



Multinational acquisition integration: the role of national culture in creating synergies

David M. Brock*

*Department of Business Administration, School of Management, Ben-Gurion University,
P.O. Box 653, Beer-Sheva 84105, Israel*

Received 21 July 2004; received in revised form 15 December 2004; accepted 2 February 2005

Abstract

How do cultural differences between home and host nations undermine or enhance multinational acquisitions? Although most believe that differences in national culture affect performance in acquired firms, some studies find cultural differences are problematic, others find they add value to the parent firm, and others find variable or no effects. The study of 103 related acquisitions reported here suggests that the path between national culture and successful integration of an acquisition follows an indirect process. We find that the cultural match or mismatch between the parties to a related acquisition shape their ability to successfully integrate and share resources, which in turn affects the ability to realize synergies.

© 2005 Elsevier Ltd. All rights reserved.

Keywords: Acquisitions; Integration; Synergy; Culture

Many agree that national culture influences performance abroad, but studies of the relationship between cultural differences and acquisition performance have produced conflicting findings (Weber, Shenkar, & Raveh, 1996). Some argue that cultural differences create organizational challenges that impede integration and increase acquisition costs (Cartwright & Price, 2003; Hofstede, 1980). A similar perspective is that differences between national cultures—known as cultural distance (Gomez-Mejia & Palich, 1997) between firm and nation of operation; acquired and acquiring firm; or joint venture partners—are the source of uncertainties that require increased integration at

* Tel.: +972 8 647 9731; fax: +972 8 647 7691.

E-mail address: dmb@bgu.ac.il.

a higher cost. Higher levels of cultural distance have been associated with greater conflict in an acquisition over day-to-day decisions (Jemison & Sitkin, 1986), and differences between parent and acquired firm can lead to culture clash among employees when operational practices also differ (Brock, Barry, & Thomas, 2000). Together these findings suggest that higher costs associated with cultural integration reduce performance.

On the other hand, others believe that differences between national cultures of parent and acquired firms benefit the parent company by expanding the knowledge base available to establish distinctive competencies worldwide (Ghoshal, 1987; Mayrhofer, 2004). Arguing from this perspective, Morosini, Shane, and Singh (1998) found a significant positive relationship between cultural distance and post-acquisition performance both among the 52 companies in their study and in field interviews with managers. Rather than emphasizing costs of cultural difference, the latter perspective emphasizes the learning benefits provided by cultural differences. Finally, still other research yielded mixed results. Observing that most cultural research assume differences are stressors more than complements, Very, Lubatkin, and Calori (1996) looked at the relationship between acculturative stress/attraction with financial performance of domestic and cross-national mergers to find their performance is sometimes influenced by national culture but not always in the expected directions. For example, British firms found cross-national mergers to be no more stressful than domestic ones, but French firms showed significant domestic stress on some cultural dimensions and significant attraction on one cultural dimension in cross-national mergers. Finally, in their study of performance in Fortune 500 firms between 1985 and 1994, Gomez-Mejia and Palich (1997) found that neither culturally related nor culturally unrelated diversification were associated with firm performance. The conflicting results represented by this set of studies are a compelling reason for additional research to explore relationships between cultural congruence and acquisition performance. As a group, these studies suggest there are costs and benefits associated with cultural differences. These may be better understood by looking not only at the fact of cultural differences but also at how national cultural differences combine to affect operational concerns that shape subsidiary performance.

1. Acquisitions across cultures

Effective acquisitions have been used to achieve rapid entry into high growth markets, acquire expertise, technology, products, brands, market presence, experienced management, reduce exposure to risk, and to complement ongoing internal product development. They minimize the costly time lag associated with the internal development of products, markets, and their required supporting structures; and are particularly useful where product life-cycles are short or the danger of a profitable market window closing is high (Cartwright & Cooper, 1992; Haspeslagh & Jemison, 1991). They are also used as a means of generating instant revenues or gaining immediate advantages over competitors without increasing capacity (Jemison & Sitkin, 1986; Millington & Bayliss, 1996). Finally, acquirers typically believe that they can more efficiently utilize the human and physical capital of the acquired firm (Very et al., 1996).

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات