The impact of culture on M&A

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Abstract:
In this paper the consequences of cultural misalignment in organizations during post-merger period are shown. First, I based my research on Organizational culture rather that National one, and by clear examples of mergers between US, UK, European and Russian companies I showed that lacking of attention to cultural issue is a reason of 75% of fails in M&A industry. On several examples, I showed how National culture can affect the Organizational culture.

Second part of my research is devoted to two approaches of having a deal with culture integration. First – classical approach, based on deep understanding of aspects that influence on organizational culture. Second approach is very young, and based on the experience of Indian company, to have a deal with M&A.
1. Introduction

Most often, business leaders and deal teams are more focused on getting the deal closed. Integration teams tend to be more focused on getting the structures, systems and processes integrated. Beyond this, there is often not enough focus on how to actually make the deal work – and the key to making it work is about effectively integrating two (or more) cultures.

Most acquisitive organizations have not yet developed a structured process to effectively diagnose, manage and integrate organizational cultures – even in light of the fact that almost 75 percent regard culture as a key component in creating deal value.

In this paper, I’ll try to show how Organizational culture affects the company after merger or acquisition, and will present the approach to deal with the problem of cultural integration, invented by one of the leaders in this area.

2. Analysis of the international experience and existing base of knowledge

Organizational Culture vs. National Culture

There are a number of investigations on cultural issues, both, Organizational and National. However, almost all researches and articles that I found about impact of culture on M&A are devoted to organizational culture. In my humble opinion, authors approach this issue narrowly by looking only inside of organizations. Though, it’s interesting fact, that every author has his own view on defining of term “organizational culture”. For example, McKinsey consider it as “link between behavior and
organizational efficiency”\(^4\), Mercer’s (another one consulting firm) approach based on Outcomes, Behaviors and Drivers\(^2\) (I’ll analyze this model more deeply in later chapters), Geert Hofstede (author of “Cultures And Organizations” book) found six dimensions of organizational culture:

1. Process oriented vs. Result oriented
2. Employee oriented vs. Job oriented
3. Parochial vs. Professional
4. Open system vs. Closed system
5. Loose control vs. Tight control
6. Normative vs. Pragmatic

My research addresses Organizational Culture, because we see that in the same country with more or less the same people, two different organizations can be completely different in terms of Organizational culture, like in case with Compaq and Digital Equipment.

**When strong become weak**

The business press opined about Compaq’s earlier merger with Digital Equipment Corporation that: “The two cultures clashed as Compaq’s high-volume, high-speed approach ran into Digital’s low-volume system in which sales of big computers took time. The company was so distracted by the merger that it lost its long-standing crown as the largest seller of PCs to rival Dell” (McWilliams, 2001) \(^1\)

There is one obvious feature all authors mentioned above are talking about: “efficiency” or “outcomes” or “results”. Any organizational results are influenced by goals, strategy, and leadership style. And I agree with “culture gurus”, that in more or less the same conditions of National culture, only Goals, Strategy and Leadership style can create Organizational cultures, that will differ from each other in different organizations. That’s why, I think most important activity to be done by managers before M&A deal is Organizational culture analysis rather than National one. However, I’m convinced, that any manager who is in charge of due diligence (especially that which concerned HR and culture part) must have high level Cultural Intelligence\(^5\) to not only to be aware but deeply understand differences between National cultures.

**Impact of culture on deals: examples**

Corporate mergers and acquisitions usually occur because of the strategic or financial imperatives of one or both partner firms. For instance, very often companies decide to enter new geographical markets through M&A. According to the gathered experience in this area and many different sources of knowledge, there are 10 Critical Success Factors (CSFs) for M&A deals (see Figure 1). Besides, there is unwritten rule, that most important period to make the deal successful is “First 100 days after the deal was declared”. Unfortunately, TOP managers and shareholders usually don’t pay significant attention to the post-merger period, which starts right after the signatures are affixed,
and could continue for the years. Business – is a people, and it’s obviously that 100 days is too little period for total integration process, which’s major part is integration of different cultures of both organizations.

