Günter K. Stahl and Mark E. Mendenhall (eds): Mergers and Acquisitions: Managing Culture and Human Resources

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Research interest in mergers and acquisitions (M&As) has been strong for some time now, but is becoming more of an imperative as the pace of M&As continue unabated in global business. An added imperative for research is that M&As have proven to be so difficult to manage in practice (e.g. see Very and Schweiger 2001). To address this issue, the editors of this book have adopted an approach based on an analysis of the sociocultural processes that occur in M&As, rather than the more traditional analyses based in economic and macro theories of organization. As the authors of the book’s introductory chapter state, ‘The purpose of this book is to delineate the dynamics of the sociocultural processes inherent in M&As, and to discuss their implications for management, with a particular focus on postcombination management’ (p. 7).

The origin of this book lies in a conference held in October 2001 at Thurnau Castle in Germany. The conference, which attracted M&A scholars from around the world, was unique in that top executives with experience in M&As were also invited. The conference resulted in identification of six overarching themes that were seen by delegates to be under-explored in the extant literature. These were: ‘(1) managing the transition phase of M&A, (2) social and cultural integration processes, (3) leadership, (4) trust building, (5) retention and motivation of key talent, and (6) interorganizational knowledge transfer and learning’ (p. xiii). It is to be expected, therefore, that these themes will also be reflected in the book chapters.

The contributors include a number of the Thurnau conference delegates and a selection of additional invited authors. As a consequence of this, a major strength of the book is the diversity of views expressed. The American, Asian and European academic traditions are represented, and a range of industry sectors including manufacturing, consulting, banking and natural resources. Especially impressive are the complimentary introductory comments by Carlos Ghosn, CEO of Nissan Motor Co., and Jean-Pierre Garnier, CEO of GlaxoSmithKline, who conclude that the book focuses on ‘one of the most important yet often neglected areas in the field of mergers and acquisitions’ that are ‘essential for companies to create and maintain competitive advantage’ (p. xix).
Of course, diversity of views can also be a weakness if they are not successfully integrated to provide a cogent picture of the topic. In this instance, integration is one of the themes of the book, so the issue of success in this regard is of central importance to the success of the volume as a whole. Before making this judgement, however, I first provide a brief overview of the book’s contents.

The volume is arranged in five parts, which reflect its focus on sociocultural aspects of M&As, as follows:

1. Introduction.
2. The process of sociocultural integration in mergers and acquisitions.
3. The management of sociocultural integration in mergers and acquisitions.
4. Learning from experience: case analyses of sociocultural processes in mergers and acquisitions.
5. Lessons for research and practice.

Part 1 comprises two chapters and an executive summary by Samsung VP Tae-Gyun Shin. Volume editors Günter Stahl and Mark Mendenhall team with Amy Pablo and Mansour Javidan in Chapter 1 to provide an overview of the book and outline its central objectives (see above). In the following chapter, David Schweiger and Robert Lippert take this a step further in an integration of the human resources literature with strategy and finance, which have traditionally been the mainstay of research in this field. They conclude that ‘a well managed integration effort is critical to the achievement of synergies and thus value creation’ (p. 43).

The focus in Part 2 is squarely on the issue of integration. Chapter 3, by Danna Greenberg, Henry Lane and Keith Bahde, sets the scene for this discussion with an analysis of the processes of learning in multinational M&As. These authors argue and demonstrate that communication of vital information and knowledge is critical to M&A success. The following four chapters delve deeper into various aspects of the processes underlying sociocultural integration. In Chapter 4 Günter Stahl and Sim Sitkin analyse the mechanisms of trust-building both within and between organizations; Georg Schreyögg focuses on culture clash in Chapter 5; Stein Kleppestø deals with the role of social identity (Chapter 6); while Ingmar Björkman, Janne Tienari and Eero Vaara discuss the role of learning in M&As in the final chapter in this section. As foreshadowed, each of these chapters is followed by a brief commentary by a business executive. Indeed, I found these to be truly fascinating. The executives were given latitude to express their own thoughts and experiences and, as the authors of the introductory chapter note, ‘delightfully and a bit unexpectedly’ (p. 9) reaffirm the main conclusions of the chapters. In his commentary on Stahl and Sitkin’s chapter on trust, for example, Hans-Peter Engeli concludes, ‘There is no easy way to establish a corporate culture based on trust but without trust, there is no way to sustain the success of the merged company’ (p. 107).

In Part 3, the spotlight shifts from analysis of the underlying processes of sociocultural integration in M&As to the mechanisms required to put integration into practice; or how to convert the potential benefits of integration into actual benefits. In the lead chapter in this section (Chapter 8), Rikard
Larsson compares organizations where ‘synergy realization’ has occurred with others that have been less successful in this respect. He makes a compelling case for a ‘co-competence and motivational approach’ (p. 195) that addresses the full gamut of economic and social factors involved in M&As. In a similar way to Part 2, the remaining three chapters serve to flesh out in more detail the model outlined in the opening section chapter. Sim Sitkin and Amy Pablo deal with leadership in Chapter 9, noting that this important aspect of organizational management appears to have been neglected to date in the M&A literature. Angelo DeNisi and Shung Jae Shin in Chapter 10 argue that improving communication channels is critical in M&As. Finally, Susan Cartwright and Simon McCarthy deal more directly with cultural issues in M&As, focusing on cultural compatibility between the merging partners. As in Part 2, each chapter in this section is accompanied by an executive commentary. And again, these reinforce the notion that sociocultural aspects in M&As cannot be dismissed. Mark Otte, for example, in his commentary on Cartwright and McCarthy’s chapter on culture fit, notes that ‘the true test of a top management team (in M&As) … depends largely on management practices, openness, and soft skills’ (p. 272).

