

The Effects of Cultural Differences on Post - Acquisition Success for Multinational Firms

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The aim of this article is to provide a comprehensive review on national culture, organizational culture, and international mergers and acquisitions. Previous research investigating national culture and mergers and acquisitions has focused more on the transferring processes. This article focuses on post-acquisition performance and utilizes two case studies to demonstrate how national culture and organizational culture impact on post-acquisition performance for multinational companies. Hofstede's four-dimension theory in national culture is used to compare and contrast those different national cultures. Two case studies are the Yahoo-Kimo acquisition and Benq-Siemens acquisition. Therefore, three different countries are involved. They are Taiwan, the US, and Germany. The author also provides suggestions for future research.

Keywords: cultural differences, organizational culture, national culture, acquisitions

INTRODUCTION

The economist, Karl Marx (1848), mentioned in his book that globalization is an inevitable trend for international business. The traditional self-sufficient model or intra-national relationships will be substituted by the interdependency among nations. There are no longer geographic boundaries between countries. The global economy has changed dramatically. Companies in one country have begun to do business with other companies from another country. Therefore, international business has gradually become one of the most important factors affecting a nation's competitive advantages. Companies are facing competition not only from their own domestic market but also from international markets. Therefore, international mergers and acquisitions are becoming a critical way for companies to go abroad and do business internationally. International mergers and acquisitions are very efficient ways for firms which intend to extend globally to enter foreign markets. Through international mergers and acquisitions, they not only can obtain foreign markets and technology, but also may reduce costs and increase their sales.

The literature has shown that past research regarding international mergers and acquisitions has focused on financials, management, legal systems, and marketing. Little research has taken a look at the effect of cultural differences on this issue. However, since two companies from different countries may definitely have their own organizational cultures and be affected by national cultures where they have been doing their business, cultural differences could play important roles in the processes of mergers and acquisitions or even in post-merger or acquisition periods. Hence, this article will (1) discuss impacts and implications of international mergers and acquisitions by the trend of globalization, (2) analyze acquirers' and acquirees' national cultures based on Hofstede's (1991) theoretical framework, (3) discuss two different international merger and acquisition cases which are affected by national cultures, (4) compare and contrast post-

acquisition performances on these two cases and discuss possible effects of national culture differences, and (5) provide recommendations for future research on the issue of international mergers and acquisitions.

THE TREND OF GLOBALIZATION

The Implication of Globalization

Globalization is a series of inter-dependent processes of changes. It deepens and accelerates the relationships among people around the whole world in terms of politics, economies, cultures, societies, environments, and securities. With the increase of economic freedom around the world, globalization means that business managers in any area on earth can be much more easily affected by any event happening in any other area in the world. Technically speaking, there is another more precise definition. Globalization is a cross-border integrating process of economic activities through market communication (Bhagwati, 2002).

English scholar Sklair (1991) has proposed “global system” based on capitalism has been gradually spreading around the world. Hill (2000) also mentions that globalization is a movement that we are all going toward a more integrated and inter-dependent worldwide economic system. Hill (2000) further proposes two types of globalization: globalization of markets and globalization of production. Globalization of markets means to integrate different nations and markets into a universal big market while globalization of production means a trend that companies try to obtain products or services by taking advantage of cost or quality differences in production factors, like labor, lands, or capital, among countries (Hill, 2000).

Globalization and International Mergers and Acquisitions

During the last decade of 20th century, there were two emerging directions for global economy. The first one is that a rapid development of economic globalization which crossed geographic and national boundaries. The second one is that international mergers and acquisitions had become major weapons for multinational companies to extend markets (Kang & Johansson, 2002; Evenett, 2003). Globalization and international mergers and acquisitions have indicated that the global economy has been headed to a totally different direction. Disappearance of geographic boundaries and foreign investment barriers forces companies to be more aggressive to confront challenges which globalization has brought in.

Garten (2002) has pointed out that companies would cooperate with each other to extend markets for their services or products. Existence of national boundaries is gradually diminishing. This is what globalization means. Furthermore, international mergers and acquisitions are one type of cooperation among companies. Multinational companies are the driving force for globalization. However, when multinational companies pursue international mergers and acquisitions, this process of globalization has brought cultural conflicts and contradiction between acquiring and acquired firms. Therefore, how to deal with these conflicts and integrate different organizational and national cultures is the major concern during post-acquisition/merger periods (Mickelthwait & Wooldridge, 2002).