An implicit assumption of almost all analyses of cultural integration is that individuals experience some sort of cultural inertia, in that they cannot instantaneously shed themselves of the values, norms, beliefs etc. of the prior culture and adopt those of the new one. Engrained habits and internalized values persist some time, even when the context changes and incentives are amplified. Many observers report that identities and other prior cultural differences remain in merged companies years after the actual merger event. For instance, the cultural integration effort in the SmithKline Beecham merger of 1989 was still clearly in progress two years later. Moreover, if the two cultures involved are homogeneous, intensely held, and display visible markers identifying respective members (with, say, different dress codes or speaking norms), the merger combination may be reactive itself, creating conflict and generating greater solidarity among members of the original culture.

**Once upon a time...**

...one observer attending an HP reception after the HP/Compaq merger commented that he “could tell the H-P folks from the Compaq folks right away. The former Compaq employees, in suits and ties, huddled on one side of the room. Polo-shirted H-P staffers stood on the other.”

In a 2004 transatlantic study of executives [made by Mercer] involved in M&A deals, 75 percent of them cited “harmonising culture and communicating with employees” as the most important factors for successful post-merger integration. A 2006 white paper from the Economist Intelligence Unit revealed that 67 percent of survey respondents pointed to cultural integration as both the most important people issue and the most critical success factor in an M&A deal. More recently, a report from the Economist Intelligence Unit titled *M&A Beyond Borders: Opportunities and Risk*, in conjunction with Mercer [International Consulting Company], found that organisational culture differences and human capital integration issues ranked as the two most significant challenges faced by respondents in recent transactions.

<table>
<thead>
<tr>
<th>Critical success factor (CSF)</th>
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<tbody>
<tr>
<td>1. Well-defined, articulated business strategy exists</td>
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<tr>
<td>2. Clear &quot;product&quot; road map exists</td>
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<tr>
<td>3. Unyielding focus on customers</td>
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<td>4. Organisation is ready on Day 1</td>
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<tr>
<td>5. Synergies are clearly identified</td>
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<td>6. Governance is clearly communicated</td>
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<td>7. Effective communication to stakeholders exists</td>
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<tr>
<td>8. Unyielding focus on employees and appropriate retention</td>
</tr>
<tr>
<td>9. Divergent operating principles are addressed</td>
</tr>
<tr>
<td>10. Organisation acts quickly and decisively</td>
</tr>
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Figure 1. Critical success factors
It is interesting to note that each one of 10 CSFs (see Figure 1) can be undermined by the cultural attributes of an organisation or by highly differentiated cultures. For example, an organisation that typically does not place a great deal of value on communicating, and communicates infrequently or ineffectively, will be less inclined to take the time to clearly articulate and share the real context of the deal beyond what goes to the market or the press (CSF #1). The same organisation is unlikely to communicate governance issues well (CSF #6) or be able to successfully win the hearts and minds of stakeholder groups through engaging communications (CSF #7). Without a culture of open and regular communication, the organisation is less able to connect well with employee groups to gain their buy-in and support for what is required for success in the newly combined organisation (CSF #8). In this way, one cultural attribute can have a significant impact on several elements that drive deal success.

Another example is an organisation that has a strong hierarchical or “command-and-control” approach to getting work done. Such an organisation is likely to find it difficult to accept or appreciate ideas from “outsiders” – that is, the organization being acquired (CSF #9) – or to think about an organisation that has a predominately collaborative culture; it will have a difficult time making tough decisions with the speed required to quickly create value (CSF #10).

All this is not to say that one cultural attribute is better or worse than another. What it does suggest, however, is that some behavioral characteristics may be incompatible with what is required for deal success, while others may be well aligned. In any given transaction, the key is to identify and reinforce those critical behavior patterns that have the greatest positive impact on success while discouraging those that will erode value.

It’s became more popular all over the world to compare M&A deals with marriage, when newly married couple has to adjust to the new circumstances next day after the party. There are new relatives, new home, new goals and new partners. When the cultures are comparatively close to each other (Ukrainian and Russian, American and Canadian, French and Belgian etc.) , it might be easy to get used to another culture, to accept new behaviors, to start thinking and acting in new partner’s way. But it’s very difficult when cultures are completely different, like, for example American “cowboy” and German “frau”. And it’s obviously impossible to create new culture among new couple. As we can see from DaimlerChrysler’s example, shareholders and TOP-managers of both companies paid a lot of attention to rationality and strategic goals, the understood clearly what they wanted in financial and market terms, but they did almost nothing with culture aspect after acquisition and they hadn’t defined “culture acquirer”\(^ 1\) before the deal was done.

\(^1\)“Cultural acquirer” - term introduced by Bain consulting firm, means the company, which’s culture will dominate after acquisition
The impact of culture on M&A

The DaimlerChrysler merger
When the German prestige car manufacturer Daimler-Benz merged with US-based Chrysler Corporation in 1998, the deal was acclaimed by analysts as a strategic win-win. Described as a “merger of equals,” the combined entity had revenues of $155.3 billion and sold more than 4 million cars and trucks. It ranked third in the world in terms of revenues, market capitalization and earnings, after GM and Ford. But two short years later, DaimlerChrysler reported quarter-on-quarter losses of more than half a billion dollars. In 2001, 26,000 job cuts were announced at its Chrysler division. And in 2006, the combined organization reported a loss of 12 million euros. In May 2007, Daimler sold Chrysler for £3.74 billion to private equity firm Cerberus Capital. Without Chrysler, Daimler AG reported profits in its fourth-quarter results for 2007.

What happened to erode value so significantly? Why was the promised value never created in this transaction? It is well-documented that misaligned cultures and management styles obstructed the realization of synergies. At the leadership level, there were issues of transparency and follow-through. Daimler-Benz’s CEO, Jurgen Schrempp, initially proclaimed the merger as a “merger of equals.” In 2000, however, he was quoted in the financial press as saying, “The merger of equals statement was necessary to earn the support of Chrysler’s workers and the American public, but it was never reality.” (“DaimlerChrysler will seine Autos günstiger verkaufen,” Handelsblatt. Frankfurt, Germany, 10/30/00, p. 3.)

At the level of organizational practices and “ways of getting work done,” the two organizations were fundamentally different. Daimler-Benz was known for its methodical, centralized decision making and high regard for tradition and hierarchy; its philosophy was “quality at any cost.” Chrysler, by contrast, reputedly had a risk-taking, assertive “cowboy” style that encouraged creativity, flexibility and adaptability, and valued efficiency, equality and empowerment; its philosophy was about producing cost-efficient and well-priced vehicles. These differences, as well as key leadership losses at Chrysler and the installation of a German management team in late 2000, accelerated the destruction of value and fueled the organization’s losses.

In this example we can see, how National culture can form Organizational one: more Individualistic Americans, with more higher Power Distance than in Germany, with less Uncertainty Avoidance formed organizational culture with image of “assertive cowboy with strong accent on efficiency”.

Values High Power Distance, Uncertainty Avoidance and Individualistic are taken from Hofstede’s “Cultures And Organizations”
Another one example of cultural clash was merger between hospitals of Stanford University and University of California at San Francisco. It was supposed to “not only offer superior patient care but would provide financial stability that would ensure the medical centers’ survival in a brutally competitive health care industry. Together, Stanford and UCSF would bargain more aggressively with insurance companies and suppliers, boosting revenues and saving money”. And, after losing $176 million in 28 months, the Stanford-UCSF hospital merger was dismantled because “the two hospitals had radically different cultures, which made the merger impossible in the end” (Pyati, 2000).

Major problem of BMW-Rover example was “differences in management styles”. Gerard Naulleau and John Harper in their article describe British management style as:

- Focused on Financial, Accountancy and Law rather than on other aspects;
- Huge attention to “right” social network;
- Leadership style more oriented towards persons, rather than tasks;
- With a strong informality

On the other hand, German style is known more like “democratic”, Low Context (Hofstede) and task oriented.

BMW and Rover divorce

BMW had acquired Rover in 1994. The acquisition proved problematic from the outset, both in terms of declining sales of Rover in the UK, and because of differences in management styles between the UK and Germany. In March 2000, due to such problems, the parent company announced its decision to sell its unprofitable British subsidiary. This was met by protests not only by British car workers and trade unions, but also criticism of the way the German company had handled Rover by British politicians such as Tony Blair and the then Secretary of State for Trade and Industry, Steven Byers. Two rival bids to rescue Rover were put forward, one by Alchemy Partners, involving substantial job losses, and a second by Pheonix Venture Holdings, with fewer job losses. The latter bid, supported by the UK government, having been successful, the company MG Rover was formed, which went into administration in 2005. A number of bids were then made for the company’s assets, resulting in their being sold to a Chinese bidder.

