The site of the merger: the mobilisation of accounting in the preparation of a merger[*]

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ABSTRACT

This paper draws on practice theory (Ahrens & Chapman, ACC, ORG & SOC., Vol. 32, No. 1/2, 2007) to explain the ways in which management controls were mobilised in a merger between two local banks in the Netherlands. The paper also draws on Schatzki's (ORG. STUDIES, Vol. 26, No. 3, 2005) notion of sites to argue that the practices and associated controls were tied to highly specific contexts. When the merger was completed, the so-called site of the merger, in which all preparations were performed, was dissolved. As a consequence, many controls which were mobilised during these preparations, had become unavailable. As a consequence, the post-merger bank was unable to control the newly prepared procedures of the new bank.

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Introduction

'I have no idea why this happened. This was a textbook merger. I have supervised many mergers in my day, and this really was a showcase merger. We have worked for almost a year with a great deal of dedication, and to see this result, it is painful.'

The former project leader of the merger between Rabobank Groningen e.o. and Rabobank Midden-Groningen expresses disappointment. These two banks, located in the north of the Netherlands, had been in a merger process that started in 2005, when the board of the Midden-Groningen bank announced that they potentially would be willing to enter into a merger. The following process of high-level negotiations took almost 2 years. In early 2007, the banks signed a statement of intent to merge. What followed was an intense period of preparation which led to both the formal legal and administrative mergers. This process of preparation of the merger at both banks was initially deemed very successful. Many people involved were pleased with this process as many new procedures, plans and manuals had been drawn up. The various committees, workgroups and governing bodies working towards the preparation for the formal merger date worked in a strict control structure of formal accountability and approval. Then, in September 2008, the departments were moved to their new locations and employees were supposed to work with the new procedures, which they helped to devise. At that point the formal control structure of the 'merger organisation' was dissolved and all new plans and processes were handed over to the line managers of the newly formed departments. However, a year after the formal merger, the new merger bank experienced various problems related to the integration of the former member banks. It was unable to obtain a legally stipulated 'in control statement' from its controllers and it seemed that many employees had reverted back to working in the ways they were used to before the merger. These problems were associated to the ways in which accounting controls were mobilised during the preparation of the merger and the ways in which they were 'un-mobilised' when the merger was a fact.

The literature on the control of mergers during the pre-merger processes of integration is scant. The notion of merger control is well known, but it refers to the ways in which the various legislative bodies approve or disapprove planned mergers (see e.g. Doleys, 2009; Duso et al., 2007). Alternatively, the accounting community also has shown particular interest in mergers as part of a wider inquiry into the control implications of changes in governance structures such as joint ventures and various forms of lateral cooperation (e.g. Van der Meer-Kooistra & Scapens, 2008; Pesqueux, 2005). These studies focused primarily on the ways in which the accounting system contributed to maintaining particular governance structures and the consequences for the control system of changes in these governance structures. Also, many accounting studies have discusses the implications of mergers for the valuation of the new entities. Yet, the process of integration of the merger partners, and the ways in which accounting and control are implicated in this process has not been studied extensively. A few exceptions are Jones (1992, 1985a, 1985b) and Granlund (2003). These authors have focused on the development of the management accounting system after the completion of a merger. In a similar sense, Busco et al. (2006) discuss the role of accounting in a corporate take-over. These studies emphasise the timeframe preceding the merger and they focus on the implications of the merger for the accounting system. They focused particularly on the events that arose after the formal integration. However, the ways in which accounting was mobilised in the process of integration, which is a process of preparation leading up to the formal merger, has received no scholarly attention in recent years.

This paper aims to fill this gap. It discusses how accounting controls were mobilised in the merger process and how they were implicated in the creation of new processes and procedures. Drawing on Ahrens and Chapman's (2007a, 2007b) application of practice theory and Schatzki's (2005) notion of a 'site', I argue that the tightly controlled process of the merger preparation constituted a temporary and clearly delineated context of which many practices were inherent parts. As this context was formally dissolved immediately after the official date of the merger, so were many of its associated practices. The formal dissolution of the merger as a specific context thus illustrates how accounting controls were mobilised and de-mobilised in specific practices.

The next section will discuss the theoretical background of the paper. It will first discuss the theoretical relation between accounting and mergers. Then it will discuss how accounting and control can be mobilised in practices, and it will explore practice theory. The third section will then discuss the methodology of the study, which this paper reports on. The subsequent section introduces the organisation where the case study was conducted: the Dutch Rabobank. The fifth section will then explore the events preceding the official merger date and the events after this date. The sixth section will then discuss the implications of the findings of the case study. The last section will conclude this paper.

Theoretical background

Accounting and mergers

The literature on management accounting and mergers or acquisitions is rather limited (Granlund, 2003; Jones, 1985b). However, it is possible to separate the studies outlining the relation between accounting and mergers and acquisitions into three main streams. Firstly, several studies have explored the implications of mergers and acquisitions for the valuation of the newly formed organisation. This stream is particularly concerned with the effects of accounting regulations for mergers and acquisitions. For example, Martínez-Jerez (2008) discusses the responses of capital markets to particular accounting treatments of new business combinations. In a similar vein, Aisbitt (2003) reports on the differences in the ways that companies disclose information pre-merger and subsequently post-merger. This stream of literature discusses in particular the phenomenon of mergers and acquisitions in relation to financial accounting regulations and demands of capital markets (see also Davis, 1990 and Hopkins et al., 2000).

Secondly, a stream of literature has explored the process and implications of mergers of accounting firms. This literature has isolated the accounting industry as an industry of particular interest and explored the conditions and processes of consolidation in the accounting field. For example, Ashkanasy & Holmes (1995) describe the process of the merger between two accounting firms, which resulted in a 4-phase model of mergers in accounting firms. Empson (2004) discusses how the acquisition of accounting firms changed organisational identity through changing conceptualisations of professional identity. The findings of these types of studies may not be unique to accounting firms. They could be applied to other industries. By contrast, various other studies focusing on the accounting industry take a more macro approach to mergers and takeovers, and as a result, the applicability of these studies outside of the accounting domain may be more problematic. For instance, several papers discuss the consequences of mergers of accounting firms for the markets of accounting and auditing (e.g. Baskerville & Hay, 2006; Owen, 2003; Choi & Zéghal, 1999). A further example of a paper particularly geared towards the accounting industry is Willmott's (1986) study in which he examined the history and the development of the various professional bodies of accountancy. His paper discusses the organisation of the accounting profession, which involved various mergers and forms of cooperation between professional bodies. As such, the papers in this stream have in common that they discuss mergers and acquisitions within the accounting and audit professions, which may have industry-specific consequences.

Thirdly, various researchers have discussed the role of management accounting during and after mergers and acquisitions. Espeland & Hirsch (1990) discuss how corporate mergers have changed the nature of the corporation in favour of an emphasis on financial accountability (see also: Roberts, 1990 and Hopper & Armstrong, 1991). Corporate mergers and acquisitions have also served as the context for several studies of the role of management accounting in organisational changes. For example, Busco et al. (2006) discuss the role of the management accounting system during an episode of massive unrest in an organisation which was taken over by an American conglomerate. Moilanen (2008) explores how accounting is used in the relation between a parent company and one of its subsidiaries (see also Hyvönen et al , 2008). Jones (1985b) studied the management control relationships during the initial two post-merger years of the UK organisations he studied. He found that there was increasing resistance to change as the difficulties of technical integration increased. Jones concluded that in various occasions, the integration of the management accounting system was resisted and delayed. In a paper with a similar topic, Granlund (2003) explored the process of the integration of the management accounting system between two companies which had just merged. Similar to Jones (1985b), Granlund focused particularly on the post-merger period.