ORGANIZATIONAL CULTURES

Organizational culture is typically referred to the internal norms or regulations that members in the organization has agreed on and can be used to pass on to new members for understanding the organization and its values. “The term ‘organizational culture’ entered the US academic literature, as far as we know, with the article in Administrative Science Quarterly by Pettigrew in 1979” (Hofstede et al., 1990). “In the U.S. management literature, the same term, in the singular, had been casually used by Blake and Mouton (1964) to denote what others then called ‘climate’” (Hofstede et al, 1990). In addition, Robbins (1990) also added that organizational culture can be established by combining the founder’s initial thoughts, personnel policies, top management, and the socialization of new coming employees. It represents what an organization stands for and how it is viewed by people outside the organization.

However, there is no agreement on the definition of organizational culture. According to Hofstede et al (1990), “most of authors will probably agree on the following characteristics of the organizational/corporate culture construct: it is (1) holistic, (2) historically determined, (3) related to anthropological concepts, (4)

socially constructed, (5) soft, and (6) difficult to change”. In addition, Harrison (1972) first proposed four types of organizational culture. They are power, role, task/achievement and person/support organizational cultures. “While there is no one best culture for organizational success, the different culture types create different psychological environments for their members” (Cartwright & Cooper, 1993). Here are detailed characteristics of each type (Harrison, 1972; Cartwright & Cooper, 1993):

Power Organizational Culture

Power organizational culture focuses on individual instead of group decision making. It is essentially autocratic and suppressive of challenge and tends to function on implicit rules. Therefore, under this type of organizations, individual members are motivated to act by a sense of personal loyalty to the boss or fear of punishment (Harrison, 1972; Cartwright & Cooper, 1993).

The organization is bureaucratic and hierarchical. It mainly focuses on formal procedures, written rules and regulations concerning the way in which work is to be conducted. Thus, role requirements and boundaries of authority are clearly defined. Fast, efficient and standardized customer service is valued. In this type of organizations, employees usually feel that they are easily dispensable in that the role an individual serves is more important than he or she who occupies that role (Harrison, 1972; Cartwright & Cooper, 1993).

Task/Achievement

This kind of organizations emphasizes more on team commitment and a zealous belief in the organizations’ missions. The task requirements are the determinant of how work is organized. Besides that, the organization may tend to be more flexible and have high levels of worker autonomy (Harrison, 1972; Cartwright & Cooper, 1993).

Person/Support

This type of organizations focuses on equalitarianism and it exists and functions solely to nurture the personal growth and development of its individual members. Therefore, it is more often found in communities or cooperative than commercial profit-making organizations (Harrison, 1972; Cartwright & Cooper, 1993).

Organizational Culture and Mergers & Acquisitions

When two different organizations would like to merge together or one organization wants to acquire another one, there will be an organizational conflict in terms of cultural differences. Bowditch et al. (1983) found that organizational cultures before mergers or acquisitions are significantly different from those after mergers and acquisitions. Even within the same industry, if two companies have totally different cultures, they still may encounter lots of difficulties in the process of mergers or acquisitions. Therefore, organizational culture is a significant factor to determine whether a merger or acquisition could be successful or fail. In order to further look into how organizational culture affects the process of mergers or acquisitions, Nahavandi & Malekzadeh (1998) proposed four different culture-transferring models:

Integration Model

In this model, the acquiree is able to maintain its own basic values, beliefs, and organizational structure while being willing to adapt to the acquirer’s organizational culture. This situation usually occurs when the acquirer allows the independency of the acquiree. The integration process definitely still makes some changes for both organizations. Since no particular organization wants to dominate over the other, the acquisition process is relatively smoother.

Assimilation

This is a one-way model. The acquiree is willing to completely give up its own organizational culture and adopts the acquirer’s culture. This situation typically happens when the acquiree thinks its own organizational culture is not effective and may become the obstacle for the acquisition process.

Separation

In this model, employees in the acquired organization want to maintain their own culture and values and refuse to adopt the organizational culture of the acquiring firm. Thus, the extent to the cultural transfer between two organizations is relatively small.

