It is really rare, disruptive and different in India to not have hierarchy, managerial control and direction, micro control, etc... For instance, even in a ten employee companies, you have a time control. On the door at the entrance, you have to check in and check out every day. Here, even though we are 130 employees, we do not use that kind of control and that really impress Indian people. We give clear direction and understanding of the culture and we actually bring them into the culture by working closely with our employees.

(D) Would you say that national institutions have played a role? To what extent?

(M) No, we just follow the guidelines since the beginning. Even if India is promoting foreign investment, it has not been a challenge for us.

(D) Would you say that national environment has played a role? To what extent?

(M) Actually, it is a positive point for India. You see that across the world, there are a lot of IT guys and most of them come from India. Find a technical guy is not a problem. In fact, we create a good dynamic. In India when I started, I was developer. I taught a lot of guys technical stuff, and they did a lot of things for Odoo. In the region where I am, Gujarat, there are not a lot of business minded people. 60% people want to do the business. It is a good and a bad situation. In the beginning, the product was not popular, but as soon as he became popular there was a huge demand for labour force. The distributor and partner network in US and Europe always try to find competitive developers across the world. Since we already have a presence in India since 2006 and we produce a lot of developer, the challenge started. Employees start leaving us to start their own companies. At Odoo, 300 employees left, and so 300 companies created. However, I know that in order to survive in the product, you need to understand it, and not only the technical aspect. Developers who transform themselves in business guys, they survived, the others do not.

(D) So, you have a high employee turnover?

(M) Not today but there was a time where we had some issues. Nowadays, people understand the advantage of having a stable job without close management. They realize that at Odoo,

they can grow easily and have a long-term stability and we are not facing this challenge anymore.

(D) According to you, what local factors affect the performance control systems the most? Do these factors (or their importance) have evolved or are expected to evolve over time? If so, how? How will you deal with it?

(M) Of course, you need to adapt the local methodologies too, whether it is sales, consulting, or marketing. People are aware that they work on a global platform and team but on a daily basis they operate on a local market. But when we talk about monetary or non-monetary benefit, they usually compare with local workforce and not with Belgium or US. Of course, you need to adapt this part to make them fit the competitive labour market. However, our career evolution plan is way better than what the other companies offer on the market. Locally, people do not invest a lot in employees. We keep the good things in our global methodologies, but we don't want to destroy the local consideration. In the end, we compete on the local market.

(D) How is the effectiveness of your local management control system assessed?

(M) It is a continuous assessment, not one time a year. We have a good and transparent system for every employee. Whether they are in sales, consulting, or R&D. We do not use KPI or metric based system, but we look at what people are doing, how they are doing, how they are evolving. For this we connect every developer to two different people. The first one is a "technical guru", that guide them technically and one other is a functional consultant which guide them in term of product. To be able to work in R&D at Odoo, you need to understand the product itself and not only technicalities. Thanks to this twofold assessment, we can know how fast the employee understand the product and how fast he understands the technology.

(D) According to you, is there a necessity for a multinational company to adapt the way of motivating its employees to perform the best depending on the local situation?

(M) Of course, yes. Because by working in a multinational company you are connected to different nations and the goal of everyone is the same. For the sales guy, it goal is to do the sales, and this is a constant across countries. However, where he has to sale is the local market. Therefore, he has to understand and work in the local market and thus you have to

adapt a few things to the local market. A company should be global but slightly adapt its practices to the local situation.

