

DYNAMICS OF CULTURAL INTEGRATION IN A CROSS-BORDER ACQUISITION. A closer look at an Indian-European deal

Niina Nummela
Turku University
Turku School of Economics
Finland
mailto: niina.nummela@utu.fi

Mélanie Raukko
Turku University
Turku School of Economics
Finland
mailto: melanie.raukko@utu.fi

Abstract

The context of cross-border acquisition brings additional challenges to the post-acquisition integration, as the parties represent different nationalities and, thus lack a common cultural frame of reference. From the managerial perspective the primary target after an acquisition is to integrate the companies into well-functioning – but not necessarily single – unit sharing similar organizational culture. However, the relationship between culture and outcome of an acquisition is very complex, and the research findings remain contradictory. This is partly due to the ambiguous use of key concepts and overlapping constructs. This paper attempts to clarify the conceptual basis of cultural integration in cross-border acquisitions and make suggestions how it could be analysed in future studies. The main objective is to highlight the dynamics of cultural integration in cross-border acquisition by analyzing the key culture-related constructs e.g. cultural awareness, fit and distance as well as acculturation in relation to the acquisition process, particularly focusing on the post-acquisition phase. The theoretical framework created is applied in a longitudinal real-time case study of an Indian-European acquisition in the IT field. The key findings of our study are threefold: First, successful cultural integration requires not only cultural fit and awareness, but also understanding of which of the cultural differences require action and which do not. Second, the results imply that in a cross-border acquisition the perceived cultural differences vary during the process: in the beginning the differences due to cultural distance between the countries are highlighted, whereas later in the integration process the fit of organisational cultures becomes more decisive. Hence, cultural learning occurs and enhances the cultural integration, and in order to increase cultural awareness of both parties, ‘cultural due diligence’ should continue during the integration. Third, our findings also suggest that acculturation may also lead to negative outcome, if the expectations concerning the integration process are not met. The contribution of this paper two-fold: first this paper brings dynamics to cultural integration by combining analysis of cultural differences and change, and second, the use of longitudinal, mixed method research strategy provides a methodological contribution to earlier research.

Key words: cross-border acquisition, cultural integration, cultural fit, acculturation, India, Europe

1. INTRODUCTION

Worldwide, cross-border investments have been increasing until 2007. Now, it seems the recovery of FDI's will be lead by cross-border acquisitions (World investment report 2010¹). Accordingly, cross-border M&As have clearly become increasingly important in business life. However, due to their international nature, cross-border acquisitions² involve unique challenges, due to the various economic, institutional or regulatory and cultural structures

¹ See also www.untacd.org/fdistatistics

² Although mergers and acquisitions (M&A) are commonly used interchangeably in the literature, mergers remain a minority of the deals. Additionally, in terms of culture, the basis for integration is completely different.

(Hoecklin 1995; Child et al. 2001; Very & Schweiger 2001). The cross-border context brings additional challenges to the post-acquisition integration, as the parties represent different nationalities and, thus lack a common cultural frame of reference. It has also been argued that sometimes companies underestimate the complexity of cross-border acquisitions (Nadolska & Barkema 2007). Additionally, the institutional contexts may differ between the countries and both types of obstacles may increase the perceived cultural differences between parties (Olie 1994). However, the relationship between culture and outcome of an acquisition is very complex, and the research findings remain contradictory (e.g. Teerikangas & Very 2006; Stahl & Voigt 2008).

Poor cultural fit or lack of cultural compatibility have been frequently mentioned as a potential factor leading to acquisition failure (e.g. Cartwright & Cooper 1993; Weber 1996; Teerikangas & Very 2006). A recent meta-analysis of 46 studies clearly suggests that cultural differences matter, but they seem to represent a “double-edged sword”. Consequently, cultural differences can be both an asset and a liability in an acquisition. (Stahl & Voigt 2008.) It has been argued that more research is needed to analyse whether culture matters or not (cf. Teerikangas & Very 2006; Stahl & Voigt 2008), and whether the key decision-makers are able to prioritise between the identified cultural differences (which are of importance from the viewpoint of business integration, and which are not) (Janson 1994). Previous meta-analyses (e.g. King et al 2004) also called for greater recognition of the process and organizational dimensions of acquisitions (cf. Cartwright & Schoenberg 2006, S4).

From the managerial perspective the primary target after acquisition is to integrate the companies into well-functioning – but not necessarily single – unit sharing similar organizational culture. It can even be argued that the success of an acquisition depends how well the managers manage this difficult integration process at the newly purchased company (Legare 1998). However, the need for integration varies considerably, ranging from relatively loose integration comprising merely changes in top management and strategy to more comprehensive or selective merging of some functions (Lees 2003; Janson 1994). The management of cultural differences – often labelled as cultural integration – relates to the acquisition-related changes that take place in the target company. These changes may manifest themselves, for example, in the values, self-image, work-related norms, organizational practices (management and control, treatment of employees, artefacts) and power structure in the firm (cf. Lees 2003, Cartwright & Cooper 1992). The process of cultural integration may vary both in terms of depth (see e.g. Cartwright & Cooper 1993) and in length, because change processes in organizational culture are complex, slow and bound to encounter resistance (Schein 1989).

Despite the increasing interest in human resource management in cross-border acquisitions, our understanding of the aspect of culture in the integration process remains limited (cf. Björkman, Stahl & Vaara 2007). This is partly due to the ambiguous and overlapping use of concepts. This paper attempts to *clarify the conceptual basis of cultural integration in cross-border acquisitions* and make suggestions how it could be analysed in future studies. The *main objective is to highlight dynamics of cultural integration in cross-border acquisition by analyzing the key culture-related constructs*. The theoretical framework is applied on a longitudinal case study, where data was collected both with interviews and questionnaires during two years following the acquisition. The main contribution of this paper two-fold: first

Whereas mergers are often characterized by equality and the result is a jointly negotiated consensus-based, ‘third culture’, in acquisitions the roles are defined by power and hierarchy (acquirer and target). As a result, the degree and nature of cultural integration is determined by the dominant partner. (cf. Olie 1994, 163).

this paper brings dynamics to cultural integration by combining analysis of cultural differences and change (cf. Janson 1994; Zander & Lerpold 2002), and second, the use of longitudinal, mixed method research strategy provides a methodological contribution to earlier research (cf. Meglio & Risberg 2010). The selected case is an Indian-European acquisition which took place in summer 2006. The case is interesting and relevant as there isn't much research focusing on acquisitions from emerging economies such as India. The paper is divided into five sections: the first one defines the key concepts and links them together, and the second describes the methodology used in the empirical study as well as the case company. The third section presents the key findings and the fourth section discusses the results within the context of existing literature. The paper ends with conclusions and suggestions for future research.

2. BRINGING CULTURE TO CROSS-BORDER ACQUISITIONS

2.1 The key concepts in understanding culture in cross-border acquisitions

2.1.1 Cultural distance – evaluating cultural differences of national cultures

Organizations are embedded into *national cultures* which reflect shared historical experience and institutions. As members of one nation are expected to share a common set of values which shape their preferences for many issues (cf. Hofstede 1980), it can be assumed that in cross-border acquisitions the interface extends beyond one's own culture and the parties are bound to encounter something different (Lees 2003). Additionally, organizations with distinct national cultures are likely to favour diverse means in order to implement the desired changes (Laurent 1989).

When evaluating cultural similarities or differences between national cultures, two related and partly overlapping concepts are often introduced: *cultural and psychic distance*. Traditionally the geographical or physical distance has been perceived as a negative factor in cross-border acquisitions (Johnson et al 2006). Beckerman (1956) defined psychic distance already in the late 1950's as a country being "nearer" in a psychic evaluation. The Uppsala school defined psychic distance as "the sum of factors preventing or disturbing the flows of information between firms and markets" (Johansson and Wiedersheim-Paul 1975, 308; Brewer 2007, 44). In international business literature, psychic distance has been seen as an important predictor of international market selection (Brewer 2007, 44), an even more critical one than the geographical distance (cf. Hofstede 1980; Fang, Fridh & Schultzberg 2004; Vaara, Tienari & Laurila 2006).

Whereas psychic distance is often evaluated on individual level, based on respondents' subjective perceptions, cultural distance is an organizational-level construct which refers to the differences between cultural values between countries (Sousa & Bradley 2006). It has been defined as "the sum of factors creating, on the one hand, a need for knowledge, and on the other hand, barriers to the knowledge flow and hence also for other flows between the home and the target countries" (Luostarinen 1979, 131-132). Sousa and Bradley (2006) even argue that psychic distance is determined by cultural distance, together with other factors. Consequently, cultural distance can be viewed as one component of psychic distance (Dow & Karunaratna 2006, 581, 591).

In the context of cross-border acquisition, cultural distance requires the acquirer to apply its strategic advantages to a different location (Shimizu et al 2004). It could be assumed that a lower cultural distance would also mean easier integration of the companies. Thus, the national cultural distance appears to have a significant effect on cross-border acquisition performance, as managers might be accessing diverse routines and repertoires which are beneficial to their performance. (Morosini et al. 1998) However, earlier research findings are slightly contradictory and actually instead of distance, both parties' familiarity with the business environment or socialisation may be more decisive (Larsson & Lubatkin 2001, Weber et al 1996).

The conflicting findings are probably at least partly due to the conceptual ambiguity. A large amount of studies use the terms cultural distance and psychic distance interchangeably (Sousa & Bradley 2006, 50). Despite differences in content, they have been measured with same indicators, mostly based on Hofstede's index of cultural dimensions and the index developed by Kogut and Singh (1988) (a modification of Hofstede's (1980) four dimensions of culture). Another explanation might be the paradox of perceived closeness: the perceived similarity can prevent executives from learning about critical differences and they can fail as they do not prepare for differences (O'Grady & Lane 1996). Consequently, when a cross-border acquisition takes place in countries with seemingly similar cultures, the acquiring company may consider the markets to be similar to its own and does not consider small but crucial differences very seriously (e.g. Angwin & Savill 1997, 429; Fang et al. 2004, 591). On the other hand, even high cultural distance combined with low cultural awareness does not necessarily result in major failures, if the cultural differences are in areas of less importance (cf. Jansson 1994). In addition, conflicts may arise merely because the acquisition takes place, but what matters is how the employees resistance or the acquisition effect is managed during the integration process (Janson 1994, 142-143).

Hence, companies should assess the cultural distance when considering a potential target organization. It has been argued that in cross-border acquisitions, differences in national culture predict better stress, negative attitudes toward the integration, and actual cooperation than differences in organizational culture. Thus, national cultural distance is an important factor to consider when deciding about, and carrying out, a cross-border acquisition (Morosini et al. 1998). However, cultural clashes result not only from cultural distance highlighting the differences between national cultures (cf. Hofstede 1980) but also from lacking cultural fit between the organizations. Both aspects need to be assessed when evaluating the cultural differences in cross-border acquisitions (e.g. Weber et al 1996).

2.1.2 Cultural fit – analyzing cultural differences on organizational level

The degree of compatibility, or *cultural fit*, between the two merging organizations has been acknowledged as one of the reasons why many acquisitions fail to meet expectations (cf. Buono & Bowditch 1989; Cartwright and Cooper 1993; Olie 1994). Cultural fit is also discussed in literature under labels of cultural differences and cultural clashes (c.f. Datta 1991; Cartwright & Cooper 1993; Weber 1996). In the prior literature, the different schools of thought take a slightly dissimilar viewpoint to compatibility. The strategic school has focused much on issues related to strategic fit and synergy realization, while organizational behaviour scholars have been more concerned with issues related to the impact of the acquisition on individuals and the organizational culture and issues concerning the "cultural fit" (see Haspeslagh and Jemison 1991; Datta 1991; Birkinshaw et al. 2000).

It has been argued that the greater the dissimilarity between the organizational culture types, the more problematic and the longer the integration phase (Cartwright & Cooper 1993). However, research suggests that the cultures of merging organizations are not necessarily bound to clash simply because they are different (cf. Very et al. 1997; Larsson & Lubatkin 2001). Moreover, cultural similarity is not necessary a prerequisite for a successful integration, and in some cases, it may be an impediment. Consequently, the combination of two organization with a e.g. power culture³, of which one of the main characteristic is the centralization of power, may be very problematic. (Cartwright & Cooper 1993.)

Successful integration depends upon the shared perception of both the target and acquiring company on the aspects of the other culture that are worth preserving; i.e. whether the integration aims at a single culture, multiple cultures or mixed culture (cf. Pribilla 2002). It is natural to assume that cultural clash is more probable in acquisitions where need for integration is more significant (Weber et al 1996, Nahavandi & Malekzadeh 1988). Anglo-American mergers often represent re-design acquisitions, where the dominant acquirer takes over the target by imposing its own practices and culture. However, it can be argued that these kind of 'clear cut' cases are not the most problematic, but the greatest challenges are the ones where the situation is undecided. (Cartwright & Cooper 1993.) Cultural ambiguity – i.e. situations where there are uncertainties concerning whose style or culture is dominating (Buono, Bowditch and Lewis 1985) – may be considered as one of the key sources of acculturation stress (e.g. Very et al. 1996). Nevertheless, high cultural compatibility alone is not a sufficient prerequisite for smooth cultural integration, because it also depends on the willingness of the two organizations to fit and integrate (e.g. Cartwright and Cooper 1993; Olie 1994).

However, although cultural fit or compatibility has been frequently mentioned as a potential factor leading to failures, it has not been well defined (e.g. Cartwright & Cooper 1993; Weber 1996; Teerikangas & Very 2006) and there has been relatively little empirical research about this phenomenon (Björkman et al 2007, Veiga et al 2000, Datta & Puia 1995). There have been attempts to assess corporate culture, however, these have primarily examined dimensions of a single culture, but not the dynamics of compatibility between two merging cultures. Moreover, due to the lack of measures of cultural compatibility our understanding of the relationship between cultural differences and acquisition outcomes has remained limited, and the studies with meaningful cross-cultural comparison across organizations and nations scarce. (Veiga et al 2000, Weber et al 1996) In our opinion, it is even more important to keep in mind that cultural fit itself does not have value per se, on the contrary, it becomes only valuable if it is understood and knowledge of cultural fit (or lack of it) is taken into consideration when preparing for the post-acquisition integration. Therefore, one can argue that cultural fit can only be managed through another concept, *cultural awareness* (Risberg 2001). Cultural awareness refers to situations where cultural dimensions are reported and also perceived as being different. Consequently, the individual knows that his/her culture is different but also know what to expect from each other.⁴ Thus, managers having cultural awareness are more skilled than others to exploit 'culture-general and culture-specific knowledge' (Hofstede 1980). When identifying differences, they are also better in selecting

³ Harrison (1972) proposes that there are four main types of organizational culture: power, role, task/achievement and person/support.

⁴ Other related concepts include e.g. cross-cultural literacy (often used in other disciplines, e.g. anthropology, when referring to awareness and understanding of cultural differences), cultural intelligence (Earley & Mosakowski 2004) or cross-cultural competence (Johnson et al 2006) as an individual characteristic.

appropriate tools to deal successfully with differences (Fraser & Zarkada-Fraser 2002) as well as the appropriate integration strategy (cf. Janson 1994, 143–145; Zander & Lerpold 2002, 19–20). However, one problem is though, that companies may have limited awareness of their own culture before it encounters another culture, and thus cultural fit needs to be assessed not only during the pre-acquisition phase but throughout the integration process (Janson 1994, 130).

One way to improve cultural awareness in relation to the particular acquisition is to conduct an in-depth culture audit in order to identify similarities and differences between core values, beliefs, attitudes, and managerial style of the target company and the potential acquirer (e.g. Pribilla 2002, Cartwright & Cooper 1993). It has been suggested that a successful acquisition requires that the congruence between the two companies' and their views about the implementation of integration are carefully planned (cf. Nahavandi & Malekzadeh 1988, 86). A culture audit can be conducted in various ways, using observations, interviews or questionnaires (Cartwright & Cooper 1993). Recently, this audit has been labelled as *cultural due diligence*, including e.g. evaluation of hierarchies and symbols, management style, openness of interaction, decision-making, error tolerance and other indicators for corporate culture (Pribilla 2002). It is important to evaluate already during the due diligence phase whether the two companies can be productive together by evaluating the culture, the vision, the strategy and the goals of both companies (Chaudhuri & Tabrizi 1999, 127), and if the target would require massive changes, one might question whether it is worth of acquisition at all (Cartwright & Cooper 1993). Unfortunately it seems that this kind of auditing is quite rare in practice (see, for example Lodoros & Boateng 2006), perhaps because of the confidential nature of negotiations and limited access to data prior to any agreement to purchase (Cartwright & McCarthy 2005). However, acquirers with same cultural distance and seemingly similar cultural fit, may still succeed differently in their activities. For example, Reus and Lamont (2009) suggest that increased diversity can lead to more unique and innovation of exploration and exploitation of opportunities.

Research implies that in cross-border acquisitions cultural differences are expected and acquirers tend to have high cultural awareness. The managers of the acquired company are less likely to resist changes because of those differences. (Risberg 2001) However, high cultural awareness doesn't necessarily ensure successful integration, as merging organizations should both accept the terms of integration (c.f. Cartwright & Cooper 1993). On the other hand, even high cultural distance combined with low cultural awareness does not necessarily result in major failures, if the cultural differences are in areas of less importance (cf. Janson 1994). The interaction between people from different cultural backgrounds often leads to misinterpretation or different interpretation. In cross-border acquisitions different management styles may be the reason for many ambiguous situations. (Risberg 2001). Additionally, research implies that history can have an important role in cross-cultural management and especially during the pre-acquisition negotiation phase. Consequently, in seemingly similar cultures historical emotions between the countries of origin of the target and acquiring company should be acknowledged. (Fang et al. 2004.) Consequently, in cross-border acquisitions cultural awareness should be broadly understood as awareness of ambiguities.

In this paper we particularly like to draw the attention to the process of cross-border acquisition and highlight the dynamics of the phenomenon investigated. This kind of combination of the evaluation of cultural differences and the changes in culture has been

called for (e.g. Janson 1994), and we would like to also add that cultural fit may also be bound in time and thus change during the acquisition process.

2.2 Changing culture during post-acquisition integration – the process of acculturation

Acquisition is not an end but a start for a complex social identity-building process both on organizational and individual level (Vaara et al 2003). In this lengthy process a new social identity is created, based on joint experiences, beliefs, values and assumptions (Larsson & Lubatkin 2001, Olie 1994). The aim is a jointly shared, constructive culture (Larsson et al 2004). Given the central role of culture in cross-border acquisitions, it is quite surprising how little is known about acculturation process (Janson 1994; Schweiger & Goulet 2005).

In acquisitions two simultaneous processes takes place: reconstructing one's own identity in relation to the other party (images of Us and Them) and a common identity in the new organization (images of Common Future) (Vaara et al 2003). Additionally, as mentioned earlier, in a cross-border acquisition one needs to keep in mind that acculturation is double-layered, i.e., adjustment both to a foreign national and foreign organizational culture is required (Barkema et al 1996). The co-existence of two layers of culture which the companies must contend creates potential for additional conflict (Hitt & Pisano 2004). This process of contact, conflict and adaptation is referred to as *acculturation* (Cartwright & Cooper 1993, 65).

Earlier research has shown that there is no universal way for acculturation but instead, numerous paths lead to the same end result and also the degree of acculturation may vary. For example, Sales and Mirvis (1984) distinguished three levels of acculturation after an acquisition: cultural pluralism (partners cultures are allowed to coexist), cultural integration (at least partial integration of cultures) and cultural assimilation (the culture of one party is absorbed by the other). Another classification defines acculturation in terms of assimilation, separation, deculturation or integration, depending on the parties' satisfaction with the existing culture and the attractiveness of the other culture (Nahavandi & Malekzadeh 1988; Cartwright & Cooper 1993).

In addition to satisfaction with own culture and the attractiveness of the other, also other factor have been found significant in determining acculturation. These include, for example, autonomy retrieval, relatedness, relative size of parties, social control and national culture (Larsson & Lubatkin 2001). Barkema et al (1996) also found that in ventures which required double-layered acculturation, the parties attempted to increase their cultural fit through learning.

It is very probable that the members of the acquired company experience some kind of *acculturative stress* – when they are expected to adopt to another culture – and the level of this stress depends on the cultural differences between the acquirer and the acquired (Very et al 1996). The progress of acculturation can be followed through employee resistance, which is employees' reaction to the acculturation process (cf. Janson 1994; Hartog 2004). The sources of employee resistance may be individual or collective and they may originate from different cultures but additionally from communication problems and negative effects of acquisition on personal level (Larsson et al 2004). The resistance is highest in situations which involves both high level of organizational and personal uncertainty (Hartog 2004).