One of the overarching themes of this third stream in the accounting literature on mergers is a focus on the accounting and control system as an outcome of the merger; i.e. the process of integration of the legacy accounting and control systems as an outcome of the merger. Another commonality is the emphasis on accounting and control in the context of the merger. These studies have isolated accounting as a somewhat discrete entity set in the context of a merger. This is problematic as Ahrens & Chapman note: ‘accounting cannot be understood simply with reference to its supposed functional properties because it is implicated in shaping its own context’ (2007a, p.2). As such, accounting shapes a merger as much as it is shaped by the merger. However, there have been no studies performed into the role of accounting in the pre-merger shaping of the new organisation. This is a relevant topic because the current literature's emphasis on the post-merger timeframe has prevented a clear understanding of the process through which the prospective new organisation is created. This process which includes the creation of new formal rules, new working procedures and a new division of organisational functions and roles, is often prepared preceding the actual moment of the formal merger. As such, the control of these activities and the resulting organisational practices are an instance of what Ahrens & Chapman (2007a) call 'the situated functionality of accounting'. To understand the role of accounting in the preparation of the new procedure and rules for the newly merged organisation, I draw on practice theory and a 'site ontology'

A site ontology

For years, the accounting research community is engaged in a debate on the nature of change. This debate is explained by Munro (1990), quoted by Quattrone & Hopper (2001): 'On the one hand, [...] there are those who lionize a 'people' view of power ...called methodological individualism, individuals change the world. On the other hand are those who profess and 'institutional' view. Here a motley crew of social structures, including class, genders, capital, the professions and even democracy, *reduce* the discretion of persons; and conspire to keep the world the same (1999, p. 430; emphasis in original). In a similar vein, Schatzki (2005) argues that social ontology is divided in two camps: individualists and societists. Individual ontologists argue that social phenomena are constructed by or constructions of individual people and their relations. By contrast, ontological societists maintain that social phenomena cannot be reduced to sets of features of the individuals involved. In accounting, this debate has taken various forms, one of which is a discussion about the avoidance of conflation. The problem of conflation is the reduction of social structure into individual actions (Englund & Gerdin, 2008). Ontological societists argue that conflation is problematic as social structure is more than simply a collection of individual actions. As a result, social structure such as institutions cannot be defined in terms of their constituent actions (Johansson & Siverbo, 2009; Englund & Gerdin, 2008). Societist ontologies have employed various additional concepts and ideas to give form to social structure, but the problem of conflation remained for some of these concepts (e.g. the notion of institutions). These additional concepts include abstract structures (Bhaskar, 1979), discourses (Foucault, 1976) and social systems (Luhmann, 1984). In accounting, Actor Network Theory or ANT (Latour, 1999, 1996; Quattrone & Hopper, 2005) is an important example of a societist ontology, which has generally succeeded in avoiding the problem of conflation. ANT has been used to explore the generative paths of processes such as budgeting in national health care systems (Bloomfield et al., 1992; Preston et al., 1992) and the inroduction of ERP systems in organisations (Quattrone & Hopper, 2005; Dechow & Mouritsen, 2005). Although ANT has made much progress in our understanding of the ways in which accounting is implicated in organisational processes, it is particularly concerned with the delineation of the networks which allow the researcher to trace action, rather than being a theory of organisational action itself (Ahrens & Chapman, 2007a).

Apart from the two ontologies discussed above, a third ontology has been coined by Schatzki (2005). He refers to this ontology as a 'site ontology'. Site ontologies maintain that social action is inherently tied to the context in which it transpires. Schatzki loosely defines context as: 'an arena or set of phenomena that surrounds or immerses something and enjoys powers of determination with respect to it' (2005, p.468). As such, a site ontology implies that social phenomena are intrinsically tied to particular contexts, and that they need to be studied as such. A site is special type of context. Schatzki argues that sites are broader arenas or broader sets of phenomena as part of which something exists or occurs. Sites are those contexts which constitute and are constituted by the contextualised entities. Schatzki argues that sites are composed of nexuses of practices and material arrangements. In turn, practices can constitute the sites of individual activities. In this sense, practices are 'organised, open-ended spatial-temporal manifolds of actions (Schatzki, 2005, p. 471). Schatzki uses grading practices as an example. The act of recording particular grades is a moment of a grading practice. This act transpires as part of the grading practice and it simultaneously makes up this practice. The grading practice is thus the site of this moment of grading. Sites are not spatial entities, since they do not commonly constitute space (or time for that matter). Rather, sites are organised contexts, which are composed of practices and material arrangements.

One of the most popular notions of practice stems from the work of Bourdieu (Baxter & Chua, 2008), who argues that skilful actors are able to enact practices which allow them to achieve practical accomplishments. The practical knowledge which forms the basis of many of these practices is therefore of particular interest for researchers. Bourdieu (1977, 1997, 1998) argued that practical knowledge has a particular ‘logic’, which develops out of the situations in which the practices are enacted. This logic is a logic of convenience, rather than a logic of calculable behaviour, which is subjected to a so-called ‘economy of logic’ (Bourdieu, 1977, p. 110). This ‘economy of logic’ prescribes that no more logic is mobilised than required by the needs of practice. This means that actors will use highly localised and contextual logics to allow them to devlop and enact practices. As such, logics are invariably tied to the practices they sustain. Over time though, these logics are not explicitly invoked for all activities in the practice. In fact, the logics become embedded in the practices and become indistinguishable from them. Bourdieu refers to this phenomenon as habitus. Habitus constitutes systems of durable, transposable dispositions, which provide plausible actions for well known situations. In a sense, they provide repertoires (Baxter & Chua, 2008) which allow individuals to undertake intelligible actions which correspond to other actions in the practice. These repertoires allow us to enact practices in a predictable manner. As such, habitus contributes to the stability of organisational life. Baxter and Chua provide an example of habitus: ‘as management accountants we have a habitus which predisposes us to engage in the calculation of costs or the provision of financial support and advice in a certain kind of way’ (2008, p. 214). Habitus is the product of the recurrent enactment of practice. As the logic of practice becomes ‘internalised as second nature’ (Baxter & Chua, 2008, p. 214), it tends to become taken-for-granted over the life of the practice.

Practices organise the actions of which they are composed through three phenomena: understandings of how to do things, rules, and teleoaffective structure. Understandings include knowledge, conscious and tacit, about how to perform activities and how to achieve certain ends. Rules are formal instructions or prescriptions, and a teleoaffective structure is an array of ends, projects, uses, and emotions which are acceptable or prescribed for participants in the practice (Schatzki, 2005, pp. 471-472). In a later work, Schatzki explains teleoaffective structures in more detail: ‘a teleoaffective structure is in fact a collection of possible orders of life conditions’ (2008, p. 101). A teleoaffective structure is thus a collection of hierarchies of ends, projects etc. which allow some actions to be more likely to be selected than others. In fact, the organisation of practices through rules, understandings and teleoaffective structures is normative. ‘Normative’ in this sense means that there is a recognition that actions in the practice are appropriate and acceptable. The organisation of a practice thus does not only depend on formal rules and existing understandings, but also on whether the actions are deemed acceptable and appropriate. The thrust of Schatzki's argument is the following: social life is inherently tied to particular types of context, so-called sites. These sites are constituted by their own contextualised entities. These entities are practices and material arrangements. In this vein, organisations can be regarded as sites for many social phenomena, which are specific contexts made up of particular practices and material arrangements. A site thus exists by virtue of its constituent parts. Practices are organised through rules, understandings and teleoaffective structures, which make some actions in a practice more likely than others. As Schatzki notes: ‘evidence of a practice’s organization is thus found in the presence and absence of corrective, remonstrative, and punishing behaviours and in the verbal and nonverbal injunctions, encouragements, and instructions whereby neophytes are brought into line’ (2008, p. 101). The nature of a practice’s organisation as described by Schatzki reminds us of the essence of management control. As its organisation is an intrinsic and inseparable element of practice, it follows that management control does not only constitute its own practices per se, but also that it runs through and is an integral part of many practices in organisations, which we would not –a priori- associate with management control.