In the beginning of this chapter I mentioned, that in one country, with the same values (more or less), organizational cultures of two different companies from one industry may differ from each other severely and this distinction usually forms under pressure of Goals, Strategy and Leadership style. For example, Russian URSA Bank (originally from Siberia) set up clear and strong goals and vision: “to become the best bank from Russia”, “to be #1 on ‘home markets’ ”. Thanks to this clear
statements and proper HR strategy, this bank became “the most dynamic bank in Russia in 2008 (RA-Expert magazine)” and entered in the list of first 15 banks in terms of total assets. In 2009, shareholders decided to merge with another Russian bank – MDM Bank. The merger was announced as “merger with the aim of achieving unprecedented synergy”. But, from the first stages of official merger the cultural clash occurred. With its huge size, MDM Bank with its modest goals was not so dynamic and effective as URSA Bank. Huge difference between management styles was obvious: MDM Bank was more “Moscow” or “Metropolitan”, and on the other hand URSA Bank was the bank from Siberia. The bear’s paw on the URSA Bank’s logo just added more connection with “Siberian bear” to the associations of Moscow managers about new partner. As a consequence, cultural clash had led to the shareholders’ frustration about first annual results after merger.

Comparing two different regions of Russia (Central and Siberia), I would say at least two of 5 Hofstede’s dimensions are differs: Moscow (Central region) has High Power Distance and more Collectivistic type, and Siberian people has Low Power Distance (at least lower than in Moscow) and more Individualistic type. This differences, on my point of view, affected such differences in both organizational cultures.

This chapter was devoted to explaining of importance of cultural aspect in M&A deals, and its impact on future of both organizations. Consequences of insufficient attention to Organizational Cultures before M&A may be terrible, and I presented a number of examples, when companies didn’t achieve strategic goals eventually.

3. Contemporary approaches to have a deal with intercultural aspect in M&A

“Who is in fault, and what to do?” – are two all-time favorite questions of Russian managers. Knowing fact that 75% of fails in M&A are because of culture misalignment we know “who is in fault”. In this chapter I present two different approaches to answer second question – “what to do?” First approach – classical, which was formed by the experience of hundreds successful and failed transactions, by thousands of researches and books of management gurus. Second – is completely new approach which can be a trend in a future, but it’s more concerned to the whole M&A strategy, rather particular to the culture issue. It’s sometimes not concerned to logic and doesn’t related with MBA schools, but it’s definitely deserves attention, because it works.

Classical approach

I would like to determine points, that are common almost for every company, which pays significant attention to culture integration. Thus, nowadays, the general idea is that every M&A on the market is acquisition, and there are no “pure” mergers, at least because there will be only one dominated culture eventually. However, Timur Yadgarov (Asia Consulting firm, Russia) considers this idea as ruinous for integration period: “In this particular period, an excogitated dominating of one of the
partners may lead eventually to the relationships destroying”. It’s very important point, which can be a basement of future culture integration.

Another one important point is to form special team, which will be in charge of cultural integration. This team must involve to the process of defining and implementing new culture as much employee and managers as possible.

**Positive example - GE Medical Systems**

*Under the leadership of Jeffrey Immelt, General Electric (GE) Medical Systems acquired Marquette Medical Systems (MMS), a privately held company, from the Cudahy family in late 1998. Both organizations were headquartered in Milwaukee, but they had a history as bitter rivals. (“‘GE is our enemy’ was the MMS mentality,” Arian says.) Each company had very different organizational cultures. Marquette Medical projected a strong entrepreneurial culture as defined by its founder, who did not tolerate much bureaucracy. GE was part of a multinational corporation, heavily embarked on Six Sigma, and with a high degree of process orientation. Serious union avoidance issues and concerns about change in benefits and rewards structures existed at Marquette Medical. Immelt and his leadership team spent significant time meeting with employees of both companies — through town hall meetings, small focus groups and regular two-way communication — to explain their vision for the new combined organization. They worked to create a shared vision for the future that everyone could embrace. GE leadership personally addressed concerns that were the underpinnings of the unionization campaign. They did not apologize for, or run away from, the strong GE culture and the control requirements required by GE. Instead, they explained why these control requirements were necessary and how they would drive stronger business results for the combined organization. They sought to build a shared desire for greatness by raising expectations and expressing enthusiasm and confidence. This merger was a great success and helped catapult Immelt into the top job at GE.*