A dynamic model of acculturation suggests that over time the acquiring and acquired company move from one mode of acculturation to other modes, and thus the degree of congruence between each one's preference may change (Nahavandi & Malekzadeh 1988, 86). Acculturation takes time, and therefore it is challenging for research to draw any definite conclusions on acculturation. Additionally, we have to keep in mind, that organizational culture is a dynamic phenomenon and thus under constantly ongoing change (Schein 1989). Therefore, acquisition is not an end of one culture but it could be described as a critical turning point in the development path towards a new joint organizational culture between the integrating organizations.

2.3 Linking the key concepts – the role of culture in cross-border acquisitions

Culture in cross-border acquisitions is very complex if we take into account that there is no single layer of culture, but multiple ones. Although generally culture has been defined in numerous ways, in the context of cross-border acquisitions most authors seem to focus on one level of culture, most often corporate or national culture (Weber et al 1996). To start with, all firms have a unique organisational culture because it is shaped by its members' shared history and experiences (Schein 1989). The shared experiences help developing a repertoire of symbols and shared meanings, which will enhance the organizational identification and the forming of new organizational culture. (c.f. Buono et al. 1985.) However, the way culture is measured varies and quite often the perceptions of one or several managers are used as proxies for the entire organization's culture. Additionally the focus of the studies i.e. merger or acquisition is often ill defined. (Teerikangas & Very 2006, S40.)

Thus, an acquisition which brings together two organizations inherently includes a confrontation of cultural differences that need to be managed (Schweiger & Goulet 2005). In addition to cultural clashes on organizational level, in literature on cross-border acquisitions, the differences in national cultures are highlighted, and both play an important role (Weber et al. 1996). Hence, in the context of cross-border acquisitions cultural differences should be interpreted broadly, both from the national and organizational culture point of view.

In this paper we argue that culture is a very dynamic element in the process of cross-border acquisition and in Figure 1 below we link the culture-related concepts to the acquisition process. The timeline has been divided into two phases: pre-acquisition and post-acquisition because in our opinion the time of the deal is a critical point, not least because until that time we can clearly distinguish two separate cultures. Prior to the acquisition, cultural differences may be evaluated with the concepts of cultural distance and cultural fit, the first referring to the differences between national cultures, and the latter to differences originating from organisational cultures. Cultural awareness as a concept includes alertness to both types of cultural differences, and its importance increases significantly at the time of the deal, when the differences need to be identified, evaluated in terms of their importance and taking into account when making the integration plan. Cultural awareness as a concept combines both the organizational and national levels of investigation but particularly highlights the role of individual.

In the post-acquisition phase the focus of studying culture should be in the acculturation process which takes place particularly in the target company, but also in the acquiring company. In the acculturation process the organizational and national cultures are closely intertwined and in the analysis it is often difficult to separate the organisational and national

dimension from each other. It can be expected that in course of time the cultures of the acquirer and acquired come closer and the acculturation process gradually slows down. However, it has been argued that it may take years for employees to develop a “we” feeling (e.g. Kusstatter & Cooper 2005, 145), and therefore the acculturation process can be expected to be a lengthy process, which can take years.

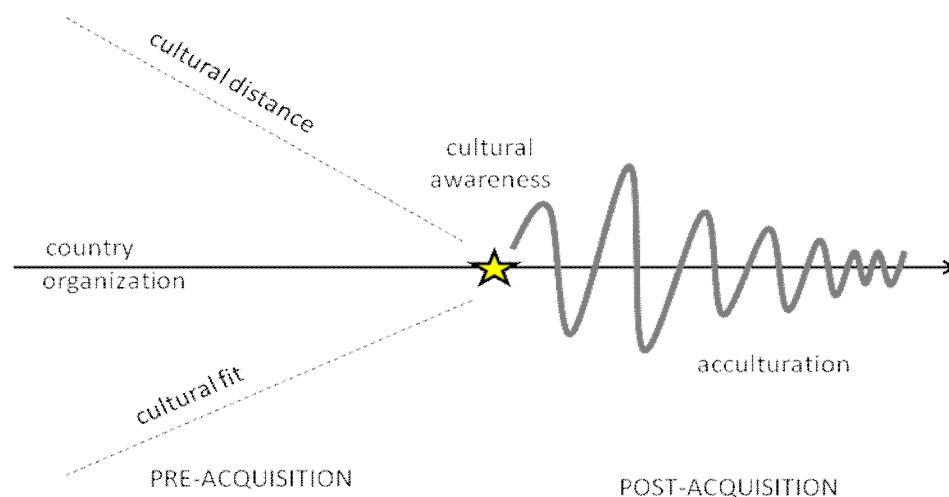


Figure 1. Culture in the process of cross-border acquisition

In order to succeed in cultural integration, employees of formerly independent organizations have to learn to understand each other’s cultural assumptions and find ways to bridge the gaps between them. Moreover, they need to learn to avoid cultural clashes, which would lead to disintegration. (Bijlsma-Frankema 2001). Cultural awareness can be enhanced with several means. For example, it has been argued that involving employees in various socialization activities such as introduction programs, training, cross visits, celebration and other such socialization rituals would enhance the creation of a joint organizational culture as long as they are allowed autonomy. Especially joint informal interactions would appear to be effective in achieving acculturation. (Larsson & Lubatkin 2001.) Consequently, involving employees in various socialization activities and rituals not only increases cultural awareness but also may be effective in achieving acculturation.

A recent review on the culture-performance relationship in ACQUISITIONs argues that often the research setting lead to oversimplification of the problem, and there is a need to take into account both the complexity of the cultural setting involved and the dynamic nature of the acquisition process, i.e. instead of asking if “yes or no” cultural differences impact the performance, researchers should ask “how” they impact the acquisition performance (Teerikangas & Very 2006, S45–S46). Thus, *this research will focus on the dynamics of culture in cross-border acquisitions from a process perspective* (see also Nahavandi & Malekzadeh 1988, 87–88). Next, we apply the framework to a real-life case, i.e. a cross-border acquisition between European and Indian partner.

3. RESEARCH DESIGN

3.1 A longitudinal case study approach

In order to obtain a better understanding on the dynamics of cultural integration a longitudinal case study approach was adopted (cf. Leonard-Barton 1990; Pettigrew 1990). A case study method allows the retaining of the holistic and meaningful characteristics of real time events, and provides a good research strategy for longitudinal field research using both quantitative and qualitative research methods (e.g. Pettigrew 1990, 271; Yin 2003, 42). It has been argued that researchers should try harder to make their interpretations specific to situations (Weick 1979, 37; Dubois & Gadde 2002, 554). Consequently, as the aim was to study the dynamics of culture in the acquisition process, it was decided to adopt a case study approach.

The main reasons for choosing a *longitudinal real time case-study* approach was to minimize retrospective bias. Retrospective data may comprise retrospective errors, especially, data based on recollection (e.g. Golden 1992; Taris 2000). Moreover, a prior knowledge of the outcome of an acquisition may bias any findings, e.g. a successful acquisition may accentuate positive attitudes and vice versa. (cf. van de Ven 1992, 181.) Consequently, data were collected in real time for a time period of two years. The time frame was selected based on case specific reasons, of which the most important was related to the length of the key persons' retention contracts, thus it was decided to limit the research to when the key informants were available. Longitudinal studies on acquisitions are still relatively rare, mainly because it is difficult to maintain a representative sample size over time (cf. Meglio & Risberg 2010).

This research is a single case study, where the suitable case needed to fulfil several requirements. The most important selection criterion was obviously that the acquisition had to be a cross-border deal. As this research required much time and commitment from the organisation, access obviously guided the selection process. This study uses a mixed-method strategy, i.e. it combines quantitative data collection and analysis with qualitative data collection and analysis (cf. Hurmerinta-Peltomäki & Nummela 2006). By combining qualitative and quantitative methods this study makes a strong empirical contribution towards understanding culture in cross-border acquisitions.

The case selected for this research fulfils all the above-mentioned criteria; an Indian-European acquisition, which took place in 2006. In order to protect the anonymity of the companies the names of the two organisations will not be revealed. One was a small and medium sized European high-tech company (Alpha Group) operating as a sub-contractor in the field of telecommunication, employing around 250 workers. It was acquired in 2006 by an Indian company, which will be referred to as Gamma. Gamma was bigger than the target company in terms of personnel, as it employed around 3000 employees and could be considered medium-sized in its domestic market. The nature of the deal can be defined as friendly as both companies were looking for a partner in order to grow and become more international; many companies in the high-tech sector in Europe had already transferred all or parts of their production and R&D to low cost countries in Asia. On the other hand, the Indian company was looking for new customers, new know-how and a foothold in Europe. The acquisition type could be defined as a concentric acquisition as both companies operated in the same field (cf. Cartwright & Cooper 1992), although in different area: Gamma India operated in the field of software engineering, while Alpha Group operated in the field of both software and hardware engineering.

3.2 Data collection

This study uses a mixed-method strategy. This approach allowed us to study culture both on the level of the organization (quantitative data) and on the level of individual (qualitative data) (Figure 3). Besides the regular data collection process, critical events in the case company were followed real-time by observations and informal conversations.