A site ontology, practices and management control

The notion of a site ontology has been introduced in accounting research by Ahrens & Chapman (2007a, b). They argue that the management control system is a bundle of management control practices and material arrangements. These practices and material arrangements are located throughout the organisation in offices, factories and workshops. Rather than viewing accounting as a discrete technical activity, Ahrens and Chapman (2007a, b) view the accounting system as so-called skilful practical activity, which ‘represents an aspect of social order because of and notwithstanding its fluidity’ (2007a, p.9). Drawing on Schatzki (2005), Ahrens & Chapman (2007a) argue that skilful practical activity is organised by understandings of how to do things, rules and a teleoaffective structure. As such, their particular flavour of practice theory emphasises that individual and organisational intent are mutually constitutive through the skilful practical activities and material arrangements that make up practices. These practices are thus essential building blocks for exploring how management accounting is implicated in organisational life. More specifically, the organisation of these practices, through rules, understandings and teleoaffective structures is how accounting is mobilised in many different practical activities. These activities include the design of menu’s in a restaurant (Ahrens & Chapman, 2007a), strategy making (Ahrens & Chapman, 2005), the integration of management and control through the use of ERP systems (Dechow & Mouritsen, 2005) and the activities of a Chief Financial Officer (Baxter & Chua, 2008).

As a consequence, apart from viewing accounting as a practice in its own right, it is also implicated in other organisational practices through its organising capabilities. Indeed, many instances of social life exist in their current form through the presence of accounting (Burchell et al., 1985). This feature of practice theory thus appeals directly to the earlier call to make accounting ‘more practical’ (Miller & O’Leary, 1990). To this end, Baxter & Chua (2008) have explored the benefits of practice theory in the field of accounting. Following Schatzki, they argued that the social is being accomplished in social ‘spaces’, each with their own operating principles. Ahrens & Chapman (2007a) refer to these ‘spaces’ as fields of practices, in which different practices are tied together. These fields of practices entail interwoven practices centrally organised around shared practical understandings. Alternatively, Baxter & Chua employ Schatzki's notion of a site to indicate that practices are tied to a context. However, both authors share the idea that (accounting) practices are localised practices which are tied to highly specific contexts. In these contexts, or sites, actors enact practices which are organised by rules, understandings and teleoaffective structures. These rules, understandings and teleoaffective structures do not need to be consciously present; they can constitute tacit knowledge about the initial conditions of the practices. As such, they embody the logic of practice (Bourdieu, 1977). Following Ahrens & Chapman (2007a, b), I argue that the rules, understandings and teleoaffective structures which organise a practice in fact constitute the management control of practical activities. For example, in Ahrens & Chapman's (2007a) paper about the menu design practice, they argued that control was implicated in the performance of, sometimes mundane, day-to-day tasks.

In this paper, I will draw upon practice theory, but I will place more emphasis on the role of the site. In fact, based on the case study performed in one of the Netherlands' main banks, I argue that within an organisation multiple sites can exist which are each made up of interconnected practices. In line with Ahrens & Chapman (2007a, b), these sites can be the result from intentional actions, which means that they can also be dissolved. I argue that this dissolution led to the elimination of associated practices. Before turning to the case study, I will first explain the methodological choices made for this study.

Methodology

This paper reports on a study which was conducted at two autonomous local branches of the Rabobank. Although this study followed directly on a different one at the Rabobank, the starting date for this particular study can be set on December 2005. On this day, the General Director of the Rabobank Groningen e.o. announced that another Rabobank, Rabobank Midden-Groningen, had expressed interest in exploring whether the two banks could come to some form of collaboration and possibly a merger. However, no further news emerged until April 12, 2007, when the researcher had the first discussion with the new General Director[1] about the possible future merger of the bank. The study into the nature of this merger consisted of 31 meetings in total with key people. The researcher conducted 24 interviews with all key people involved in the merger process, including both General Directors of the partner banks, the financial controllers of both banks and several members working on the integration of the processes and creation of new process for the newly merged bank. However, interviews can be inappropriate as sole means to gather data. This holds especially for a study which draws on practice theory. As Ahrens & Chapman argue: 'compared to the actor's unspoken mastery of certain situations, explicit decision rules seem unwieldy and, very often, unrealistic' (2007a, p. 9). They also state that 'key to understanding cognition *in practice* is that it is distributed over the environment of the actors and that elements of it take place outside their heads, through the meaningful interaction between, for example, charts, images, gestures, or [...] management control systems' (2007a, p. 10). Therefore, the researcher also attended 9 so-called workgroup meetings. As I will explain further in a later section, these workgroups were tasked with the preparation of harmonising day-to-day procedures and

[1] After the initial announcement, the General Director moved to China to lead a joint-venture of the Rabobank and a Chinese bank.

integrating the practices that were in use by both partner banks. Indeed, many interviews were conducted with the participants of these workgroups in order to enhance the researcher’s understanding of the activities and events.

Two particular workgroups were singled out. The first workgroup was the workgroup entitled: 'Control/Credit Risk Management'. This workgroup consisted of Financial controllers, Risk controllers and Business controllers of both banks. The second workgroup was the workgroup 'Facilities management'. This workgroup included various employees from Facilities departments of the two banks, which included services such as mail services, security services, IT services and cleaning services. The reason for selecting the workgroup 'Control/Credit Risk Management' was that the Control function had been identified to be overstaffed once the merger would be completed. By contrast, both of the original departments dealing with facilities would not be affected as they had already been reduced in size to a considerable extent. These two workgroups were selected because they constitute 'extreme cases' (Scapens, 1990). Such a case study is particularly appropriate for studies which aim to extend theory to include widely differing circumstances (Scapens, 1990, p. 273). The selection of two such different functions and workgroups contributes to a broader understanding of the processes through which the two banks integrated and the way that these process were controlled. The 24 interviews took on average 83 minutes and were meant to extract information about the events and underlying motivations of key personnel in the merger. The 9 workgroup meetings took 102 minutes on average. The researcher remained on the background, taking notes and observing the proceedings. The reason for attending *these* meetings was that they were the most important formal vehicles for shaping the new bank. All activities related to the integration of daily practices was dealt with in one of these workgroups. As these proceedings were observable, they were thus available for analysis. Table 1 lists the interviews and workgroup meetings which were included in the study.

Insert Table 1 here.

In addition to the interviews and the observations in the workgroups, additional data was collected. This additional data included minutes of meetings, authorisation forms and written instructions issued by senior management. In particular, the so-called 'plaatsingsproces', which outlines the legal and social principles of the merger, and the complete checklist of activities by the project leader proved to be valuable sources of information which allowed triangulation of the other sources of data.

Profile of the two merger banks

The merger which is discussed in this paper was between the Rabobank Groningen e.o. and the Rabobank Midden-Groningen. These were both members of the Rabobank cooperative. Member banks of the Rabobank cooperative are formally autonomous, they hold shares in the supra-national Rabobank Nederland, which acts as a national representative for the member banks and provides services which cannot be viably provided at the local level, such as IT services, the development of new financial services and representation of the cooperative to national and international legislative bodies. Also, Rabobank Nederland initiates strategy development for the Rabobank Group and supervises its execution. In 2003, Rabobank Nederland had prepared a document entitled 'Vision 2005', in which it argued that member banks needed to increase their size in order to support the increasingly stringent legal requirements of member banks. These requirements included the level of expertise of Financial Advisors, the ways that member banks needed to control risks and the ways they accounted for the so-called 'zorgplicht'. Rabobank Nederland argued that only larger banks could viably support these requirements. Moreover, it argued that less customers physically visit branche offices. Therefore, in subsequent documents, it pleaded for a strong reduction of member banks through a series of mergers. This reduction of member banks would lead to larger working area's of member banks. In fact, Rabobank Nederland published a map in which it envisaged that the Netherlands could viably support around 125 member banks. The effect of these mergers is clearly visible in Table 2 which lists the number of member banks over the last several years.

Insert Table 2 here.

In 2005, in the province of Groningen, mergers were obvious as virtually all member banks were too small to continue on their own. As such, the Rabobank Groningen e.o. and the Rabobank Midden-Groningen decided to explore a possible merger. Rabobank Groningen e.o. was located in the city of Groningen; by far the largest city in the north of the Netherlands. The bank had 7 branches, all in or directly around the city of Groningen. In 2005, the bank was recovering from several years of poor financial results. It had been suffering from low solvency and low market shares, to such extent that the former manager in charge of the department of Corporate Clients remarked that the bank was 'technically bankrupt'. For several years, it had to be supported by Rabobank Nederland to maintain its minimal legally stipulated solvency rates. However, through stringent cost savings in 2005, the bank was starting to show improving results. However, it needs more resources to attempt to increase the market shares and profitability of its operations in the city of Groningen.