One of the most important stage of any M&A is “due diligence”, which allows understand more deeply circumstance and bring to light all possible risks of all company’s aspects. Clearly, content-based cultural assessment is the dominant way that many observers, including social scientists, analyze the cultural aspect of mergers and acquisitions. In fact, this way of thinking is so engrained that some progressive firms such as Johnson & Johnson and Cisco Systems now use such analysis proactively: they systematically analyze cultural fit in assessing potential merger targets. Usually, more professionally due diligence conducts by consulting firms, that’s why in this chapter I’ll stress on approach to have a deal with Organizational Culture of well known consultancy firm - Mercer Ltd.
Mercer’s approach
Mercer defines “Organizational Culture” as three intertwined elements:

- The individual and organizational behaviors themselves (Behaviors)
- The business outcomes they produce (Outcomes)
- Those factors that influence patterns of behaviors (Drivers)

Behaviors
In describing an organization’s culture, terms such as “paternalistic,” “collaborative,” “hierarchical,” “conservative” and “entrepreneurial” are often used (see Figure 2). These may accurately describe a group characteristic, but the underlying question is: What do people actually do in a “consensus” culture or a “hierarchical” culture? What behaviors would be observed in a “consensus” culture and how would they differ from the behaviors observed in a “command-and-control” culture?

<table>
<thead>
<tr>
<th>Examples of behaviors</th>
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<tbody>
<tr>
<td>Lean &amp; mean</td>
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<tr>
<td>Cutthroat</td>
</tr>
<tr>
<td>Conservative</td>
</tr>
<tr>
<td>Risk-taking</td>
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<tr>
<td>Sense of urgency</td>
</tr>
<tr>
<td>Paternalistic</td>
</tr>
<tr>
<td>Entrepreneurial</td>
</tr>
<tr>
<td>Quality driven</td>
</tr>
<tr>
<td>Fun</td>
</tr>
<tr>
<td>Hierarchical</td>
</tr>
<tr>
<td>Consensus building</td>
</tr>
<tr>
<td>Collaborative</td>
</tr>
<tr>
<td>Empowered</td>
</tr>
<tr>
<td>Innovative</td>
</tr>
<tr>
<td>Process driven</td>
</tr>
<tr>
<td>Competitive</td>
</tr>
<tr>
<td>Sales driven</td>
</tr>
<tr>
<td>Family friendly</td>
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<tr>
<td>Cost driven</td>
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</table>

Figure 2. Examples of behaviors

These behavior patterns describe how people operate at work. Thinking of it this way, an organization’s culture can be seen in the aggregation of those individual behaviors that make up how work gets done. Put another way, if different business results are required, then the behavioral patterns that make up the current culture must change.

Outcomes
Of course, when viewed in isolation, culture – or the way people tend to behave – is of little relevance.

Only when culture is put in context does it become relevant. The environment within which a culture exists, and the outcomes that result from the behaviors that define it, determine whether a culture is “good” or “bad.” Logically, a culture is considered good if it produces the desired outcomes, and it is considered bad if the desired outcomes aren’t achieved.
Drivers
In addition to behaviors and outcomes, the third element in understanding culture comprises those factors that influence behavior. Within an organization, each behavior is a result of specific drivers, which are both internal and external to the organization.

There are four basic types of drivers of behavior: personal, social, organizational and models (see Figure 4). Two of these – organizational and models – can be used to change the underlying behaviors of a given culture, and two – personal and social – generally need to be understood and “worked with” rather than managed. Recognizing this fundamental difference in how and where an organization can influence behavioral change is the first step in developing and executing a practical approach to cultural integration.

It is difficult, if not impossible, and perhaps inappropriate, for corporations to attempt to change personal (for example, personality, genetics, gender, ethnicity) and social (for example, national origin, religion, local customs) drivers of behavior. However, it is appropriate and necessary to help individuals and organizations understand those drivers and be skilled at acknowledging and resolving the natural paradoxes that exist within the context of these differences.

When organizations have tried to impose their own behaviors resulting from personal and social drivers on acquired organizations, failure in some form has almost always been the consequence. Said another way, if the behaviors of acquired or merged companies resulting from personal and social drivers are incompatible with the business model necessary to drive results, failure is almost guaranteed before you start.
However, organizations can and should proactively manage the other two drivers: organizational and models. Organizational drivers include vision, values, programs, policies, workforce strategies and the work environment. Model drivers represent the behaviors of others – whether peers, leaders, coaches, opinion leaders or role models. In fact, the most powerful models reflect the behaviors of both organizational leadership and peer groups.