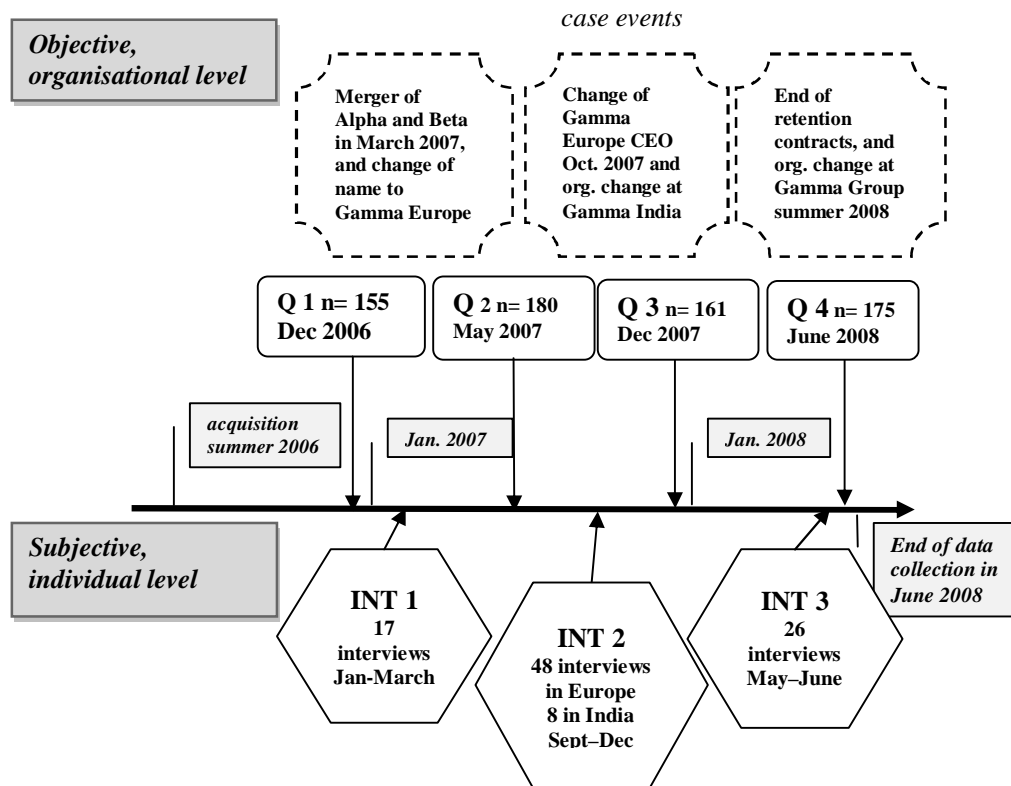


Figure 3 The objective and subjective level of the data collection process

Quantitative research. The quantitative data was collected through four questionnaires every six months during the first two years following the acquisition. The scales were borrowed from well-known and established scales in academic literature. Since the scale was originally in English, the scale was translated by professional translators. The main purpose of the quantitative data collection was to analyse various employee attitudes and integration experience. The questionnaire comprised among others the *acculturative stress* scale (based on Very et al. 1996), which includes five dimensions: participation and cooperation, personal and societal responsibilities, assertiveness and achievement, autonomy and innovativeness, and performance and reward objectives (see Appendix 1).

The questionnaire was administered electronically using software called Webropol and was sent individually via email to the entire personnel of the acquired target company. The response rate was usually well above 50 per cent (see table 1 below). The distribution of the respondents well represented the overall organization, both hierarchically and geographically. Moreover, the age and sex distribution corresponded to the company average; around 90 per cent of the personnel are men, and the average age in the organization is thirty.

The reliability of the scales used in the questionnaire was assessed using several means. First, the items and the construct of the scales were assessed through factor analysis (using varimax rotation). Both the factor analysis and Cronbach alpha values indicated that there was no reason to eliminate a single item. In general, the Cronbach alphas were very strong, well above $\alpha > 0,70$, which is considered to be the acceptable level (see Appendix 1, cf. Hair 2006).

Qualitative research. In order to obtain a deeper understanding of the cultural integration following a cross-border acquisition, interview data was also collected. Altogether 94 semi-structured interviews were conducted in the acquired company during 2007 and 2008 in three rounds. In addition ten interviews were conducted in India at the parent company. Due to the demanding longitudinal real time case study design, this research used a semi-structured approach. (cf. King 1994, 14; Ghauri & Grønhaug 2002, 100–101). The panel data was formed of identified key persons. The research focused on key persons, mainly because they were involved in acquisition process and also because their departure could be harmful for the acquisition success (e.g. Ranft & Lord 2000). However, the interviews were conducted also within each of the employee groups (*tester, support, engineer, lead/senior engineer, project/engineering manager and directors*). The snowball technique was also used to select relevant interviews. The researcher visited all the sites of the target company, as well as the headquarters of Gamma in India.

The majority of the interviews were conducted in the mother tongue of both the interviewer and the interviewees (supported by Welch, Marschan-Piekkari, Penttinen & Tahvanainen 2002, 622), and were tape-recorded with the consent of each interviewee. Most of the interviews were conducted face-to-face either in a conference room or at the office of the interviewee. The duration of the interviews varied from a mere 30 minutes to 1 hour and 20 minutes. In addition to interview data, photos of the various offices and locations, observations and annual reports were also collected. Moreover, a case diary was kept, containing observations during the interviews at different locations. (cf. Kvale 1996, 161–162).

3.3. Data analysis

The quantitative data was transferred from Webropol via Excel to SPSS for further analysis. Once the researcher had assessed the reliability of the items and scales through factor analysis and scale reliability (i.e. Cronbach alpha), the reverse coded items were recoded and then recomputed into sum variables. The main tools of analysis compared means with the “Means” function, tested statistical significance ANOVA and measures of associations (ETA), T-tests, and Mann-Whitney U-tests. The researcher mostly used non-parametric tests as most of the variables were not normally distributed and the measurement scale used was a Likert type scale which is considered to be an ordinal scale. (cf. Hair et al. 2006). The quantitative analysis remained explorative and no causalities were analysed, mainly due to limitations concerning the data.

The interviews were analysed qualitatively. Due to the large amount of interviews the interviews were transcribed verbatim by an agency. The transcription of all 104 interviews (included interviews from the parent company in India) resulted in 1362 pages of text. To facilitate the analysis of this extensive interview dataset, the researcher used software called Nvivo7. The coding was based initially on theory and the research problems. Nevertheless, codes were also emerging from the data. In addition, the “find” function was used to identify all texts related to e.g. “culture”. The analysis began once the data had been arranged, coded and reduced. In order to capture the changes over time, the data was organized using the “matrix coding query” function in Nvivo, which enable the organizing of the data in matrixes based on the codes and the three data collection times, i.e. three interview rounds. The results were verified at the end of the research process by delivering the report to the CEO of Gamma Europe and by a meeting in which the results were debriefed and discussed. (cf. Kvale 1996.)

4. CULTURE IN THE CASE ACQUISITION

4.1. Cultural distance between the acquirer and the acquired

The acquiring company and the target company had a rather similar company history and shared the same values to a large extent. There were concrete challenges regarding the post-acquisition integration as the European target company was geographically spread over six cities. In addition, it had grown through smaller acquisitions and in consequence the target company had two main sites; Alpha and Beta. The headquarters, however, was in City A, where Alpha was from. Furthermore, the target company had smaller sites in different cities, which were located close to or within the premises of key account customer, and the employees mainly worked at their customers' premises on different projects. Both Alpha and Beta had strong, distinct identities and based on the interviews the cultural differences between the organisations were substantial, even though both companies operated within the same country. Approximately six months on from their acquisition by Gamma the full operational integration of Alpha and Beta was still required and their name was changed to Gamma Europe. (see figure 2 below)

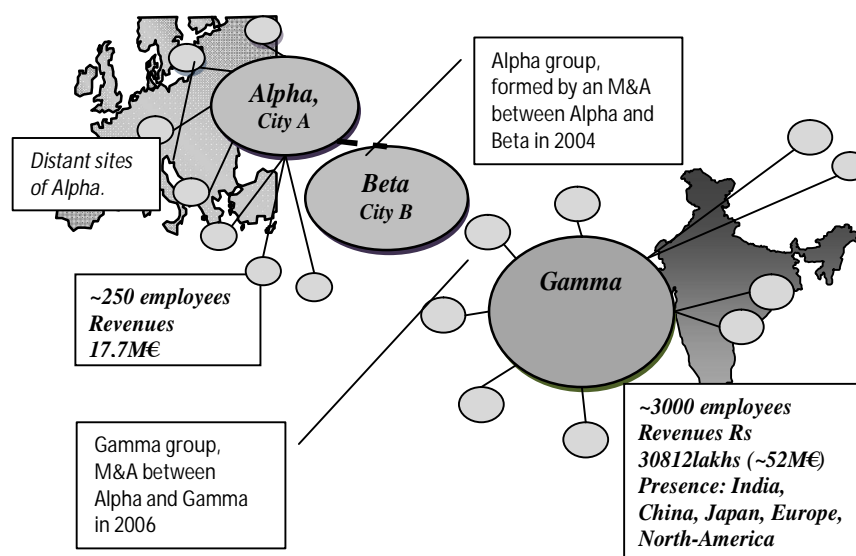


Figure 2 The organisational division or Alpha Group and Gamma Group

Based on e.g. Hofstede's (1997) measures on cultural distance, India and European cultures would seem to be fairly distant from each other. Accordingly, the country of origin of Gamma Europe has small power distance, and is an individualist and feminine culture with strong uncertainty avoidance, while India has large power distance, and it is a collectivist, masculine culture with weak uncertainty avoidance. (Hofstede 1997.) The cultural differences at the national level were apparent, and a visit to all sites helped to obtain a deeper understanding of the fundamental differences related to everyday life at different the locations of Gamma and Gamma Europe.

Cultural distance was analysed here as *perceived cultural differences*. In line with Hofstede (1997), the perceived differences were related to organisational culture such as decision-

making (cf. power distance and uncertainty avoidance). In Europe there is a lot of discussion, while Indians like to just get moving somewhere. Gamma Europe was also perceived bureaucratic despite its small size; however in India being bureaucratic means being slow, and Gamma Europe was perceived slow. Moreover, Indian's were perceived more career oriented than Europeans who seemed to be more family-oriented (cf. masculinity). In Gamma Europe the cultural distance was perceived relatively important at the national level. The legislation differed greatly, which meant the top managers at Gamma Europe spent a great deal of time explaining why the Indian way is not possible in Europe. Moreover, religion plays an important part in Indian culture.

... Indian society still lags behind European society in many ways, e.g. regarding social security, legislation, taxation, contractual issues, business practices etc... We have seven of these issues relating to work – there are seven agreements that are binding on both employers and employees, and we have to follow these rules. Indians find it difficult to understand that we are serious about these issues, for example, that we have to have development discussions with our employees – what on earth are they all about?... (a Director at Gamma Europe, autumn 2007)

...India and Europe differ quite a lot as regards work culture... and they have a different cultural background, too – religion, all that kind of thing... That's probably the biggest challenge, to make both parties understand, so that we understand how the Indians operate and the Indians understand how we operate... (a Project Manager at Gamma Europe, autumn 2007)

However, from the beginning Gamma India respected the culture of Gamma Europe and chose a very loose integration strategy also because they were unfamiliar with the culture of the acquired organisation (cf. Janson 1994). Furthermore, as the acquired firm had been successful so far, they were let to do business as usual;

“..many companies try to impose their own culture on the acquired entity post-acquisition. Gamma India has never tried to do that. It has always respected the local sentiments. I don't recall any single incident where Gamma India had to impose its own value on Gamma Europe. In some sense I would say that expect for the name change to Gamma Europe, I don't think that the life of average employee has changed. He or she continued to work in the same way he or she has been working earlier...” (Indian manager)

In sum, cultural distance can be obvious in cross-border acquisition. However, it is difficult to anticipate the problems it may bring along. Often a slower integration approach allowing both organizations to get to know each other is recommended in cross-border acquisitions. In this case Gamma Indian avoided imposing their own culture on Gamma Europe, but there were clashes related to the differences in European and Indian legislation. Cultural distance may be diminished with cultural awareness. The next chapter will discuss more in depth the role of cultural awareness and cultural fit.