By contrast, Rabobank Midden-Groningen had always enjoyed high solvency rates and market shares. It was located in several rural villages in the province of Groningen. It had 5 branches in 4 villages, including the villages of Siddeburen and Nieuwe Pekela. As the cooperative Rabobank finds its roots in farming and food industries, it has been the obvious choice in many of these rural villages, where it could enjoy market shares approaching 90 %. However, the rural areas of Groningen are economically weak areas with little prospect for growth. As such, the management of Rabobank Midden-Groningen foresaw that it could not achieve autonomous growth in this region.

At first sight, the two banks seemed complementary, but the Midden-Groningen bank had resisted a merger with Rabobank Groningen e.o. for a long time. The former General Director of the Groningen e.o. bank explains: 'there has always been much rivalry between the rural areas in the Groningen province and the city of Groningen. A deeply rooted suspicion exists in the countryside that the city attempts to dominate the smaller communities. This is no different for the various banks in the region. The rural banks have cooperated for a long time and they have engaged in numerous mergers. They have always been quite open to the idea of a merger, but just not with us'. However, when the General Director of the Rabobank Midden-Groningen left, the board of this bank decided that it could discuss a possible merger with the Rabobank Groningen e.o.. On the Christmas drink of 2005, the former General Director of Rabobank Groningen e.o. announced that one of its sister banks, Rabobank Midden-Groningen had expressed interest in a possible merger between the two banks.

Management control of the merger preparations

Insert Figure 1 here.

Figure 1 depicts the timeline of the key events in the merger between the Rabobank Groningen e.o. and Midden-Groningen. Following the announcement, two years went by while the General Directors of both banks and the two boards were engaged in intense negotiations. This was the first stage in the merger process. It included various informal meetings of board members and managers to see if there would be any major objections to a merger and to discuss possible resolutions. The board of the Midden-Groningen bank, which included many farmers from the area, did not want the agricultural activities to be included in the new bank. This board did not believe that the interests of farmers would be sufficiently served by the new bank. Therefore, both boards agreed that these activities were outsourced to another Rabobank in the area. In addition, various managers at Rabobank Nederland were initially not keen on the merger as the Vision 2005+ plan had never foreseen this particular merger. However, after various meetings with the Directors and boards of both banks, they agreed with the need for this merger. Once these major objections had been resolved, the statement of intent was signed in December 2007. This statement was the formal expression of both partners to enter into the merger.

The second stage of the merger entailed the preparation stage. It included all activities related to the merger which needed to be undertaken to ensure that both banks could be integrated smoothly on the formal merger dates. This second stage had already been put in effect when representatives of both banks realised that the merger would probably proceed. They had been working for several months on the preparation of the 'source document', or 'merger document'. This document was the foundation of the new merger bank. It contained information such as the location of the new head office, the size of the board and the number of branch offices with which the new bank would begin operations. This document was prepared by a project group consisting of various managers of both banks and it was signed by the so-called merger committee. This merger committee was the highest formal body related to the merger. All strategic matters related to the merger needed to be approved by this body. It consisted of representatives of both boards and the entire senior management teams of both banks, including their general Directors. In January 2008, the Source document was signed. Together with the approval of Rabobank Nederland, this was an important milestone. Once the source document was signed, an elaborate project structure was set up, which is depicted in Figure 2.

Insert Figure 2 here.

The project structure essentially consisted of 4 layers. The top layer was the Merger committee. As noted above, it consisted of representatives of the boards of both banks as well as their senior management teams. It was ultimately responsible for the successful integration of the both banks and as such it constituted the highest hierarchical level of the merger project organisation.

On the second level, the Steering committee was located. This committee reported to the Merger committee. The Steering commitee was the main governing body for day-to-day decisions which needed to be made for the merger. In fact, the Steering committee was responsible for approving the plans, manuals, procedures and rules that were devised on lower levels. The Steering committee was made up of the General Managers of both banks as well as both Directors of Business Management. These Directors of Business Management were members of the senior management team of their respective banks and they were in charge of the management of all internal operations, including financial control, risk management and the management of facilities. As they were responsible for financial control, business control and risk management, the Directors of Business Management played a central role in the merger as the outcomes of the integration process, which included new processes, rules, manuals and guidelines, were closest to their existing responsibilities. Apart from the Directors of Business Management and the General Directors of both banks, the fifth member of the Steering Committee was the project leader for the merger. This project leader was hired from Rabobank Nederland, and brought a high level of expertise. He had supervised more than 6 mergers of member banks, and he was considered a valuable addition to the project organisation.

On the third level, the Projectgroup was located. This Projectgroup consisted of the project leader and all chair persons of the workgroups, which were tasked with the actual integration of the procedures of both banks. In 2007, the Projectgroup was responsible for preparing the Source document for the approval by the higher levels of the project hierarchy. After the delivery of this document in January 2008, the Projectgroup became more operational as its main responsibility shifted to the coordination of the activities of all workgroups.

On the fourth level, there were several workgroups: (1) the workgroup Administrative Organisation, responsible for risk management and the integrity of the administrative organisation of the new bank; (2) the workgroup Business Management, which was tasked with the integration of operational processes, such as mail, bank security and ICT. Also the workgroup worked on the integration of the processes of the business controllers. (3) the workgroup Financial Affairs, which was responsible for integrating the acounting and reporting processes of the financial results of both banks; (4) the workgroup Commercial affairs, which was responsible for integrating the commercial processes of the departments 'Retail' and 'Wholesale'. To that end various sub-workgroups were formed. (5) the workgroup Social affairs, which was tasked with integrating processes related to human resources and legal affairs. For reasons outlined above, many members of the workgroups were employees of the Business Management department. Especially the Business controllers, Risk controllers and Financial controllers took part in many of the workgroups.

Actually, there were two different sets of management controls involved in the preparation of the merger. Firstly, there were the controls which were outlined in this section. They were employed in order to manage the integration in itself.

The integration as management control practice

The preparation for the legal (June 1, 2008) and administrative merger (September 13, 2008) took place for the most part in the various workgroups. The workgroups were part of the hierarchical structure which was instituted to control the preparations for the merger. In essence, the workgroups were temporal and spatial representations of the control practices associated to the merger. They allowed many organisational participants to engage with the merger, to give it form and meaning. The workgroups were therefore enabling the 'mutual constitution of individual and organisational intent' (Ahrens & Chapman, 2007a, p. 11). This means that the structure of workgroups and committees allowed individual actions to be meaningful. For the many participants whom had not experienced a merger before, their tasks were rendered understandable by the elaborate web of controls which restricted *and* enabled their activities in the workgroups.

For the most part, control was no isolated activity, but it was mobilised through the integration practices in the pre-merger period. Together with the material arrangements, these practices formed practice arrangements bundles (Ahrens & Chapman, 2007a, p. 10). The integration practices were organised by rules, understandings and teleoaffective structures which will be discussed below.

Rules

The project leader had laid down explicit rules for the control of the merger operation. Each workgroup was chaired by a teamleader or a manager of one of the merger banks. These chair persons were issued a portion of a spreadsheet which contained in total 393 lines, each of which represented action points. These action points included: 'Establish policy planning and budgeting cycle', 'Authorisation management: establish authorisations' and 'Establish compliance to [national] legal framework'. Each workgroup would receive a portion of this list that was most relevant to them. A part of this spreadsheet is depicted in table 3.

Insert Table 3 here.

The outcome of each action point, in the form of new procedures, instructions and manuals needed to be submitted for approval to higher levels in the project hierarchy. This was done through a series of standardised forms and reports. Deviations from this procedure were not tolerated. The project manager of the merger was very strict in his belief of the necessity of a standardised protocol of control. He explained:

> I insist that all communication and authorisation must go through the project structure. I want to avoid that proposals for new procedures and structures are approved out-of-hand, or informally, so that nobody knows exactly the status and progress of the merger. Moreover, it would lead to confusion about who is formally responsible for the new procedures. I feel that I am the gatekeeper, and all information flows need to go through me.