Deculturation

The members in the acquired firm neither want to keep their own culture nor are willing to adopt the acquiring organization's culture. In this case, they will develop a completely different organizational culture. These four models represent different types of mergers or acquisitions and demonstrate how two organizations "get married". According to Cartwright & Cooper (1993), "assimilation, integration and sanctioned separation can potentially result in satisfactory organization and employee merger and acquisition outcomes". "The success of traditional marriages depends on accepted assimilation; modern marriages on smooth integration. Sanctioned separation is the mode of open marriages" (Cartwright & Cooper, 1993).

NATIONAL CULTURE

The definition of culture has been developed in many ways. Based on Kluckhohn (1951), "culture consists in patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consist of traditional ideas and especially their attached values". On the other hand, Kroeber and Parsons (1958) define culture as "transmitted and created content and patterns of values, ideas, and other symbolic-meaningful systems as factors in the shaping of human behavior and the artifacts through behavior".

Furthermore, cultures in different nations are even more significantly distinctive. Typically, national culture will have much more impact on employees than organizational culture does. Different organizations have different cultures so different nations have different cultures too. Clark (1990) has defined national culture as the attitude and thoughts commonly shared by people in the same nation. It regulates people's behaviors and affects their views towards the world. The most popular definition of national culture is the one created by Hofstede (1983). He provides four dimensions to identify culture relativity. These dimensions are power distance, uncertainty avoidance, individualism-collectivism and masculinity-femininity. Those four dimensions are commonly utilized by researchers to demonstrate differences in national cultures.

Power Distance

Power can be viewed as a perception and a psychological representation of the strength of one's position in negotiation (Brett, 200). Power distance is the degree of equality or inequality between members from one organization or country (Hofstede, 2005). There is always inequality existing in the society. According to Hofstede (1983), bosses tend to increase the power distance between their employees and them while employees are trying to decrease it.

Inequality can occur in areas such as prestige, wealth, and power. Different societies put different weights on status consistency among these areas (Hofstede, 2001). The country-level correlation of the preferred kind of decision making in the superior with the perception of the behavior of both superior and colleagues shows a fundamental fact about power distance in a hierarchy so that a society's way of dealing with power relationships is established through the values of superiors as well as of subordinates (Hofstede, 1983).

In addition, Hofstede (1991) also indicates that companies in high power distance countries such as Egypt, India, Malaysia, Nigeria, Saudi Arabia, and Venezuela tend to be more centralized and have less employee participation in decision-making. On the other hand, when superiors maintain less power distance, subordinates tend to prefer the consultative decision type, which can also be explained as an interdependence of superiors and subordinates. People from countries with lower power distances, such as

the US, Sweden, Israel, Ireland, Germany, Denmark, Canada, and Austria, may have more freedom to express their own thoughts.

Uncertainty Avoidance

Uncertainty avoidance means the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity, which leads them to support beliefs promising certainty and to maintain institutions protecting conformity (Hofstede, 1983). People in different societies tend to respond differently to the natural uncertainty. In countries where uncertainty avoidance is high, people have lower ambitions and prefer larger companies to work for. They also tend to avoid competition, resist changes, and don't like working for foreign managers. Hofstede (1983) also finds that there is no significant difference in uncertainty avoidance between male and female.

Besides that, when situations are unstructured, unclear, or unpredictable, individuals from societies with high uncertainty avoidance like Argentina, Spain, Peru, Mexico, Korea, Japan, Belgium, Chile, Greece, Egypt, and France would provide socially acceptable responses that are condoned by most people and to reduce personal risks (Hofstede, 1991). On the contrary, people from nations with low uncertainty avoidance, such as the US, Sweden, Canada, Denmark, India, Hong Kong, and England, might be more reflective and relatively broader-minded, which results in fewer needs for social approval and increased openness in intercultural communication which leads to additional risk taking, tolerance toward deviant behavior, and acceptance of innovative ideas (Hofstede, 1991).

Individualism Versus Collectivism

Individualism means the relative importance in a country of personal time, freedom, and challenge and the relative unimportance of training, use of skills, physical conditions, and benefits (Hofstede, 1983). Hofstede (1983) thinks that in a society with low individualism people will extend their loyalty from families to the organizations they work for. The typical example for this type of societies is Japan. That's why individualism and collectivism should be seriously considered when doing business with Japanese companies.

Masculinity Versus Femininity

Masculinity is the extent to which the dominant values in a society are male oriented, whereas the female's status is higher in a femininity culture. This dimension refers to the distribution of roles between the genders which is another fundamental issue for any society to which a range of solutions are found (Hofstede, 2001). Masculinity indicates the relative importance in the country of earnings, recognition, advancement, and challenge and the unimportance of the relations with managers, cooperation, desirable areas, and employment security (Hofstede, 1983). Therefore, Hofstede (1983) also thinks there are differences in work objectives between male and female employees.

