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Abstract

International mergers and acquisitions have become an important strategic tool for international growth and diversification. Changes in regulation and increases in competition have made cross-border mergers and acquisitions more popular than ever before.

The integration phase is said to be a major cause for problems and managers and researchers consider the cultural integration as a serious challenge. The main research topic of this thesis is to understand how cultural integration influences the performance of international mergers and acquisitions. The secondary questions that help to understand the main research topic are:

- How do national and organisational cultures affect the possible problems in the integration phase of mergers and acquisitions?
- What different levels of cultural integration are there and how to find the appropriate level of cultural integration in international mergers and acquisitions?
- Can cultural differences be an asset rather than simply a liability?
- How important is the role of an integration manager in successful completion of the cultural integration phase?

This thesis is based on secondary research and is conducted as a desk study. The theoretical framework presents mergers and acquisitions and in more detail, their integration phase. The different levels and types of integration are explained. The concepts of national and organisational cultures are discussed separately to emphasise their differences and relation to each other. Several case study examples are being used to help to answer the research questions.

The national and organisational cultures were found to be intertwined; both affecting each other and contributing to the possible problems in the integration. Therefore to say which problems were caused by national cultural differences and which by organisational cultural differences is virtually impossible to determine.

The proper level of cultural integration was found crucial to the success of the deal. In order to find the appropriate level of cultural integration, both companies need to agree on it. How the acquirer and acquired companies view their own culture and the culture of the counterpart influences the preferred mode of acculturation. The biggest successes in the case studies were deals where the chosen mode of acculturation was full integration, taking the best-of-both-worlds.

The possibility for the cultural differences to be an asset is much dependent on the integration manager, whose role was proven to be of utmost importance.

Key words	International mergers and acquisitions, cultural integration, integration manager, M&A performance, national and organisational cultures
Further information	