These strict rules were applied indiscriminately; they also applied to the General Directors and the managers of both banks.

Understandings

Although many employees understood the necessity of a merger, they had no preconceived ideas about the activities which were required to achieve the actual integration. The chairman of the workgroup of Facility Management explains:

> Using the lists and forms that the project manager provided to me, we are able to do all the tasks which are required for the merger. I don't think that many people have an overview of the entire process. Rather every person and every workgroup does its small part. It is amusing to see that we seem to be effective, even when we do not have the complete overview of the new organisation.

Much of the understanding of the purpose of each workgroup arose from the control systems which were put in place by the project manager. These systems dictated, often to a highly detailed extent, which actions needed to be undertaken. Yet, *how* these actions needed to be performed was not part of the instructions. Yet, that did not seem to bother the participants of the workgroups. In various interviews, they argued that, although they were not all familiar with mergers, they were with the individual action points. The discussions about action points often included exchanges about how they used to do things in their own bank and which procedures they used to follow. The members of the workgroups did not have a clear understanding about mergers, but they were experts in their own fields. However, this understanding expanded through the actual activities in the workgroups. A very basic example was provided by the action point: 'Purchase and supply management of office supplies and gifts' (Line no. 311). As the new bank would have a new name, all stamps in the all branch offices needed to be replaced. The workgroup needed to have an estimation of the number of stamps and which texts the new stamps needed to display. As such, the members of the workgroup went to inquire how many stamps were being used in every department. One member explained: 'it was hilarious. No one knew how many stamps they had or how many were actually in use. We learned a lot about these departments, just by talking to people in a context we have never done before'. Although these talks were instigated by the controls in place for the merger, they resulted in a wider understanding of both banks, even for people who had been working there for many years.

Teleoaffective structure

The employees of the two local banks had very different experiences with mergers. Most of the people working at the Groningen e.o. bank had not experienced a merger before. However, various employees of this bank saw the merger as a chance for advancement. One employee of a commercial department elaborates:

> Formally, this is a merger of equals. However, it is obvious that we are dominant in a number of respects. Over the last years, we have grown tremendously and we have the potential to grow even further. For them [Rabobank Midden-Groningen], it is a merger of necessity, but for us it is a merger of opportunity.

By contrast, Rabobank Midden-Groningen was the result of 2 mergers in the last 4 years. The last merger, which had combined four smaller banks in the region had resulted in lay-offs and a culture of distrust. The manager of Facilities Management of this bank explains this as follows:

> The people at our bank are damaged. By this, I mean that the previous merger resulted in various lay-offs, but also a very negative attitude

> towards our employees by the management of that day. It was a very technocratic management, and ones own initiative was discouraged. In addition, the previous merger resulted in a very strict control system, which left people with very little room for own initiative and as a result, very reactive and distrusting'.

In addition, that particular merger left the bank low on resources, and many cost cutting measures followed the merger. As such, the prospect of yet another merger was not appealing to many employees of the Midden-Groningen bank, resulting in an attitude of wait-and-see. The project leader of the merger was very aware of the differences between the attitudes of the employees of the two banks. However, he felt that attending to these differences would only amplify them. Therefore, the differences in attitudes towards the merger were mostly ignored.

The integration practices were widely dispersed among many different workgroups. However, they had many common features as they were all managed by the project leader of merger. As noted above, the activities which made up the process of integration of both banks were defined by the control system which was instituted to measure and evaluate the progress of the integration. However, the control system was not a separate entity. Rather, it was a part of the integration activities. The control system set the rules, it informed the understandings and it even (partly) defined the teleoaffective structure of the integration. The integration was thus a management control practice, in a similar sense as that menu design was a management control practice in restaurants (cf. Ahrens & Chapman, 2007a). The actions in the management control practice were linked together and to other practices, forming 'arrays of activity' (Ahrens & Chapman, 2007a). These activities included: discussing action points, defining assignments for workgroup members, executing these assignments, reporting the outcomes and submitting them for approval in the project hierarchy.

Early september 2008, the majority of all action points had been executed. There were manuals, procedures and rulebooks for the new bank. The new bank was to be named Rabobank Stad en Midden-Groningen (Rabobank City and Midden-Groningen). There were lay-outs maps of buildings, depicting where and how departments were housed. At this stage, many of the work group members, but also higher level managers were very pleased with the results. The project manager stated that it had been a very smooth transition so far. The General Director of the Groningen bank, who was to lead the new merger bank even noted: 'The results are obvious. In a record time frame, we have managed to integrate two banks into one. And we have done this with a minimal disruption of daily operations'. One member of the workgroup Control was also pleased, although he had some reservations about the timeframe: 'Given the short time, in which we achieved this, I am very happy with the outcomes. However, as the deadline approached we have taken many shortcuts. I hope these will not cause any problems in the future'. These 'shortcuts' included the creation of a new control plan for the new bank. Rather, an adapted version of the Groningen e.o. bank was adopted. This decision, made under pressure of time constraints, was not noticeable by senior managers. For, the workgroup did deliver a control plan and it had been approved. As such, the control requirements had been met.

The merger as a site

Although the merger was an important topic for many employees in 2008, it had been detached from regular operations to a great extent. The General Director of the Groningen e.o. bank explained this in an interview early 2008:

> This merger cannot consume us. I mean, I understand that it is a lot of work, but we cannot allow our customers to be affected by something we do internally. Therefore, I really want the preparation of the merger to proceed apart from daily operations, so it does not adversely affect our customers.

Indeed, on a separate occasion the General Director re-iterated his position:

> It is important that we do not make the merger any bigger than it actually is. It is the combining of two professional entities. I think our people are doing great work on the merger, but it is not our primary process. The shop needs to stay open.

The project leader of the merger agreed for the most part with the General Direcotr’s position:

> I once visited a member bank, which was actually closed during business hours. It appeared that they had organised a brainstorm session for all employees affected by their merger. I found this unbelievable: you leave your customers standing outside, as you immerse yourself in internal affairs. I believe a merger is a big thing, but it cannot be at the expense of our main mission and our clientele.

The position of both General Directors and the project leader that the merger was not allowed to negatively affect customer relations or financial results resulted in a separate domain in the organisation: the site of the merger. By the notion of 'site of the merger', I mean that the episode of preparation for the merger was composed of separate nexuses of practices and material arrangements, which were not linked in with day-to-day practices, such as selling mortgages, opening accounts or giving financial advice. The site of the merger was composed of practices and material arrangements which constituted the context of the merger. Put differently, the merger was defined by the practices and material arrangements which were in use to create the new merger bank. On the scale of individual activities, organisational participants could draw on known practices, such as reporting, communicating and discussing. Although many of these practices were tied to other practices outside of the site of the merger, such as communication practices through intranet and newsletters, for the most part, the merger was a site which was isolated from many of the day-to-day operation of the bank. In line with the intentions of the General Directors and the project manager, every measure was taken to prevent that the preparations of the merger affected the daily operation of the bank. All activities for the integration of the two banks were done in a context outside of the normal business practices. Workgroups met at branche offices, which were not their own. They reported progress using forms that were especially designed for the merger. They were subjected to a hierarchical structure which was different from that of their regular activities. They wer supervised by managers who were not their ‘own’. They were evaluated against new standards and the level of control through these mechanisms was higher than most had ever been subjected to. As such, many of the control practices essentially made up the site of the merger. A participant of the Workgroup Facility Management explains:

> I know we are working towards a moment in which the integration of both banks is a fact. However, I have no idea what the new bank will look like. Therefore, I do not work towards a new bank. I work towards the moment of the merger, and those are two whole different realities. As part of my workgroup I see only a small part of the new procedures and plans. Therefore, I comprehend the merger primarily through the things we do here, in this workgroup.