The chapters in Part 4 deal with case examples of M&A management, and serve to expand and to illustrate the process and management lessons of the previous sections. As these chapters are in themselves case studies, there was no need for executive commentaries. Nonetheless, each of the six chapters in this section focuses on one or more of the issues raised in earlier chapters. The first (Chapter 12) is by Saikat Chaudhuri, who looks at human capital management in merged organizations. The remaining chapters all deal, in one way or another, with global and/or cross-national M&As. Piero Morosini describes in Chapter 13 the case of ANH Global, a multinational construction equipment firm; René Olie in Chapter 14 discusses three examples of cross-border mergers involving Dutch and German firms; Torsten Kühlmann and Peter Dowling (Chapter 15) examine the much-publicized merger of Daimler-Benz AG and Chrysler Corporation; Harry Korine, Kazuhiro Asakawa and Pierre-Yves Gomez (Chapter 16) analyse another merger in the auto manufacturing industry (Renault and Nissan); and Chei Hwee Chua, Hans-Peter Engeli and Günter Stahl round out the section in a description and analysis of the merger of pharmaceutical firms Ciba and Sandoz to form Novartis (Chapter 17).

Part 5 comprises two chapters, both intended to help readers to come to terms with the raft of disparate and complex issues raised within the preceding seventeen chapters. In Chapter 18, Günter Stahl, Mark Mendenhall and Yaakov Weber outline areas of consensus and inconsistency that have emerged, and identify avenues for future research based on the sociocultural model of M&As that is at the core of this volume. In the final chapter, Paul Evans and Vladimir Pucik attempt to pull together the central themes of the book. They identify six emergent themes: (1) a need to pay attention to the basics of HRM, (2) leadership, (3) change management, (4) communication processes, (5) cultural integration, and (6) knowledge transfer and learning. Comparing these to the six themes identified at the Thurnau conference, I can
see some overlap, especially leadership, integration, and knowledge transfer and learning; although it is perhaps a little perplexing that this lack of correspondence is left unexplained.

At this point, it is time to answer the question of whether the editors of this volume have succeeded in their aim of integrating the diversity of views reflected in the book’s chapters. The answer lies partly in the foregoing discussion of Part 5. While there are indeed common themes that recur through the book, others are harder to delineate. These are reflected to some extent in the inconsistencies (‘paradoxes’) identified by Günter Stahl and his co-authors in Chapter 18; and also in the inconsistency I noted above between the conference themes and those identified by Evans and Pucik in Chapter 19. In short, the answer is that, while the editors and the authors of the chapters in this volume have succeeded in identifying some common themes, there still remains a great amount of uncertainty as to what is really involved in executing a successful merger or acquisition.

A further point at issue is whether the editors have taken a sufficiently critical stance in their analysis. The executives recruited for the commentaries, although impressive, seem to me to be ‘tame’ in that they all appear to be ‘converted to the cause’. Some even hold university appointments. It would have helped the overall credibility of the analyses presented in this book to have included some dissenting views. Moreover, and despite the identification of the paradoxes noted above, the overall tone of the book comes across as rather oversimplified and uncritical; possibly even reductionist in its approach to cultural issues. The editors would do well to study Joanne Martin’s (2001) *Organizational Culture: Mapping the Terrain*. Martin presents contrasting perspectives on organizational culture, including a full discussion of the pros and cons of three differing approaches to studying cultural phenomena, and provides suggestions for integrating the approaches. In particular, Martin identifies that researchers take one of three positions: managerialist, critical, or descriptive; and posits that the managerialist view, where organizational managers are the primary architects of change, is intrinsically flawed. In this respect, the present volume looks to be vulnerable to criticism insofar as the authors seem to me to have adopted an overwhelmingly managerialist view of organizational culture and processes.

From my own perspective, I was also a little disappointed to find that the words ‘emotion’ and ‘affect’ do not appear in the index. The available evidence suggests that organizations are saturated with emotion (Ashforth and Humphrey 1995). Furthermore, recent reports (e.g. Fulgate et al. 2002; Kavanagh and Ashkanasy 2004; Kusstatscher and Cooper 2005) support the view that emotions are especially salient in M&A situations. More recently, my colleague Claire Ashton-James and I (Ashkanasy and Ashton-James 2005) proffered the idea that emotions may be critical in strategic decision-making situations, including M&As. Acknowledging that there is a risk I will be seen to be pushing my own cart, I venture to suggest that research into the role played by emotions in M&As may prove especially fruitful.

In conclusion, I do not want in any way to detract from the importance of the contributions embodied in the papers included in this volume. The whole
field of M&As is absolutely fascinating. Moreover, there is no sign that the current craze for M&As is going to abate any time soon, so the more we invest energy in trying to understand what’s going on in M&As the better. I agree completely with the thrust of this book that more attention needs to be paid to an integrated sociocultural approach. At the same time, and as I have alluded to in my review, M&As are incredibly complex, so research in this field is never going to be easy. As such, the chapters in this volume represent a genuine attempt to explicate a range of important and relevant issues in the field, and I commend it as a worthy addition to the library of scholars and managers alike.

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Amy L. Pablo and Mansour Javidan (eds): Mergers and Acquisitions: Creating Integrative Knowledge

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During the past 30 years there has been sustained multidisciplinary research in deciphering the causes of M&A performance, with growing emphasis being placed on organizational integration and human resources issues (Stahl and Mendenhall 2005). Numerous studies from finance, economics, strategic management, human resource management, organizational behaviour among others have attempted to tackle this complex phenomenon, each viewing the issue through their own disciplinary lens (e.g. see Schweiger and Walsh