Organizational Culture Versus National Culture

Many researchers believe that there is a relationship between organizational culture and national culture. Based on Selmer & Leon (2002), one company's organizational culture usually reflect national culture of its original country. Therefore, one may be able to have a basic idea what one company's organization culture looks like by observing national culture of its origin. As Hoecklin (1994) mentions, national culture of one country will affect every individual citizen's personal value and attitude, including business managers. The organizational culture of a company is significantly impacted and influenced by its managers. Therefore, national culture can have a big impact on organizational culture through this kind of process.

INTERNATIONAL MERGERS AND ACQUISITIONS

"Mergers and acquisitions (M&As) are a considerable alternative to internal growth of companies since they make it possible for firms to quickly penetrate new and foreign markets, earlier take advantage of

economies of scale and acquire necessary know-how and skilled personnel” (Sliburyte, 2005). “The term ‘mergers’ and ‘acquisitions’ tend to be treated synonymously. However, there is a legal difference in the transaction” (Sliburyte, 2005). An acquisition occurs when a company acquires a significant amount of shares to take the ownership over another company (Cartwright & Cooper, 1996). “A merger refers to when two companies consolidate and form a new entity” (Sliburyte, 2005).

POST-ACQUISITION/MERGER PERFORMANCE

Generally, performance measurements can be classified into financial performance indicator and non-financial performance indicator (Venkatraman & Ramanujam, 1986). Financial performance measures are described as indicators, “such as sales growth, profitability (reflected by ratio like return on investment, return on sales, and return on equity), earnings per share, and so forth” (Venkatraman & Ramanujam, 1986). These financial performance measures have generally been the focus of studies within economic perspective. As for operational performance, it includes “measures as market share, new product introduction, product quality, marketing effectiveness, manufacturing value-added, and other measures of technological efficiency” (Venkatraman & Ramanujam, 1986).

For more marketized firms, the market share, sales, growth, and profitability (the mean of returns on sales and return on assets) are basic elements for measurement (Lou & Park, 2001). In addition to returns on assets, asset intensity, defined as fixed assets divided by total sales, is also included to control for performance variation due to differences in internal capital utilization and market positioning of the firm (Lou & Park, 2001).

CASE STUDY I – YAHOO (U.S.) ACQUIRING KIMO (TAIWAN)

Yahoo’s Organizational Culture

Free-Style Management Philosophy

Jerry Yang, the founder of Yahoo, has mentioned that Yahoo should be a workplace that can make employees feel comfortable and happily work. His philosophy is that people can work more efficiently and contribute more when the working atmosphere is good and the management style is free and democratic. This philosophy can also be felt while people are exploring the internet on Yahoo.

Excellent Working Environment

Yahoo provides a comfortable and relaxing workplace to make employees feel home. They are teaching their employees that working is just part of lives. There should not be too much pressure and working should be enjoyable too.

Equal Participation

Yahoo employees are encouraged to freely and equally participate in the company’s policies and strategies. The difference between managers and employees is not clear. Jerry Yang’s management philosophy creates a unique organizational culture for Yahoo. This organizational culture makes Yahoo employees able to contribute their expertise and enjoy working at Yahoo. This organizational culture is also the reason why Yahoo is so successful today.

Kimo’s Organizational Culture

Kimo is the first exploring website in Taiwan. In the beginning, Kimo tried to duplicate Yahoo’s success and learned Yahoo’s website planning process and management structure. After that, since Kimo is the first one in Taiwan, everything including services provided or website content is discovered by Kimo itself. Therefore, willingness to take risks and passion are always the most important factors in its organizational culture. In addition, always being creative is another important factor for Kimo to be able to keep providing customers new information and best functions. Thus, creativity and fearless to challenges make Kimo successful in Taiwan (Chien, 2000).

National Culture in Yahoo-Kimo Acquisition

According to Hofstede's (1980) four-dimension theory, there are differences and similarities between Taiwan and the U.S. Here are detailed discussions.

Power Distance

The US is a country with low power distance so that the communication between managers and employees is very smooth and good. Thus, the management style here is freer and more democratic. On the other hand, Taiwan is a nation with high power distance. The relationship between top managers and employees is more rigid. Therefore, after the acquisition, the most important thing for Yahoo Kimo to do is to keep Kimo's top managers. They are those who are more willing to adopt the American culture (Shei, 2000).

Individualism

The US is a country with very high individualism. Self-centered philosophy is valued not only in working environment but also in daily lives. However, in Taiwan, collectivism is valued more. People tend to work as teams and follow organizational protocols and regulations (Hofstede, 1980).

Uncertainty Avoidance

The US is a low uncertainty avoidance country. Employees in organizations are usually not afraid of changes and tend to be more acceptant for unclear protocols. They also don't feel uncomfortable for environmental changes. On the other hand, uncertainty avoidance in Taiwan is high.

Masculinity

The US is a high masculinity country. Therefore, promotion and personal earnings are valued more. Compared to the US, Taiwan is a relatively low masculinity country. Good working atmosphere and successful team work are considered more important.

TABLE 1
NATIONAL CULTURE COMPARISON

	Power Distance	Individualism	Uncertainty Avoidance	Masculinity
Yahoo! (The US)	Low	High	Low	High
Kimo (Taiwan)	High	Low	High	Low

Organizational Culture in Yahoo-Kimo Acquisition

As I mention above, organizational culture is always viewed the most important thing within the company (Yang, 1999). Vitality is what the founder, Jerry Yang, is always aiming at. In the world of Internet, every services and website content should be always the latest and the newest. The company has to be ahead of other competitors in order to provide customers the best services. Therefore, ever since Yahoo is founded, one of its most important objectives is to make the Internet part of people's lives. On the other hand, Kimo's corporate goal is also to be able to get into customers' lives and make Kimo part of their daily lives. From this perspective, the organizational cultures of these two companies are really similar.

Yahoo-Kimo Acquisition Success

The Cross-Cultural Integration Is Successful

According to Hofstede's (1980) national culture research, there is no significant difference in national culture between the U.S. and Taiwan. In terms of organizational culture, there are many similarities between Yahoo and Kimo. Based on Nahavandi & Malekzadeh (1998), the Yahoo-Kimo acquisition is the "integration" model in terms of culture-transferring. The acquiree, Kimo Taiwan, has high willingness to keep its own organizational culture while Yahoo's organization also appears to be very attractive for Kimo. Therefore, the outcome of the acquisition is concluded as the integration model, which means that the acquiree is able to maintain its own basic values, beliefs, and organizational structure while being willing to adapt to the acquirer's organizational culture. This situation usually occurs when the acquirer allows the independency of the acquiree (Nahavandi & Malekzadeh, 1998).

Successful Acquisition Analysis

Even though many Kimo employees feel anxious in the beginning of the acquisition, they still somehow admire Yahoo's global success and its attractive organizational culture. Yahoo is a huge multinational company which has many successful experiences in the industry. Kimo is then the biggest portal website company in Taiwan, which has been very familiar with local markets, culture, and customers. Therefore, the marriage between Yahoo and Kimo is actually very helpful and valuable for employees from both companies. The economies of scale from Yahoo can help Kimo's technology team advance to next level. On the other hand, Kimo has been the major player in the industry in Taiwan for a while. It is very difficult for it to keep learning from local competitors. So, the biggest challenge was how to bring in new technology and thinking. That's why the integration of Yahoo and Kimo is very powerful, especially for Kimo.

CASE STUDY II – BENQ (TAIWAN) ACQUIRING SIEMENS (GERMANY)

Benq's Organizational Culture

The reason why Benq can be one of the leading electronic companies in Taiwan is that it always foresees things in advance and keeps its promises with customers. These two characteristics are also embedded in sales, production, and R&D activities. Benq's organizational culture can be described as following.

Understanding Customers' Needs

Benq views its customers as life-long friends. It tries to understand them and meet their needs. It also holds the same attitudes towards the employees.

Creativity

Benq always has new ideas which are ahead of its major competitors and even of the market. It encourages employees to develop new projects and look for challenges.

Quality

Quality is always the most important thing when talking about products. The term "quality" here also includes the feelings that customers experience while using its products.

Design

Benq focuses on customers' life experiences and what are in their minds when they think about beauty. All of these are to make sure that its customers will have good experiences while using Benq's products.

Siemens' Organizational Culture

In Germany, many good companies all agree that strong organizational cultures are the most important feature for corporate commitment. Siemens is one of the oldest companies in Germany. Therefore, Siemens' organizational culture is strongly affected by German's national culture. Therefore, the most notable feature

of German businessmen is to be precise and exact (Chang, 2005). They tend to do everything precisely and exactly. Siemens has 158 years of history. It is a big and stable company which tends to avoid risks and ask for security all the time when it does business.

National Culture in Benq-Siemens Acquisition

According to Hofstede's (1980) four-dimension theory, there are differences and similarities between Taiwan and Germany. Here are detailed discussions.

Power Distance

Taiwan is a country with high power distance. The boundaries between top managers and employees are very clear. Taiwanese bosses tend to make decisions by themselves and do not have any discussion with their employees. Similarly, employees also think that obeying and following bosses is a good way to express loyalty and commitment. On the other hand, Germany is a country where power distance is low. Based on Hofstede (1980), low power distance means higher employees' education levels. Managers will usually ask for employees' opinions when they are making decisions. In Germany, an effective manager must be a technical expert who is able to think comprehensively and plan carefully. Therefore, it is not acceptable for a manager to not be trusted by his/her employees.

Individualism

Taiwan is a nation with low individualism. Hofstede (1980) has mentioned that in a low individualism society, people tend to be more collective. They believe in teamwork and value regulations and protocols. They also have strong loyalty toward families and jobs. On the other hand, Germany is a high individualism country. German people value their personal lives very much and believe that everyone has his/her right to enjoy lives and freely express feelings and thoughts. German employees tend to work very hard while they are working and totally feel relaxed while they are away from work.

Uncertainty Avoidance

Taiwan is a high uncertainty avoidance nation. Taiwanese people tend to avoid competition and prevent them from changes and risks. Employees need explicit regulations and rules to follow and may feel anxious if they are implicit. Similarly, Germany is also a country with high uncertainty avoidance. German people like to work in big companies and want stable jobs and steady working processes. They tend to resist foreign managers and avoid competition too.

Masculinity

Taiwan is a country with low masculinity. Materialism is not valued while relationships among people are considered more important. In an organization, a friendly working atmosphere is thought much more important than promotions and earnings. On the contrary, Germany is a high masculinity country. German people value materialism. In addition, since male employees receive more expectations, it is more difficult for female employees to get promotions or higher earnings.

TABLE 2
NATIONAL CULTURE COMPARISON

	Power Distance	Individualism	Uncertainty Avoidance	Masculinity
Siemens (Germany)	Low	High	High	High
Benq (Taiwan)	High	Low	High	Low

Failure of Benq-Siemens Acquisition

Differences in National Culture. There are so many differences in national culture between Taiwan and Germany. Serious conflicts can be expected in the process of acquisition. In the dimensions of power distance, individualism, and masculinity, Taiwan and Germany are totally different. Therefore, it would be very difficult for them to integrate those two completely different cultures.

Failed Acquisition Analysis

Siemens' organizational culture became clearer after being acquired by Benq. It is very tough and insists some of its own values. German people have very unique culture. They like to complete tasks on time and always pursue perfection. They also like to challenge each other even against managers. On the other hand, Benq's organization culture tends to be more flexible and softer. They believe in trusting each other instead of challenging. Therefore, Benq encounters a huge cultural conflict after acquiring Siemens. The communication is not effective and trust among employees is low. Under this circumstance, it causes delays on new product introduction and then resulted in significant decrease in market share and huge loss.

CONCLUSIONS AND SUGGESTIONS FOR FUTURE RESEARCH

The era of globalization has arrived. Disappearance of national boundaries and business barriers force companies to go overseas. And then, international mergers and acquisitions can be a quick way for companies to enter foreign markets. A company's organizational culture is affected by its original country's national culture. Therefore, when the acquirer tries to integrate different cultures, it should deeply analyze the national culture of the acquiree. Like Benq and Siemens, Benq was not familiar with European culture and simply wanted to enter that market by acquiring German countries. Therefore, they didn't conduct careful research about it and finally encountered the failure in acquisition. Thus, companies should conduct analysis on national culture and organizational culture before jumping into mergers or acquisition. If significant difference among different cultures is found, the acquirer and acquirer need to improve their communication with each other. There are only two case studies in this article. Future research can be looking at performance more and includes more cases to maintain the reliability. In addition, future research maybe looking at multiple industries and conducts an extended qualitative and quantitative psychology.

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