The merger is a fact, thus it ceases to exist: the dissolution of the site of the merger

In the weekend of September 13, 2008, the administrative merger took place. This meant that on the subsequent Monday (September 15, 2008) all staff reported to their new departments and branch offices. Many employees had new managers and many were located in different offices. The members of the workgroup Facility Management worked all weekend to supervise the move and to make sure that basic procedures for the facilities were operational. These facilities included security procedures (‘who will respond to alarm calls’), office equipment (‘how do we report broken printers’) and cleaning (‘which floors are being cleaned in which order’). As the project manager knew that not every potential problem was resolved during the months of preparation, he hung flip-over sheets on every floor. Employees could use these flip-over sheets to write down all problems that they experienced in the first two weeks. He had committed himself to resolving these problems in that timeframe. On Monday, September 15, the first day of operations of the new bank, the day went by without major problems. Some of the smaller problems that had been written on the various flip-over sheets were: ‘Could not access Client control system’ and ‘Unable to enter multiple products in system’. The members of the workgroup Facilities Management were very happy. As its chairman explained:

> We have gotten the compliments of the Director of Business management. And I believe that was justified. We have worked so hard, and on that first day, we could see what the outcome was of this hard work. Of course, we have to tie up various loose ends, but for us, the merger is finally over.

The General Director and the project manager were also very pleased. The latter commented:

> I couldn’t be happier. I was not really nervous as I have been through this process several times, but to see that all this work really paid off, that is something I enjoy tremendously. […] A few more weeks and then the merger is over for me.

For many of the participants, the merger, a nexus of practices and material arrangements, was over or almost over on that day. The project leader explained why he felt that was the case:

> The process of integration was a tightly controlled process. Everyone had their responsibilities and now it has come together. The workgroups have produced the procedures and manuals to allow the new bank to function. They have been approved by the management of the new bank. The responsibility for following the new procedures and rules is not with me. In a few days, I will formally hand over responsibility to the line managers. In fact, as of the date of administrative merger, the entire project structure is dissolved. On that date, the merger is completed, and thus there is no more merger. There is only a new bank and memories of old banks.

This was a position which was widely shared. Two weeks after the administrative merger, when the initial problems were resolved, the project manager presented so-called Progress photo's to the managers of the managers of the main departments. These were lists with outstanding issues that still needed to be resolved as well as potential risks that the project manager wanted to communicate to the departmental managers. With these progress photo's, the project manager ended his term as project manager of the merger, and took on a different position at the bank. This was the formal ending of the merger. Formally, there was only one bank and thus there could not be a merger process. As such, the merger had been completed. On several occasions, pie was served to the entire bank to thank the employees for their hard work and they were urged to return to their regular activities as soon as possible. The completion of the merger led to the immediate dissolution of the site of the merger. This means that the integration practices, which structured the actions of the employees and made them meaningful, were dissolved. The project hierarchy, the workgroups and the forms and meetings were all rendered useless. The integration practices, which were organised by rules, understandings and teleoaffective structures were therefore also abandoned, at least formally. In the next year, the dissolution of the site of the merger, which resulted in the loss of these control elements, originally enacted through the integration practices proved to be very problematic. This will be explained in the next section.

The first year after the merger: No new practices

Once the initial euphoria about the success of the merger had passed, it became increasingly clear to the controllers of the bank that the new bank was considerably at risk. According to the Source Document, the departments of Financial Control, Risk Control and Business Control were the only departments which were found to be overstaffed. As a result, several controllers had been re-assigned or had found other positions outside of the bank. This led to an increased pressure on the remaining controllers. One of the Business Controllers outlined the problem as follows:

> We need to issue 'in control' statements. This means that we certify that we believe that all procedures and rules of a department are actually followed and that no additional risks are present. As we are now in a new

> bank, we need to do this for all processes and departments. However, we certainly do not have time for that. We do what we can, but we cannot issue ‘in control’ statements for processes which we have not evaluated’.

Apart from the lack of capacity of the controllers, they also identified several failures to comply to the new procedures they had already audited. As such, they suspected that many more new procedures were not being followed. These new procedures had been set up by the workgroups and were approved by the Directors of the bank. The Director of Business Management, as head of the controllers, was particularly concerned by the difficulties surrounding the ‘in control’ statement. He noted that he was very surprised by this. He and a business controller had explored why many procedures and rules, which had been successfully defined during the preparation of the merger, were not followed. However, they did not have a conclusive answer. Yet, more former participants in the workgroups observed that the integration had not been completed. One of the former members of the workgroup Facility Management gave the researcher a tour through the office building where he was working. Walking through the different departments, he pointed to various clusters of desks, which formed small “islands” in the large rooms. He explained:

> These are former Rabobank Midden-Groningen employees, and those [pointing at a different cluster] are former Rabobank Groningen e.o. employees. They all sit together, and what is worse, they do many things exactly the same way as they used to. It is as if many of them did not participate in their workgroups. As if they did not work on new integrated processes and procedures.

Various controllers agreed with this point-of-view. The ‘in control’ statement was endangered as the current processes, procedures and rules were not followed. Rather, the ‘old’ ones remained in use. Many employees had reverted back to well-understood practices immediately after the administrative merger. These practices, which included evaluating credit requests, selling mortgages, providing financial advice and opening of savings accounts were all governed by new procedures, but many employees associated these practices with the work that some of them had been doing for years. One employee argued:

> It is no resistance or something like that. It is just that I do not stop to think about the work I do. I have done this for years, and I just continue doing that. […] I was a workgroup member and I have contributed to new procedures and rules, but *that was the merger, this is our actual work*’.

The former project manager noticed the cognitive separation of the merger and day-to-day practices as well. He noted:

> Once the administrative merger had been completed, there was a feeling of relief. Firstly because no major disasters had occurred and secondly because everyone was really happy that the extra work had been completed. It has indeed been a strain on the people in the bank. Yet, looking back, there were no major disasters, not because everyone used the new procedures, but rather because everyone used the old and familiar ones. Everything that did not work was solved underhandedly, since many

> people knew each other. You can get away with that for the first few days, but it is no healthy basis for the bank. In the period after the merger, there was no control of the actual implementation. I felt and I still feel that that was the task of the managers. Once the merger was done, all responsibilities were transferred back to line management. I think that perhaps something went wrong there.

The persistence of the old procedures was really an instance of habitus. Despite the fact that the administrative and legal entity had changed into a new one, there had been no real changes in the embedded logics of the day-to-day practices of the bank. There were still the same customers, the same products and the same colleagues. Many practices were invoked by the same dispositions which were at play in the former two banks. These dispositions were tied to the site of daily practice, rather than the site of the merger. As a result, the integration practices which had been completed with much success remained limited to the site of the merger. As the merger was completed, the site was formally dismantled by the dissolution of the control structure. However, with this dismantling of the site, the practices that constituted the site were dismantled as well. This was not seen as a problem by the project leader as the integration was formally completed. However, the rules, understandings and teleoaffective structures, as well as the material arrangements which organised the integration practices were thus also rendered redundant. This was explained by the project leader as follows:

> In a formal sense, the merger does not exist anymore. How can we talk about a merger now, when there is only one bank? That was the idea when the merger was completed. I transferred formal responsibility of all results of the workgroups, which included new procedures and manuals to the line managers of the new departments. It still makes a lot of sense as the new ways of working must be managed by the managers of those departments. However, in the period immediately following the merger we may have created a period where there was a ‘void’, a period where the strict rules and hierarchy of the merger were dissolved, but there was not really something to take its place. We may have thrown out the baby with the bathwater, perhaps.

The dissolution of the site of the merger led to the discarding of practices, but also the controls which organized these practices. And those controls were needed to invoke the new procedures in the new bank. Instead, habitus allowed many employees *and managers* to revert to well known processes and working procedures. As many people were using these, the logic of practice remained in tact. As a result, it took a year before the realisation arose that he bank was not in control, due to the use of many undocumented, uncontrollable procedures.