4.2. Cultural awareness and cultural fit between the acquirer and acquired company

Based on the results the employees at Gamma Europe were relatively “culturally aware”. Some key persons mentioned their past work experience in Asian countries. Quite a few also mentioned that the culture training, which was offered soon after the Gamma acquisition, gave good insights into Indian culture. However, the parent company Gamma India didn’t know much about the national cultural origins of Gamma Europe. Due to historical reasons Indians are very familiar with the UK culture but the cultural difference within Europe were surprising to some;

“..Country X is different from the rest of Europe in terms of culture and most of, from Indian point of view because we have been used to with the British because of historical reason and business links with them, but X is very different from the UK irrespective of it comes from the same continent. So managing the cultural issues, and breaking the language barrier was a big learning for me..”(Indian manager)

The data collection emphasises the post-acquisition phase. The due diligence was conducted in a European bank and Gamma India didn’t really see any of the facilities before the deal was done. However, it was rather obvious that there were issues related to culture. According to interviews from Gamma India an acquirer is often more aware of cultural differences in cross-border-acquisitions than domestic;

“..when you acquire within your own country or within your own culture, it’s easy to forget that there are cultural differences...While, when we acquired Alpha Group it was clear to everybody that it was a different culture. So I think everybody was sort of on guard anyway..” (Indian manager)

However, the Indian and European cultures obviously brought some challenges to the integration phase, although in general both parties were very culturally sensitive from the very beginning. The main cultural differences according to the interviews in the target company were clearly differences in *work culture, communication, and the conceptualisation of time*. The employee-manager relationship was said to be different, and European subordinates felt their Indian managers were not as systematic as the superiors they were used to in their European or Western culture, e.g. development discussions were not common in the Indian organisation’s culture, and managers did not seem to set personal goals together with their employees. On the other hand, it was found that Indian workers take less initiative and require more monitoring, while in Europe employees were expected to be more conscientious about their work. Moreover, according to the interviewees there were differences regarding the working day; Indians spent long days at the office, but their effectiveness was different as the days involved socialising in addition to work, while in Europe the work was effectively done between 8 a.m. and 4 p.m. The Indian work culture was also found to be more competitive than in Europe. In addition, the job descriptions were broader in Gamma Europe. Consequently, the work of an assistant at Gamma Europe was more varied and involved more responsibilities than in Gamma India.

“...well there are quite a lot of differences in attitudes towards work... we Europeans are hard workers and serious about our work. When you tell us to do something, we do it, and some report on the results of the work immediately it’s done, while some don’t report and you have to ask them. On the other hand, Indians, when you give them a task, they start off with great enthusiasm and they tell you how they are going to do it, but whether they ever get it done – that’s another story... Another thing is that we like to work on our own. When we are given a task, we’ll do it and if there

are problems we may ask or we may not, but we do it. Indians are different, they are used to their superior watching over their shoulder to see how the work is going – this makes them feel that their superior is interested in what they are doing and in that way present...”(an Engineering Manager from Gamma Europe, autumn 2007)

The biggest issue raised related to contacts with Indian Gammians was communication. There were also challenges related to the use of language and the understanding of meanings. The main issue here was that, according to the Europeans, Indian colleagues did not say “no” easily or emphatically. Based on the interviews, there was a certain language barrier which hindered communication and European employees felt uncomfortable using their English. This could be seen in e.g. meetings, which became much quieter in English than normal because the employees said only what they really had to say. Additionally, technical problems or issues, e.g. bad connections, or talking over one another in conference calls, added to the communication challenges. Nevertheless, as interaction increased employees became more adept at using English.

Moreover, based on the interviews some Gamma Europe employees said that they couldn’t trust in what their Indian colleagues or managers said, as it could change the next day. While a few felt there were no problems related to communication, others raised a number of issues such as slow response, escalation, communication tools and language. Some felt frustrated they did not receive replies to their enquiries as fast as they needed or received answers to only some of their questions. Although escalation often speeded up the process, it was also viewed as wasting the time of superiors. Moreover, the overall communication culture was not perceived to be as open in India as it was in Europe. For example, it was felt that subordinates could not criticize or disagree with their superior. There was sometimes also a lack of communication, e.g. information about changes in contact persons in India in the case of employee turnover was not passed on to Europe. Moreover, there was a clear difference between Europeans and Indians in their preferred way of communication; Indians preferred calling directly, while Europeans preferred sending emails. Although many questions could have been quickly answered with one phone call, Europeans felt it was sometimes easier to formulate the questions or the issue in writing, and emails were often perceived to be a more efficient way to communicate based on that view. The quotation below illustrates the challenges related to communication:

“...differences in ways of communicating – we use e-mail more, while they tend to use the phone more. Another difference is that we can maybe discuss things more openly, while they tend to rely more on interpersonal communication. We can be much more direct in public situations, for example, when someone puts an idea forward, we might criticise it, which happens quite often, whereas they might first say in public “Yes, very good” but then in a one-on-one private discussion it may turn out that they disagree completely... “ (an Account Manager from Gamma Europe, spring 2007)

Additionally the *differences in the concept of time* were often mentioned. Some felt frustrated about the lack of punctuality, while other employees never had problems e.g. with being punctual for meetings or conference calls. Meeting deadlines was another concern or challenge related to the conceptualisation of time. Other issues that were mentioned as cultural differences for example in Gamma Europe employees are more autonomous. In addition, although the culture training and Indian Gammians emphasised that the caste system no longer prevails, some interviewees felt it was still strongly present. For example, it was

suggested that some top managers in Gamma India were in their position more due to their social background than their managerial competences. Figure 4 illustrates the main cultural differences at different stages of the integration process.

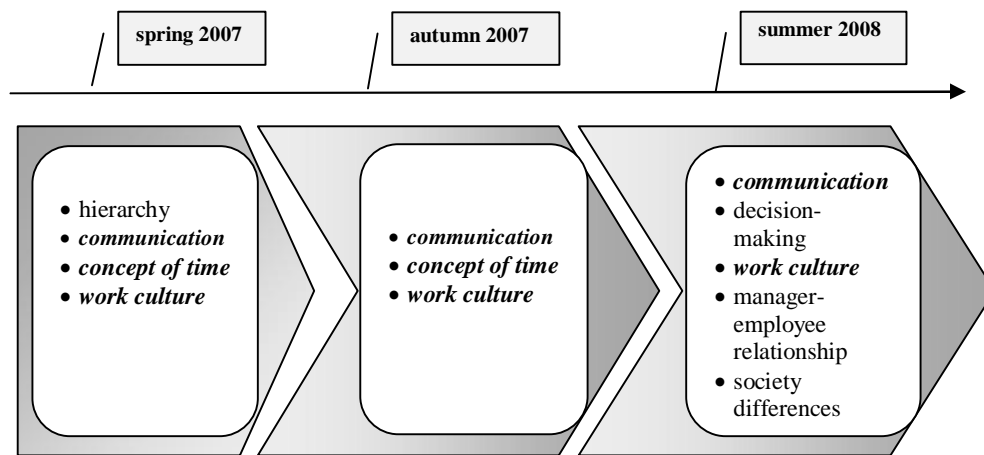


Figure 4 The main cultural differences at different stages of the integration process

Figure 4 above demonstrates how, overtime, the perceived cultural differences increase from the more obvious national cultural differences to organisational cultural differences. This can be explained by increased interaction between Gamma Indians and Gamma Europeans as the integration proceeds. In the early post-acquisition phase only key persons had contact with the Indian Gammians, and the cultural differences were more related to differences of national background, i.e. European or Indian national differences. As the integration process progressed and contacts with the parent company increased cultural differences began to show up in the differences in organisational culture, such as decision-making methods and manager and employee relations, which of course reflect national differences. This is natural as the contacts between the parent and the European subsidiary increased and become deeper. Thus, the more there were daily work related contacts the more differences related to organisational culture were bound to emerge.

4.3 Acculturation and cultural clashes in the case

In order to analyse the level of acculturation and cultural clashes acculturative stress was measured cross-sectionally in December 2007 and June 2008, i.e. 1 year and a half and two years later from the acquisition. In general, acculturative stress slightly increased in June 2008 compared to December 2007, except regarding the variable “*measures individual performance in a clear, understandable manner*” which increased just slightly (see Appendix 3). Based on the results the respondents feel that the parent company Gamma India wouldn’t necessarily provide lifetime job security, doesn’t delegate decision-making to lowest possible levels. Moreover, employees feel only moderately that Gamma India is an organization people can identify with. However, contact with the parent company is still relatively limited and thus respondents may not know enough to feel identifying with Gamma India. On the other hand, based on the results the respondents felt the parent company challenges persons to give their best effort and acts in responsible manners toward environment, discrimination etc. It has to be noted that these responses represent the cross-sectional view in the acquired

organisation Gamma Europe, and that the respondents do not represent a panel but all the respondents of that specific questionnaire round.

The level of acculturative stress is very moderate (4,05 in December 2007 and 3,70 in June 2008), suggesting that the level of clashes is rather moderate. Nevertheless, based on the results it seems that as the integration proceeds and the contacts between the two companies increase, acculturative stress is slightly increasing. This is somewhat to be expected as acculturation in general requires interaction and cultural clashes are more evident when employees and managers interact than when they don't. Consequently, the results suggest that the less the respondents have contacts with Indian colleagues or managers, the lower is the actual level of acculturation stress ($p < 0,01$, December 2007). Nevertheless, the results suggest that acculturative stress is higher among those respondents who experienced the acquisition negatively. Accordingly, the results imply that the acquisition experience is strongly related to the acculturative stress ($p < 0.01$ in Dec 2007 and $p < 0.000$ in June 2008). In line, those who perceived the integration process successful felt less acculturative stress than those who didn't ($p < 0.01$ in June 2008).

Moreover, interestingly the key persons felt more acculturative stress than other employees. Key persons were mainly top and middle managers and previous owners or minority shareholders, which had the most contact with the Indian parent organisation. Some key persons visited India once, twice or even more. Work related contacts ranged from email enquiries and joint offers to joint projects, which remained relatively limited. In general, only top managers had Indian superiors, while a few project and engineering managers had Indian subordinates. To the majority of the employees of Gamma Europe the contacts were limited to the visits of the top managers at the quarterly meetings or to the Indians that came through the engineer exchange programme. Some interviewees felt that meeting their Indian colleagues or superiors face to face either in India or in Europe had enhanced personal contacts and some interviewees were positive about seeing top managers from India in the quarterly meetings. However, even those employees who didn't have direct work related contacts could have seen a glimpse of their Indian colleagues in local corridors.

In order to have a deeper understanding of the attitudes towards the parent organisation and the cultural differences that entailed, *the perceptions about the parent company* were analysed. The majority of the interviewees had never heard about Gamma before the acquisition. However, the first info meetings were informative and many recognised the similar background and history between the companies and both Alpha and Beta employees could identify with Gamma's history. The perceptions of the parent company were thus very *positive* six months after the acquisition. As the company become more visible and there had been more contact between the companies the perceptions of parent company became more concrete. Some were surprised about the *high level of knowledge and know-how* of their Indian colleagues. Others were surprised with the *decision making* in the parent organisation, which they saw as being made ad hoc and note that some decisions could be reversed the next day. The decision making process was also considered to be very hierarchical and slow. Some thought that Gamma was much bigger than it was. Nevertheless, with time some said that the parent company did not feel that big anymore and it had *turned out to be medium sized* in the global market just as Alpha was, in its market, before the acquisition. Gamma was thus considered smaller than the big players in the market. Additionally, some felt that Gamma is still *very India oriented* and not as global as they first thought.

Two years after the deal negative attitudes and disappointment had grown. Based on the interviews the main reasons for that disappointment were expectations regarding both the parent company and the integration process that failed to materialise. Some thought that a bigger company acquiring Alpha would help them to grow and internationalise, i.e. move to the next level. However, they didn't realise that the parent company Gamma was in transition as well and didn't have the solutions that Alpha or Beta required. The employees at Alpha's distant sites were the most "distant" from the parent company. They had the least contact with their Indian colleagues, and as they were most often working at the customer's premises they had the least interface with the parent organisation. This reflects an underlying cultural clash as the more there was contact and cooperation with the parent company the more the organisational culture became visible. The *positive perceptions* were related to the similar background of the companies and their level of knowledge and know-how, while *negative perceptions* were related to the slow decision making process and the hierarchical and bureaucratic organisation of the parent company, as well as the India centred view of the parent company.

Nearly two years after the acquisition, in the summer of 2008, the biggest challenges were according to the interviews; *joint procedures and communication*. Differences in processes and methods of executing them were seen as a challenge that also affected the launching of multi-site projects. In addition, the *time and schedules* of the projects were seen as a challenge, although interviewees were aware of the cultural differences related to the concept of time. Naturally, cultural differences also created difficulties for cooperation and collaboration between Europeans and Indians.

5. DISCUSSION AND CONCLUSIONS

The main purpose of this paper is to *highlight the dynamics of culture in cross-border acquisitions by analyzing the key culture-related constructs i.e. cultural awareness, fit and distance, as well as acculturation in relation to the acquisition process*. Cultural integration is a very complex phenomenon in the context of cross-border acquisitions. In this paper we have presented several constructs to analyse the cultural integration in cross-border acquisition. The constructs are strongly intertwined and in our opinion it is worthwhile clarify their relationship. The key findings of our study are threefold: First, successful cultural integration requires not only cultural fit and awareness, but also understanding of which of the cultural differences require action and which do not. Second, the results imply that in a cross-border acquisition the perceived cultural differences vary during the process: in the beginning the differences due to cultural distance between the countries are highlighted, whereas later in the integration process the fit of organisational cultures becomes more decisive. Hence, cultural learning occurs and enhances the cultural integration, and in order to increase cultural awareness of both parties, 'cultural due diligence' should continue during the integration. Third, our findings also suggest that acculturation may also lead to negative outcome, if the expectations concerning the integration process are not met.

On the one hand, although we often assume that increasing cultural distance would lead to more significant cultural clashes, researchers have pointed that actually low psychic distance doesn't necessarily mean that cultural integration would be easy to manage. Instead, managers should treat even culturally close markets as truly foreign markets (O'Grady & Lane 1996). On the other hand, high cultural distance can be partly compensated with cultural awareness: a high cultural awareness might help the managers to both identify and adapt to cultural

differences, and thus facilitate the cultural integration. Nevertheless, we argue that high cultural awareness alone does not necessarily diminish the risk of cultural clashes (cf. Janson 1994, 142–143) because it does not increase the cultural fit between partners.

The case study illustrates very well how cultural integration is a very complex phenomenon. In this Indian-European case the cultural differences were obvious, hence cultural awareness was relatively high. In the Indian-European case both companies were aware of the obvious cultural distance although the level of awareness varied; the target company was more aware of the Indian culture and history than the acquirer was of the target company's culture and history. Nevertheless, high cultural awareness did not provide the tools to allow employees of Gamma Europe to deal with the cultural challenges. Moreover, cultural fit and distance could only be assessed once learning from each other. Therefore, the cultural integration could only really start after the acquisition. The parent company wanted to respect the culture of the acquired target, which was successful and growing fast. They didn't want to impose changes which would disturb the target. Consequently, the actual acculturation took relative long as the contacts between the managers and employees of both companies were limited. Acculturation can only truly happen through interaction. Moreover, the contacts were very limited before the deal.

Thus, in cross-border acquisitions where the national and/or organizational culture are unfamiliar to the acquirer, the acculturation process starts slowly with by the acquirer and the target getting to know each other better (see figure 7). The evaluation and assessment of the cultural differences can only truly start right after the deal. This research illustrates that the level of cultural distance or lack of cultural fit should not be an issue per se. Instead it is important that the acquirer carefully assesses the cultural fit and cultural distance during the pre-acquisition in order to plan the integration strategy and the acculturation process. As suggested by Schweiger and Goulet (2005), cultural learning may prove to be decisive in facilitating integration.

The results suggests that during the early stage of the post-acquisition integration the acculturation process would proceeds slower as the acquirer and the target company are getting to know each other. During this time period both companies evaluate and assess each other's cultures and become more and more aware of the differences. It has been suggested that acquires need to adopt a phased approach in cross-border acquisitions, and during the first year the acquirer should conduct a full-scale cultural audit and communicate the results to the employees (Quah & Young 2005, 72). Moreover, it has been argued that trust is a key factor for further co-operation between groups with different cultures, and regular dialogue would be critical in trust building (Biljsma-Frankema 2001, 204). Naturally, trust building is part of the becoming acquainted phase, which takes time and can slow down the acculturation process depending on the acquisition and level of cultural distance. However, it has been suggested that cross-border acquisitions in culturally distant countries would enable companies to access diverse routines and repertoires, which in turn can be beneficial and could have the potential to enhance the combined firm's performance over time (Morosini, Shane, Singh 1998, 153).

Although generally culture has been defined in numerous ways, in the context of cross-border acquisitions most authors seem to focus on one level of culture, i.e. national or corporate culture (Weber et al 1996). We argue that this kind of unidimensional approach will reveal only a part of the very complex process taking place. Instead, by studying several dimensions – including e.g. local/global aspect, low/high cultural awareness and the required degree of

integration – a more complete picture could be drawn. Moreover, these should be considered in relation to the acquisition process to obtain a better understanding of how culture affects the integration process (cf. Navahandi & Malekzadeh 1988; Teerikangas & Very 2006; Stahl & Voigt 2008). And yes, some of the various dimensions of integration can be managed but still – as always – serendipidity plays a role. Particularly various process-related issues are often outside the control of the manager (Jemison & Sitkin 1986). In takeovers, the acquirer can be prone to impose its managerial and cultural practices. However, from a sustainable human resource management perspective limited cultural integration might lead to better results.

Previous research focusing on culture and M&As have been contradictory (see e.g. Teerikangas & Very 2006; Stahl & Voigt 2008). A recent meta-analysis raised a number of conceptual and methodological concerns (Stahl & Voigt 2008). It has been argued that our understanding of the relationship between e.g. cultural differences and acquisition outcomes has been constrained by the lack of measure of cultural compatibility that can make meaningful cross-cultural comparisons across organizations and nations. In addition the nature of the research field is challenging, and the difficulties in obtaining data from several top executives of acquired firms tend to constrain a number of activities associated with traditional measure development. (Veiga et al 2000).

Consequently, there is a need for the operationalization of cultural integration in cross-border acquisitions. This paper attempts to clarify the concepts related to cultural integration and suggest a multi-dimensional approach to conceptualize cultural integration. Several requirements regarding measurement need still to be explored. Moreover, it has to be noted that cross-border acquisitions are challenging regarding empirical data collection, as they tend to involve personally and politically sensitive subject matter (Larsson & Lubatkin 2001). In addition, the unit of analysis should be carefully considered as nations and organizations are increasingly heterogeneous (e.g. Usunier 1998; Jacob 2005; Schreyögg 2005).

This research has several academic contributions. The contribution of this paper two-fold: first this paper brings dynamics to cultural integration by combining analysis of cultural differences and change, and second, the use of longitudinal, mixed method research strategy provides a methodological contribution to earlier research. Neither quantitative nor qualitative method alone would have provided such a holistic picture of the phenomenon investigated (cf. Teerikangas & Very 2006; Brannen & Peterson 2009).

However, a great amount of open questions still remain after our study. For example, in order to enhance cultural integration, managers should probably develop incentives for improved cultural awareness. What should they be? Additionally, the question of experience is often highlighted in cross-border acquisitions, but whose experience we should take into account? After all, in many companies a centralized M&A team coordinates the beginning of the takeover, and then the target company is ‘handed’ to the responsible business unit. It may be that the M&A team has a lot of experience in operating in different cultures, but the situation in the business unit is completely different. Also when studying awareness, we should keep in mind the different parts of the organization. The top management which makes the strategic decision of acquisition may be aware of the cultural differences, whereas they may not be as visible to the responsible business unit. This may naturally explain some of the cases where the continuity of business after acquisition has not reached the expected objectives.

This research has also many managerial implications. The results emphasise the need of culturally aware M&A team, which can assess the cultural distance and fit prior to deal, but who can also choose the adequate integration strategy based on the findings from the due diligence process. The adequate training of the managers can increase their cultural awareness in cross-cultural interaction and they may reach a psychological position where “my culture’s ok, your culture’s ok” (Park & Harrison 1993; also Cartwright & McCarthy 2005). However, not all culture-related knowledge is easily transferred; particularly a lot of the culture-specific knowledge and understanding of the appropriate behaviour is tacit in nature and deeply embedded in people (Johnson et al 2006). Furthermore, there may also be other factors than the individual determining the success of cross-border acquisition (Bonvillian & Nowlin 1994).

In sum, in this paper we would like to emphasise the fact that national cultures are not only source of challenges but also pose significant opportunities for both the acquirer and the acquired (cf. Hitt & Pisano 2004; Reus & Lamont 2009). Cultural differences can also be utilised to enhance the combination potential in the integration process (Björkman et al 2007). Hence, culture may have both negative and positive impact on the acquisition performance. Based on earlier research it is obvious that cultural differences matter in cross-border acquisitions, but more research is needed to understand how they affect the integration process and how can they be managed more effectively. (Stahl & Voigt 2008.) There is also a need for research focusing on which cultural differences matter (Janson 1994). As mentioned earlier, more research is needed regarding culture-related management characteristics which facilitate cultural integration, such as cultural awareness. Concluding, in managing cultural integration in cross-border acquisitions *we would like to stress the importance of culturally-conscious management (cf. Pribilla 2002) instead of differences or similarities*. This approach should also enhance sustainable human resource management in the long run.

REFERENCES

- Angwin, Duncan – Savill, Brett (1997) Strategic perspectives on European cross-border acquisitions: a view from top European executives. *European Management Journal*, 15(4), 423–435.
- Bakerma, H.G. – Bell, J.H.J. – Pennings, J.M. (1996) Foreign entry, cultural barriers and learning. *Strategic Management Journal*, 17(2), 151–166.
- Beckerman, W. (1956) Distance and the pattern of intra-European trade. *The review of Economics and Statistics*, 38(1), 31–40.
- Bijlsma-Frankema, Katinka (2001) On managing cultural integration and cultural change processes in mergers and acquisitions. *Journal of European Industrial Training*, 25(2), 192–207.
- Birkinshaw, Julian - Bresman Henrik - Håkanson, Lars (2000) Managing the post-acquisition integration process: How the human integration and task integration processes interact to foster value creation. *Journal of Management Studies*, 37(3), 395–423.
- Birkinshaw, Julian (1999) Acquiring Intellect: Managing the integration of knowledge-intensive acquisitions. *Business Horizons*, 42(3), 33–40.
- Björkman, Ingmar – Stahl, Günter K. – Vaara, Eero (2007) Cultural differences and capability transfer in cross-border acquisitions: the mediating roles of capability complementarity, absorptive capacity, and social integration, *Journal of International Business Studies*, 38(4), 658–672.

- Bonvillian, Gary & Nowlin, William A. (1994) Cultural awareness: an essential element of doing business abroad. *Business Horizons*, November-December, 44–50.
- Brannen, Mary Yoko – Peterson, Mark F. (2009) Merging without alienating: interventions promoting cross-cultural organizational integration and their limitations, *Journal of International Business Studies*, 40(3), 468–489.
- Brewer, Paul A. (2007) Operationalizing psychic distance: a revised approach. *Journal of International Marketing*, 15(1), 44–66.
- Buono, Anthony F. – Bowditch, James L. (1989) *The human side of mergers and acquisitions – Managing collisions between people, cultures, and organizations*. Jossey-Bass Inc.: San Francisco, California.
- Buono, Anthony F. – Bowditch, James L. – Lewis, John W. (1985) When cultures collide: The anatomy of a merger, *Human Relations*, 38(5), 477–500.
- Cartwright, Susan – Schoenberg, Richard (2006) Thirty years of mergers and acquisitions research: recent advancement and future opportunities. *British Journal of Management*, 17(S1), S1–S5.
- Cartwright, Susan – McCarthy, Simon (2005) Developing a framework for cultural due diligence in mergers and acquisitions. In: *Mergers and Acquisitions – Managing culture and human integration*, eds. Günter K. Stahl and Mark E. Mendenhall, Stanford University Press: California.
- Cartwright, S – Cooper, C. (1993) The role of culture compatibility in successful organizational marriage. *Academy of Management Executive*, 7(2), 57–70
- Cartwright, Susan – Cooper, Cary L. (1992) *Mergers and acquisitions, the human factor*. Butterworth-Heinemann Ltd: Oxford.
- Chaudhuri, Saikat – Tabrizi, Behnam (1999) Capturing the real value in high-tech acquisitions. *Harvard Business Review*, 77(5), 123–130.
- Child, John – Faulkner, David – Pitkethly, Robert (2001) *The management of international acquisitions*. Oxford University Press: New York.
- Datta, Deepak K. (1991) Organizational fit and acquisition performance: Effects on post-acquisition integration. *Strategic Management Journal*, 12(4), 281–297.
- Datta, Deepak K. – Puia, George (2005) Cross-border acquisitions: An examination of the influence of relatedness and cultural fit on shareholder value creation in US acquiring firms, *Management International Review*, 35(4), 337–359.
- Dow, Douglas – Karunaratna, Amal (2006) Developing a multidimensional instrument to measure psychic distance stimuli. *Journal of International Business Studies*, 37(5), 578–602.
- Dubois, Anna – Gadde, Lars-Erik (2002) Systematic combining: an abductive approach to case research. *Journal of Business Research*, 55(7), 553–560.
- Earley, P. Christopher Earley – Mosakowski, Elaine (2004) Cultural intelligence, *Harvard Business Review*, 82(10), 139–146.
- Fang, Tony – Fridh, Camilla – Schultzberg, Sara (2004) Why did the Telia-Telenor merger fail? *International Business Review*, 13(5), 573–594.
- Fraser, Campbell – Zarkada-Fraser, Anna (2002) An exploratory investigation into cultural awareness and approach to negotiation of Greek, Russian and British managers. *European Business Review*, 14(2), 111–127.
- Ghauri, Pervez – Grønhaug, Kjell (2002) *Research methods in business studies – a practical guide*. Second Edition. Prentice Hall: Harlow, England.
- Golden, Brian R. (1992). The past is the past – or is it? The use of retrospective accounts as indicators of past strategy. *Academy of Management Journal*, 35(4), 848–860.

- Hair, Joseph F. Jr – Black, William C. – Babin, Barry J. – Anderson, Rolph E. – Tatham, Ronald L. (2006) *Multivariate Data Analysis*. Sixth Edition. Pearson Prentice Hall; New Jersey.
- Harrison, Roger (1972) How to describe your organization. *Harvard Business Review*, 5(1), 119-128
- Haspeslagh, Philippe C. – Jemison, David B. (1991) *Managing Acquisitions – Creating value through corporate renewal*. The Free Press: New York.
- Hitt, Michael – Pisano, Vincenzo (2004) Cross-border mergers and acquisitions: challenges and opportunities. In: *Mergers and Acquisitions*, eds. Amy L. Pablo and Mansour Javidan. Blackwell Publishing: USA.
- Hitt, Michael A. – Harisson, Jeffrey S.– Ireland, Duane A. (2001) *Mergers and acquisitions – A guide to creating value for stakeholders*. Oxford University Press: New York, USA.
- Hoecklin, Lisa (1995) *Managing cultural differences – Strategies for competitive advantage*. Addison-Wesley Publishers Ltd, Addison-Wesley Publishing Co. Inc. and the Economist Intelligence Unit: Wokingham.
- Hofstede, Geert (1997) *Cultures and organizations – Software of the mind. Intercultural cooperation and its importance for survival*. McGraw-Hill Book Company: USA.
- Hofstede, Geert (1980) *Culture's consequences – International differences in work-related values*. Sage Publication: California.
- Hurmerinta-Peltomäki, Leila – Nummela, Niina (2006) Mixed methods in international business: a value added perspective. *Management International Review*, 46(4), 1–21.
- Janson, Lena (1994) Towards a dynamic model of post-acquisition cultural integration, in: *Culture and management in a changing Europe*, eds. Janson, Lena & Sjögren, Annick, Institute of International Business, Stockholm, 127-152.
- Johansson, Jan – Wiedersheim-Paul, Finn (1975) The internationalization of the firm; four Swedish Case Studies. *Journal of Management Studies*, 12(3), 305–322.
- Johnson, James P. – Lenartowicz, Tomasz – Apud, Salvador (2006) Cross-cultural competence in international business: toward a definition and a model, *Journal of International Business Studies*, 37(4), 525–543.
- King, David R. – Dalton, Dan R. – Daily, Catherine M. – Covin, Jeffrey G. (2004) Meta-analyses of post-acquisition performance: indications of unidentified moderators. *Strategic Management Journal*, 25(2), 187–200.
- King, Nigel (1994) The qualitative research interview. In: *Qualitative methods in organizational research – A practical guide*, ed. Catherine Cassell – Gillian Symon, 14–35. Sage Publisher: London.
- Kitching, John (1967) Why do mergers miscarry? Useful lessons can be learned from the “track record” of companies with acquisition programs. *Harvard Business Review*, November–December, 84–101.
- Kline, Theresa J.B. (2005) *Psychological Testing. A practical approach to design and evaluation*. SAGE Publications, Inc: Thousands Oaks, California.
- Kogut, B – Singh, H. (1988) The effect of national culture on the choice of entry mode. *Journal of International Business Studies*, 19(3), 411–432.
- Kumar, Nirmalya (2009) The Indian mystique. *Business Strategy Review*, 20(3), 42–47.
- Kusstatscher, Verena – Cary L. Cooper (2005) *Managing emotions in mergers and acquisitions*. Edward Elgar Publishing: Cheltenham, U.K.
- Kvale, Steinar (1996) *InterViews – An introduction to qualitative research interviewing*. Sage Publications: Thousand Oaks.

- Larsson, R. – Brousseau, K. R. – Driver, M. J. & Sweet, Patrick L. (2004) The secrets of merger and acquisition success: a co-competence and motivational approach to synergy realization. In: *Mergers and Acquisitions – Creating Integrative Knowledge*, ed. by Amy L. Pablo – Mansour Javidan, 3–19. Blackwell Publishing: UK.
- Larsson, Rikard – Lubatkin, Michael (2001) Achieving acculturation in mergers and acquisitions: An international case survey, *Human Relations*, 54(12), 1573–1607.
- Lees, Stan (2003) *Global acquisitions – Strategic integration and the human factor*. Palgrave MacMillan: New York.
- Legare, Thomas L. (1998) The human side of mergers and acquisitions. *Human Resource Planning*, 21(1), 32–
- Leonard-Barton, Dorothy (1990) A dual methodology for case studies: synergistic use of a longitudinal single site with replicated multiple sites. *Organization Science*, 1(3), 248–266.
- Lodorfos, George – Boateng, Agyenim (2006) The role of culture in the merger and acquisition process. Evidence from the European chemical industry, *Management Decision*, 44(10), 1405–1421.
- Luostarinen, Reijo (1979) *Internationalization of the firm*. Helsinki School of Economics: Helsinki.
- Marks, Mitchell Lee – Mirvis, Phillip H. (2001) Making mergers and acquisitions work: Strategic and psychological preparation. *Academy of Management Executive*, 15(2), 80–89.
- Meglio, O., & Risberg, A. (2010). Mergers and acquisitions – time for a methodological rejuvenation of the field. *Scandinavian Journal of Management*, 26(1), 87–95.
- Morosini, Piero – Shane, Scott – Singh, Harbir (1998) National cultural distance and cross-border acquisition performance. *Journal of International Business Studies*, 29(1), 137–158.
- Nadolska, Anna – Barkema, Harry G. (2007) Learning to internationalise: the pace and success of foreign acquisitions, *Journal of International Business Studies*, 38(7), 1170–1186.
- Navahandi, Afsaneh – Malekzadeh, Ali R. (1988) Acculturation in mergers and acquisitions, *Academy of Management Review*, 13(1), 79–90.
- Nummela, Niina (2004) Cultural integration in cross-border acquisition. A case study, In: *Many faces of cross-border mergers and acquisitions*, ed. Nummela, N., Publications of the Turku School of Economics and Business Administration, Series KR-14:2004, 87–117.
- Olie, René (1994) Culture and its impact on mergers and acquisitions, in: *Culture and management in a changing Europe*, eds. Janson, Lena & Sjögren, Annick, Institute of International Business, Stockholm, 153–175.
- Olie, Rene (1994) Shades of culture and institutions in international mergers. *Organization Studies*, 15(3), 381–405.
- O’Grady, Shawna – Lane, Henry W. (1996) The psychic distance paradox. *Journal of International Business Studies*, 27(2), 309–333.
- Pablo, Amy L. – Javidan, Mansour (2002) Thinking of a merger.. do you know their risk propensity profile. *Organizational Dynamics*, 30(3), 206–222.
- Park, Hoon – Harrison, J. Kline (1993) Enhancing managerial cross-cultural awareness and sensitivity: transactional analysis revisited. *Journal of Management Development*, 12(3), 20–29.

- Pettigrew, Andrew M. (1990) Longitudinal field research on change: theory and practice. *Organizational Science*, 1(3), 267–292.
- Pribilla, Peter H. (2002) Personnel and cultural integration, In: *Handbook of International Mergers and Acquisitions*, ed. Picot, G. Palgrave Macmillan: Houndmills, 309–341.
- Reus, Taco H. – Lamont, Bruce T. (2009) The double-edged sword of cultural distance in international acquisitions, *Journal of International Business Studies*, 40(8), 1298–1316.
- Risberg, Anette (2001) Employee experiences of acquisition processes. *Journal of World Business*, 36(1), 58–84.
- Shrivastava, Paul (1986) Post-merger integration. *The Journal of Business Strategy*, 7(1), 65–76.
- Schein, E. (1989) *Organizational culture and leadership*. Jossey-Bass, San Francisco, CA.
- Schoenberg, Richard (2006) Measuring the performance of corporate acquisition: an empirical comparison of alternative metrics. *British Journal of Management*, 17(4), 361–370.
- Schreyögg, Georg (2005) The role of corporate cultural diversity in integrating mergers and acquisitions. In: *Mergers and Acquisitions – Managing culture and human integration*, eds. Günter K. Stahl and Mark E. Mendenhall, Stanford University Press: California.
- Schweiger, David M. – Goulet, Philip K. (2005) Facilitating acquisition integration through deep-level cultural learning interventions: A longitudinal field experiment, *Organization Studies*, 26(10), 1477–1499.
- Shimizu, Katsuhiko – Hitt, Michael A. – Vaidyahath, Deepa – Pisano, Vincenzo (2004) Theoretical foundation of cross-border mergers and acquisitions: A review of current research and recommendations for the future. *Journal of International Management*, 10(3), 307–353
- Sousa, Carlos M. P. – Bradley, Frank (2006) Cultural distance and psychic distance: two peas in a pod? *Journal of International Marketing*, 14(1), 49–70.
- Stahl, Günter K. – Voigt, Andreas (2008) Do cultural differences matter in mergers and acquisitions? A tentative model and examination, *Organization Science*, 19(1), 160–176.
- Taris, Toon (2000) *A primer in longitudinal data analysis*. Sage Publications: London.
- Teerikangas, Satu – Very, Philippe (2006) The culture-performance relationship in M&A: From yes/no to how. *British Journal of Management*, 17, S31–S48.
- Usunier, Jean-Claude (1998) *International and cross-cultural management research*. Sage Publication: London.
- Vaara, Eero – Tienari, Janne – Laurila, Juha (2006) Pulp and Paper Fiction: On the Discursive Legitimation of Global Industrial Restructuring. *Organization Studies*, 27(6), 789–810.
- Vaara, Eero – Tienari, Janne – Sääntti, Risto (2003) The international match: metaphors as vehicles of social identity building in cross-border mergers. *Human Relations*, 56(4), 419–452.
- van de Ven, Andrew (1992) Suggestions for studying strategy process: a research note. *Strategy Management Journal*, 13(Special Issue), 169–191.
- Veiga, John – Lubatkin, Michael – Calori, Roland – Very, Philippe (2000) Measuring organizational culture clashes: A two-nation post-hoc analysis of a cultural compatibility index, *Human Relations*, 53(4), 539–557.

- Very, Philippe – Schweiger, David M. (2001) The acquisition process as a learning process: evidence from a study of critical problems and solutions in domestic and cross-border deals. *Journal of World Business*, 36(1), 11–31.
- Very, Philippe – Lubatkin, Michael – Calori, Roland – Veiga, John (1997) Relative standing and the performance of recently acquired European firms. *Strategic Management Journal*, 18(8), 593–614.
- Very, Philippe – Lubatkin, Michael – Calori, Roland (1996) A cross-national assessment of acculturative stress in recent European mergers. *International Studies of Management and Organization*, 26(1), 59–86.
- Weber, Yaakov (1996) Corporate cultural fit and performance in mergers and acquisitions, *Human Relations*, 49(9), 1181–1202.
- Weber, Yaakov – Shenkar, Oded – Raveh, Adi (1996) National and corporate fit in M&A: an explorative study. *Management Science*, 42(8), 1215–1227.
- Welch, Catherine – Marschan-Piekkari, Rebecca – Penttinen, Heli – Tahvanainen, Marja (2002) Corporate elites as informants in qualitative international business research. *International Business Review*, 11(5), 611–628.
- World investment report (2008) Transnational Corporations, and the Infrastructure Challenge. United Nations Conference on Trade and Development. United Nations: New York and Geneva.
- Yin, Robert K. (2003) *Case study research – design and methods*. 3rd ed. Applied social research methods series, Vol. 5. Sage Publications Inc.: USA.
- Zander, Lena – Lerpold, Lin (2002) Managing international alliance and acquisition integration. In: *International Management*, ed. M. Tayeb, pp. 132–155, London, Pearson Education.

APPENDIX 1 The scales and reliabilities of the full questionnaire

Variable	Scale	Scale borrowed from	No items	Round 1 Dec 2006	Round 2 May 2007	Round 3 Dec 2007	Round 4 June 2008
Organisational commitment towards acquired/target organisation	OCQ (Organizational Commitment Questionnaire)	Porter, Steers, Mowday & Boulian (1974)/ Mowday, Steers & Porter (1979);	15	N= 112 $\alpha = 0,90$	N= 133 $\alpha = 0,93$	N= 122 $\alpha = 0,915$	N= 140 $\alpha = 0,919$
towards acquiring organisation	(Items 10 and 15 were removed in the scale, since employees had not chosen this organisation)			N= 72 $\alpha = 0,91$	N= 116 $\alpha = 0,92$		N= 127 $\alpha = 0,925$
Organisational identification towards acquired/target organisation		Mael & Ashforth (1992)	6	N= 131 $\alpha = 0,81$	N= 169 $\alpha = 0,89$	N= 143 $\alpha = 0,806$	N= 164 $\alpha = 0,858$
towards acquiring organisation				N= 89 $\alpha = 0,88$	N= 172 $\alpha = 0,88$		N= 156 $\alpha = 0,909$
Career Commitment		Blau (1985)	8	N= 112 $\alpha = 0,82$	N= 149 $\alpha = 0,81$	N= 134 $\alpha = 0,851$	N= 151 $\alpha = 0,852$
Work/task commitment	Job involvement	Kanungo (1982)	10	N= 120 $\alpha = 0,84$	N= 175 $\alpha = 0,86$	N= 155 $\alpha = 0,850$	N= 169 $\alpha = 0,831$
Job satisfaction		Warr, Cook & Wall (1979)	10		N= 162 $\alpha = 0,85$	N= 146 $\alpha = 0,837$	N= 154 $\alpha = 0,839$
Turnover intentions		Meyer, Allen & Smith (1993) + Kim, Price, Mueller & Watson (1996)	6		N= 170 $\alpha = 0,89$	N= 147 $\alpha = 0,868$	N= 159 $\alpha = 0,909$
Alternative Job Opportunities		Arnold & Feldman (1982), Price (2000), Kim et al. (1996)	3	N= 146 $\alpha = 0,66$		N= 149 $\alpha = 0,644$	N= 158 $\alpha = 0,661$
Name	Raukko		8		N= 138 $\alpha = 0,86$		
Integration	level of integration	Cording (2004)	12	N= 72 $\alpha = 0,99$	N= 48 $\alpha = 0,90$		
	speed of integration *		2	N= 57 $\alpha = 0,41^{**}$			
Culture	National *		7	N= 60 $\alpha = 0,81$			
	Organisational *		10	N= 58 $\alpha = 0,46^{**}$			
Role ambiguity		Rizzo, House & Lirtzman 1970	10			N= 141 $\alpha = 0,83$	N= 154 $\alpha = 0,828$
Interactional justice		Moorman (1991)	6			N= 127 $\alpha = 0,914$	N= 140 $\alpha = 0,920$
Acculturative stress		Very, Lubatkin, Calori (1996)	23			N= 44 $\alpha = 0,926$	N= 73 $\alpha = 0,932$

* designed by the researcher

** acceptable level $\alpha > 0,60$

APPENDIX 2 The response rate by survey round

Table 1 The response rate and final sample by survey round

<i>Questionnaires</i>	<i>Time</i>	<i>Total personnel</i>	<i>Final sample</i>	<i>Response rate</i>
	Q1 December 2006	279	155	55 %
	Q2 May 2007	308	180	58 %
	Q3 December 2007	338	161	48 %
	Q4 June 2008	355	175	49 %

APPENDIX 3 Acculturative stress at Gamma Europe