Putting these three elements into a picture gives us this simple systematic graphic (see Figure 5). This graphic illustrates the three elements in a simple form of systems thinking: Drivers influence behavior patterns, and the aggregation of those behavior patterns produces business outcomes. So, if an organization desires a different set of outcomes, individual and collective behaviors have to change. And if individual behaviors need to change, then different drivers must be in place to cause different behaviors.

The thinking also works the other way; achieving certain outcomes (for example, higher revenues or greater market share) will require people to behave in new and different ways, and will also result in the redesign of various organizational programs and systems, such as how performance is managed and rewarded and/or how markets are managed and results are reported.

The cultural integration process
Mercer’s eight-step cultural integration process (see Figure 6) provides a framework for developing an executable process to increase the chances of successful cultural integration.
Effective culture integration can be long and challenging, which may be another reason why it is thought of as unmanageable. The simplicity and practicality of the eight-step cultural integration process provides a way to deal with the impact of culture. It shows that the murky topic of culture change can be clarified into specific process steps that will lead to improved business outcomes. However, each of the steps must embody a degree of rigor and forethought if they are to work.

**Emerging Approach**

This approach was presented by Nirmalya Kumar in Harvard Business Review (May 2009), and it’s too young to be a real approach, and business needs more examples to accept it. Approach to have a deal with cultural integration based on approach to have a deal with M&A as a whole. Unlike Western companies, which use M&A primarily to increase size and efficiency, emerging giants (as Hindalco - Indian metal producer) acquire firms to obtain competencies, technology and knowledge essential to their strategy. Figure 7 shows main differences between Classical and “Emerging” approaches:

<table>
<thead>
<tr>
<th>Drivers</th>
<th>Behaviors</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Determine degree of integration</td>
<td>4. Develop culture change hypothesis</td>
<td>2. Determine degree of integration</td>
</tr>
<tr>
<td>4. Develop culture change hypothesis</td>
<td></td>
<td>4. Develop culture change hypothesis</td>
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Figure 6. Cultural integration process

<table>
<thead>
<tr>
<th>Rationale</th>
<th>Classical approach to M&amp;A</th>
<th>“Emerging” approach to M&amp;A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synergy levels</td>
<td>The acquirer and the acquisition usually have the same business model</td>
<td>The acquirer is often a low-cost commodity player, while the acquisition is a value-added branded-products company</td>
</tr>
<tr>
<td>Integration speed</td>
<td>The buyer makes several changes in the acquisition soon after the takeover</td>
<td>Integration is slow-moving at first. After a while, the buyer starts pulling the acquisition closer</td>
</tr>
<tr>
<td>Organizational fallout</td>
<td>High executive turnover. Culture clashes occur</td>
<td>Little interference, executive turnover</td>
</tr>
<tr>
<td>Goals</td>
<td>The buyer has clear short-term aims</td>
<td>Long-term vision</td>
</tr>
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Figure 7. Comparison of two approaches
As we see, in a nutshell, “emerging” approach based on long-term vision, which allows to not force the culture integration. For example, Hindalco company (which conducted 4 acquisitions from 2000 until 2008) doesn’t disturb an acquisition’s management structure, systems or people unless necessary. So, even after acquisition, new company can continue to work without significant change in their business model, however both companies will obtain benefits in terms of new skills, technologies, know-how etc. In such a circumstances the cultural integration can be invisible and effective.
This approach is interesting, yet it needs a time to prove its consistency.

4. Conclusion

The reality of M&A transactions in today’s global business world is that they are always complex and made more difficult by the fact that each party has unique behavioral patterns that define its culture.
For a business transaction to achieve the outcomes expected, it is necessary to acknowledge the impact that behavior patterns have on the probability of the transaction’s success – but this is only the starting point. Mitigating the negative impact of culture on a deal, or accelerating the development of the culture necessary for success, requires adhering to a structured process. Moreover, it’s very important to those who will be in charge either of whole merger or acquisition or particularly of the cultural integration, to be aware of National culture pattern. Understanding of how National culture affects Organizational one is critical skill for managers, as well as understanding of impact of Organizational culture on mergers or acquisition transactions.

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