The problems of getting the company ‘in control’ remained and thus, in 2009, several consultants were hired by the Director of Business Management who were tasked with re-implementing the processes which were created in the preparatory period before the merger. These consultants (1) listed the processes which were not properly implemented (these amounted to 33 processes) and (2) worked with the appropriate departments to integrate these processes in their daily work. For several months, these consultants worked with the various departments to close the gap between processes-in-use and the processes which were supposed to be used. The managers of the departments were urged to pay close attention to the implementation of the new processes. As such, they implemented new controls in their departments to prevent people to use the old procedures. These included new performance indicators, which essentially conflicted with the existing logic of practices. For example, the amount of new forms used to enter a new savings account were being counted and compared to the total amount of new savings accounts. Managers and employees would then be confronted with any discrepancies. Although the end result was not perfect, in the summer of 2009, the controllers found that there was not as much deviation between the processes as there used to be. As a result they were more confident that the bank would be found 'in control' during the subsequent audit of Rabobank Nederland.

Discussion

The episode of the merger at the Rabobank Groningen e.o. and Rabobank Midden-Groningen illustrates how accounting in general and management control in particular were mobilised in the integration practices. Control was in this context not a set of separate activities, isolated from the activities for the merger. Rather, it formed the sets of conditions which enabled organisational participants to work on the integration of the banks. As a result, both control and the integration practices were closely integrated. Viewing control in this fashion helps us to understand how practices arise and which influence control has on these practices. However, in this paper, a focus on practices could not explain why the newly devised procedures were not being followed in the post-merger bank. Ahrens & Chapman's (2007a, b) approach seems to fall short to explain this phenomenon. However, additional notions to explain these phenomena were 'habitus' and 'sites'. The continuing propensity of employees and managers to follow 'old' procedures, even when they themselves contributed to new procedures qualifies as an instance of habitus. As the contexts of many tasks did not materially change post-merger, existing taken-for-granted logics continued to apply. As such, one cannot study existing and new practices without employing the notion of habitus to identify the process of retaining existing practices which support the tacit logics which are at the basis of many practices.

In addition, this study recognises the importance of sites. In line with Baxter & Chua (2008), I found that practices are invoked in particular contexts, the so-called sites. The merger constituted a clearly delineated context with its own practices and control. This context was consciously created by senior management to facilitate the integration of both banks, whilst minimising the disruption to the day-to-day operations in both banks. As such, a new site had been created which was sustained by the practices that constituted this site. In actuality, this site of the merger was sustained by the control practices which were an integral part of the practices in the integration process. Once the site was dissolved, the practices *and* control that were part of this context were also abandoned. The resulting 'void' was ignored as the existing logics of day-to-day practice, which were also subject to rules, understandings and teleoaffective structures, remained dominant in the site of day-to-day business. In the analysis of this case study, Schatzki's notion of a site proved an important explanatory element as it allowed us to understand how the strict control in the preparation of the merger did not lead to its actual implementation.

The case study also indicates that habitus is a local phenomenon tied to contexts or sites. The logics which arose out of day-to-day practices were primarily invoked in the course of regular business. By contrast, the merger required many new practices to be performed (see the above example of the stock taking of stamps) which, according to Bourdieu, generated their own logic. After the merger was completed, the members of the workgroup returned to the well understood contexts constituting the day-to-day practices. These contexts had not changed materially, and many practices were invoked in a habitual fashion. The contrast between the site of the merger, and the day-to-day practices were therefore an illustration of the need to contextualise practices and their outcomes. In that sense, the idea of habitus as tied to local contexts re-enforces Ahrens & Chapman's plea 'to contextualise the local'.

Conclusion

This study aims to use Schatzki's site ontology to enrich Ahrens & Chapman's practice theory. It does so by emphasising the idea that practices are tied to particular contexts. As such, the controls that govern these practices are also tied to these contexts. In the case of the Rabobank, the context of the merger was created as a functional toll to facilitate the integration of both banks. However, the dissolution of this context led to the sbondonment of practices which were still needed in the new bank. However, as habitus was also tied to a context, the context of day-to-day practices, it took a year for the bank to recognise the problem. As such, the case study highlights a confrontation between habitus and new practices. As Bourdieu (1977) noted, habitual behaviours are very persistent unless they are challenged by (external) events which make these behaviours no longer tenable. This was clearly not the case at the new merger bank. From the perspective of day-to-day behaviours, there were no controls in place to limit these habitual behaviours. Rather, they continued to be in use, as the senior managers continued to emphasise that 'all needed to be back to *normal*' (General Director of merger bank) as soon as possible.

The data used in this study was a combination of interview data and observations of practices. A study into the nature of accounting practices cannot be done by merely relying on interview data. Discussions about events, motivations and behaviours will often yield rationalisations based on formalised accounting and control procedures. These rationalisations will therefore ignore the logics of practice which inform practices in a particular context. Therefore, observations are important to allow the researcher to indentify and understand these contextualised logics of practice.

Although the application of practice theory in accounting gained traction only recently, it is a promising theoretical avenue for two reasons. Firstly, as Ahrens & Chapman (2007a) note, it allows for purposeful and intentional managerial behaviour. As such, it re-introduces some of the intentionality which was de-emphasised in theoretical streams such as institutional theory and Actor Network theory. As such, it seems to integrate intentionality and local convenience as foundations for action. Secondly and related to the first point, practice theory provides an understanding of agency in organisations. Agency can arise from local conflicts between the logic embedded in existing practices and new circumstances which may lead to the recognition that existing logics are no longer sustainable. As such, agency takes the form of a reduction of habitus, making the practical logics accessible for debate and improvement.

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Date	Duration (hours)	Participants
12-Apr-07	1	General Director Rabobank Groningen e.o.
1-Jun-07	1	General Director Rabobank Groningen e.o.
5-Oct-07	1.5	General Director Rabobank Groningen e.o.
5-Oct-07	1.5	Director Retail, Rabobank Groningen e.o.
6-Nov-07	1.5	Director Business Management, Rabobank Groningen e.o.
6-Dec-07	1.25	General Director Rabobank Midden-Groningen
10-Jan-08	1	Director Business Management, Rabobank Midden-Groningen
7-Mar-08	1.5	Project leader merger
19-Mar-08	1	Director Business Management, Rabobank Groningen e.o.
19-Mar-08	1	Director Retail, Rabobank Groningen e.o.
8-Apr-08	1	Project leader merger
15-Apr-08	2	Manager of Facilities Management, Rabobank Midden-Groningen, member of workgroup Facilities Management
6-Jun-08	0.5	Project leader merger
16-Jun-08	0.25	Project leader merger
14-Aug-08	1.5	Participant former workgroup Facilities management, Rabobank Midden-Groningen
26-Sep-08	1.5	Former General Director Rabobank Midden-Groningen
25-Nov-08	1	Director Business Management
22-Dec-08	2	Teamleader of Facilities Management, member of former workgroup Facilities Management
15-Jan-09	2	Participant of former workgroup Facilities Management
23-Jan-09	1	Chairman of former workgroup Facilities Management
23-Feb-09	1.5	Business controller
24-Feb-09	2.5	Director Retail, Rabobank Groningen e.o.
3-Jun-09	2	Project leader merger
13-Jun-09	2	Manager of Business Control
Workgroup meetings		
22-Apr-08	2.5	Workgroup Control/Credit risk management; 7 participants
28-Apr-08	2	Workgroup Facilities Management; 5 participants
13-May-08	1.25	Workgroup Facilities Management; 5 participants
15-May-08	2	Workgroup Control/Credit risk management; 7 participants
5-Aug-08	2.5	Workgroup Facilities Management; 5 participants
19-Aug-08	1	Workgroup Facilities Management; 5 participants
9-Sep-08	1	Workgroup Facilities Management; 5 participants
7-Oct-08	2	Workgroup Facilities Management; 5 participants
18-Nov-08	1	Workgroup Facilities Management; 5 participants

Table 1: Interviews and workgroup meetings

Year:	Number of member banks
2004	288
2005	248
2006	188
2007	174
2008	153

Table 2: Number of member banks

onderdeel		gewijzigd	beschrijving	status	actie door	Planning "gereed"	gereed
Comm	X		Personeelsbijeenkomst 1	Gerealiseerd		12/01/08	12/01/05
Comm			Plan de mijlpalen uit het communicatieplan			19/02/08	
HR			Werkwijzen medewerkers			10/03/08	
CA/Inloop			Beleid en strategie, positie in de markt			14/03/08	
CA/Inloop		V	Klachtenprocedure			14/03/08	
CA/Inloop	X	V	Financieringsbeleid Particulieren			15/03/08	
CA/Inloop			Input leveren voor de integratie van systemen			15/03/08	
Comm	X		Voorinformatie organogrammen			17/03/08	
Comm			Personeelsbijeenkomst 2			19/03/08	
Coöp	X		Oproep afdelingsvergadering			19/03/08	
CA/Inloop	X	V	Tarievenbeleid			01/04/08	
Coöp	X		Opstellen Coöperatiebeleid			01/04/08	
CA/Inloop		V	Beleid en procedures contante transacties			14/04/08	
CA/Inloop			Beleid veiligheid / kluisbezoek			01/05/08	
CA/Inloop			Telefonische bereikbaarheid			01/05/08	
CA/Inloop			Beschrijving samenwerking met Private Banking			01/05/08	
CA/Inloop			Beschrijving samenwerking met Zakelijk			01/05/08	
CA/Inloop			Beschrijving samenwerking met Verzekeringen			01/05/08	
CA/Inloop			Beschrijving samenwerking met LAC			01/05/08	
Comm	X		Input t.b.v. uitnodiging leden voor Dichterbij			21/02/08	
Comm			Inrichtingplan afdeling Communicatie			01/05/08	
Comm			Contracten met reclameadviesbureau			01/05/08	
Comm	X		Marketing- en communicatiebeleid			01/05/08	
Comm	X		Sponsorbeleid			01/05/08	
Coöp			Inrichting Coöp			01/05/08	
Comm	X		Personeel bijpraten n.a.v. ledenraad besluit			08/05/08	
CA/Inloop			Bezetting kantoren en spreiding formatie			14/05/08	
CA/Inloop			Inrichting Callcenter			14/05/08	
CA/Inloop			Communicatie intern/werkoverleg etc			15/05/08	

Table 3: section of project leader's action sheet

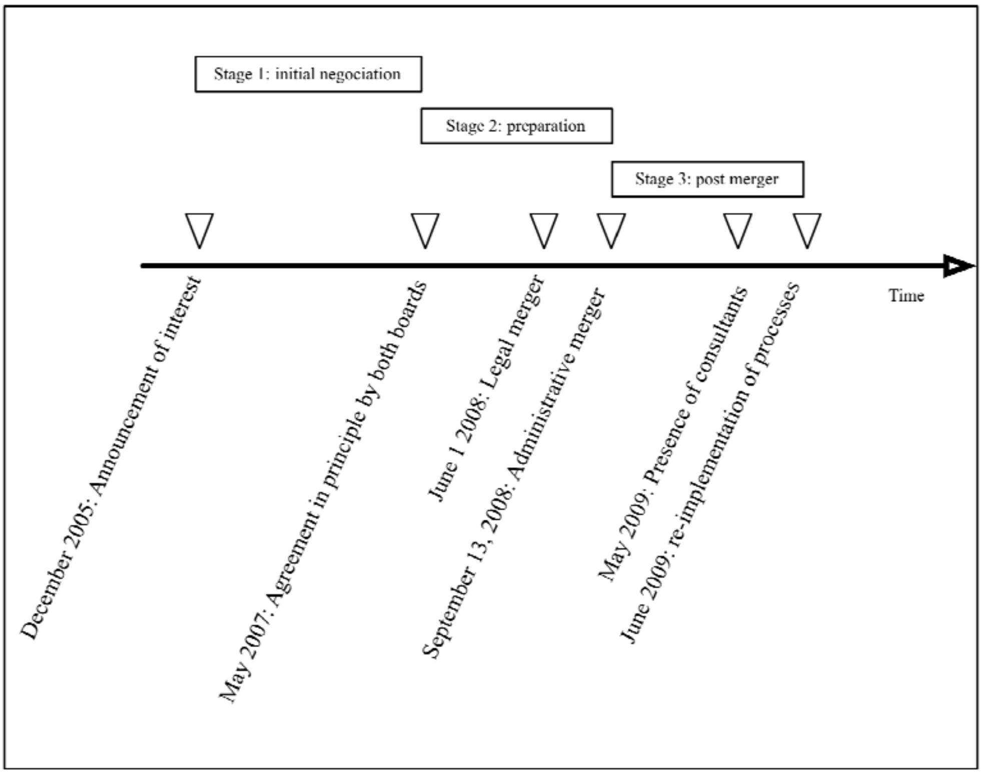

Figure 1: Timeline

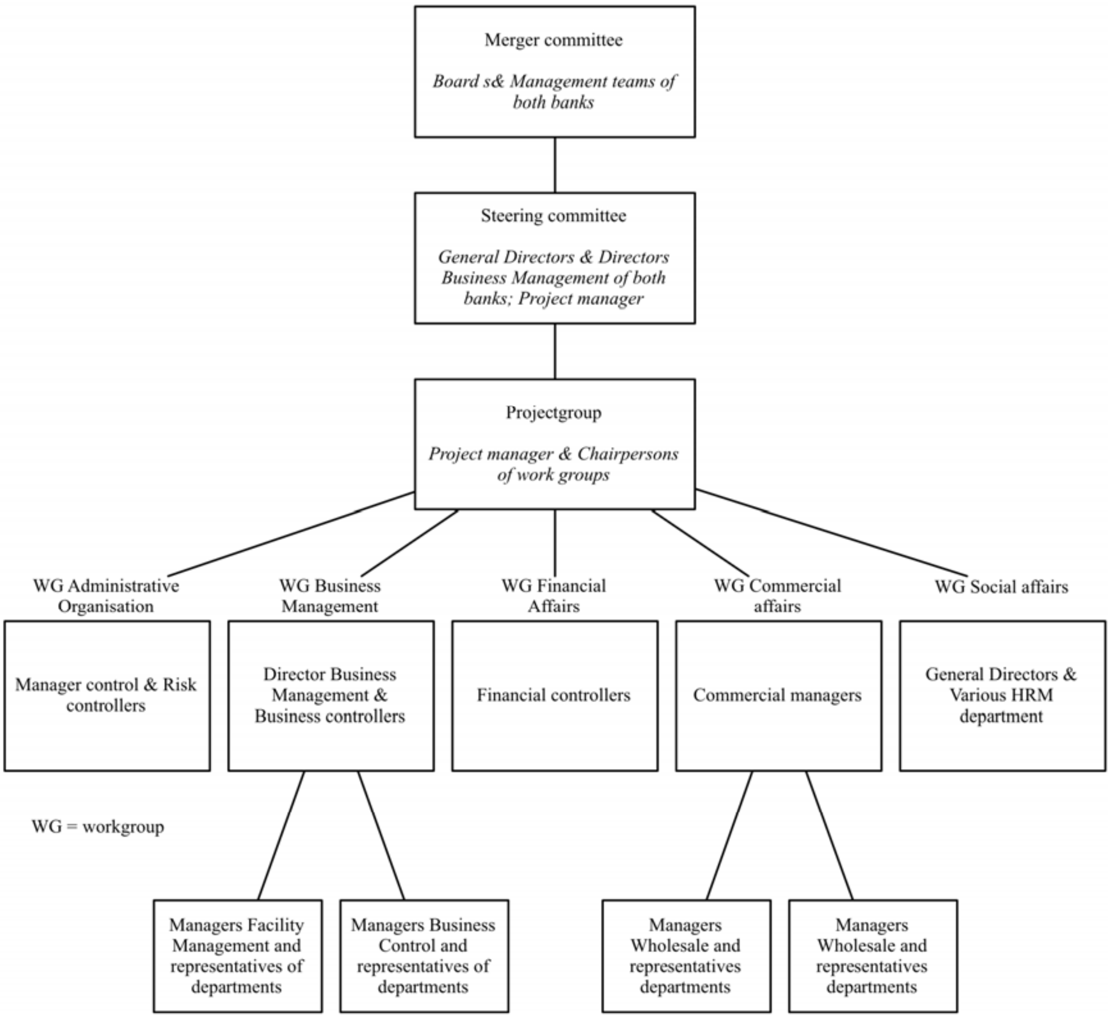

Figure 2: Organogram merger organisation